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**DECLARATION OF COVENANTS AND RESTRICTIONS
 FOR
PALERMO AT VENETIAN GOLF & RIVER CLUB**

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NOTICE: As provided in Section 13.7 of this Declaration, each Homeowner, by virtue of taking title to a Lot, hereby agrees that the deed of conveyance of the Lot to a third party shall specifically state that the Lot is subject to the terms of this instrument and shall state the recording book and page information for this instrument as recorded in the public records of the County. The intent of this provision is to defeat any potential argument or claim that Chapter 712, Florida Statutes, has extinguished the application of this instrument to each of the Lots.

THIS DECLARATION OF COVENANTS AND RESTRICTIONS FOR PALERMO AT VENETIAN GOLF & RIVER CLUB ("Declaration" as defined hereinafter) is made by WCI Communities, LLC, a Delaware limited liability company, and its successors, assigns and designees.

WITNESSETH:

WHEREAS, Developer is the owner of the real property described in Article II of this Declaration and desires to create thereon an exclusive residential community known as Palermo at Venetian Golf & River Club (hereinafter referred to as the "Neighborhood"); and

WHEREAS, Developer desires to insure the attractiveness of the individual lots and facilities within the Neighborhood and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of the subject property, and to provide for the maintenance of Neighborhood common properties, areas and facilities and certain exterior maintenance on Lots as may be defined hereinafter, and, to this end, desires to subject the real property described in Article II of this Declaration to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each Homeowner thereof; and

WHEREAS, Developer has deemed it desirable, for the efficient preservation, protection and enhancement of the values and amenities in the Neighborhood and to insure the residents' enjoyment of the specific rights, privileges and easements in the Neighborhood common properties, areas and facilities, to create an organization to which should be delegated and assigned the powers of owning, maintaining and administering the Neighborhood common properties, areas and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Developer has incorporated under the laws of the State of Florida, as a corporation not for profit, Palermo at Venetian Golf & River Club Property Owners Association, Inc., for the purpose of exercising the functions aforesaid within the neighborhood;

NOW, THEREFORE, Developer declares that the real property described in Article II of this Declaration is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens (sometimes collectively referred to as "covenants and restrictions") hereinafter set forth.

Article 1: Definitions and Construction

Unless the context expressly requires otherwise, the following terms mean as follows wherever used in this Declaration:

1.1 "ACC" means the Architectural Control Committee of the Master Association, as established pursuant to the Master Declaration and as more particularly described in Article IV hereof. Wherever herein statements are made pertaining to approvals by the ACC, reference should be made to the Master Declaration.

1.2 "Act" means Chapter 720, Florida Statutes, as existing on the date of recordation of this Declaration.

1.3 "Articles of Incorporation" or "Articles" means the Articles of Incorporation of the Neighborhood Association, as may be amended from time to time. A copy of the Articles of Incorporation as filed with the Florida Department of State is attached as Exhibit B hereto. Any future amendments to the original Articles need not be recorded in the public records of the County.

1.4 "Assessment" means a General Assessment, Special Assessment, Specific Assessment, or Landscaping Assessment levied by the Neighborhood Association against a Lot from time to time.

1.5 "Board" means the Neighborhood Association's board of directors.

1.6 "By-Laws" means the By-Laws of the Neighborhood Association as may be amended from time to time. A copy of the original By-Laws is attached as Exhibit C hereto. Any future amendments to the original By-Laws need not be recorded in the public records of the County.

1.7 "CDD" means the Venetian Community Development District, a special taxing district formed in accordance with Chapter 190, Florida Statutes, which may acquire, fund, construct, operate and maintain certain infrastructure and community services within or outside the Property.

1.8 "City" means the City of Venice, Florida.

1.9 "Common Expenses" means all expenses properly incurred by the Neighborhood Association in the performance of its duties pursuant to this Declaration, the Articles, the By-Laws or any rules promulgated thereunder, or any agreement properly entered into by the Neighborhood Association, including, but not limited to, (a) the expenses incurred in connection with the ownership, maintenance, repair, replacement, reconstruction or improvement of the Common Property and/or real property held in title by the Neighborhood Association, if any, as provided for pursuant to this Declaration (which expenses may, but shall not necessarily, include utilities, taxes, assessments, insurance and repairs); (b) the expenses of obtaining, repairing or replacing personal property owned by the Neighborhood Association; (c) the expenses incurred in the administration and management of the Neighborhood Association; and (d) the expenses declared to be Common Expenses pursuant to this Declaration or the Articles or the By-Laws.

1.10 "Common Property" or "Common Properties" mean any portion or portions of the Property now or hereafter owned by the Neighborhood Association or designated herein or on the plat of the Property as recorded in Plat Book 48, Pages 35 through 35-D public records of the County, as from time to time may be amended ("Plat"), as either Common Property or property to be maintained by the Neighborhood Association (whether or not such property is part of a dedicated right-of-way or easement). "Common Property" shall include, but shall not be limited to, (a) any landscaping in any median or cul-de-sac island located in any right-of-way as shown on the Plat (whether or not these areas are indicated as common areas), (b) any lake areas for which the Neighborhood Association has maintenance responsibility and for which the costs thereof shall be shared by the Homeowners and certain owners of adjacent real property pursuant to separate agreement, (c) all portions of the surface water management system (including dedicated lake tracts, lake maintenance or drainage easements, and corresponding infrastructure) and irrigation system (whether or not located on a Lot) which serve the Neighborhood, (d) any property designated by Developer as Common Property elsewhere in this Declaration or in any amendment or supplement to this Declaration, and (e) utility easements or tracts for corresponding sewer or potable water.

1.11 "Community" or "Venetian Golf & River Club" means the master planned community development project known as Venetian Golf & River Club.

1.12 "County" means Sarasota County, Florida.

1.13 "Declaration" means this instrument, as may be amended from time to time.

1.14 "Developer" means WCI Communities, LLC, a Delaware limited liability company, and its successors, assigns and designees.

1.15 "Family" means one or more persons each related to the other by blood, marriage, or legal adoption, or a group of not more than 3 persons not all so related, together with domestic servants if any, maintaining a common household in a Home.

1.16 "First Mortgage" means a valid Mortgage (as defined hereinafter) having priority over all other mortgages on the same property.

1.17 "First Mortgage" means the holder of a recorded First Mortgage encumbering a Lot and the Home thereon, if any.

1.18 "Governing Documents" means collectively this Declaration, the Articles, the By-Laws, any rules and regulations of the Neighborhood Association, and any other instrument which governs the operation and/or use of the Property and the duties and obligations of the Neighborhood Association.

1.19 "Home" means a residential housing unit or dwelling consisting of a group of rooms which are designed or intended for the exclusive use as living quarters for one Family as constructed upon a Lot.

1.20 "Homeowner" means any person who from time to time holds record title to any Lot. If more than one person holds such title, all such persons are Homeowners, jointly and severally. Developer is a Homeowner with respect to each Lot from time to time owned by such Developer.

1.21 "Landscaping Assessment" shall collectively mean Supplemental Lot Landscaping Assessments and Surrounding Landscaping Area Assessments, as more specifically described in Article 8 hereof.

1.22 "Lot" means each numbered lot as established by the recorded Plat of the Property.

1.23 "Master Association" means the Venetian Golf & River Club Property Owners Association, Inc., a Florida not for profit corporation, and its successors and assigns.

1.24 "Master Declaration" means that certain Master Declaration for Venetian Golf & River Club, as recorded in Official Records Instrument No. 2003088988, public records of the County, as has been and as may be amended from time to time.

1.25 "Member" means a member of the Neighborhood Association.

1.26 "Mortgage" means any valid instrument transferring any interest in real property as security for the performance of an obligation.

1.27 "Neighborhood Association" means Palermo at Venetian Golf & River Club Property Owners Association, Inc., a Florida corporation not for profit, organized under Chapter 617, Florida Statutes, and the Act.

1.28 "Person" means any natural person or artificial entity having legal capacity.

1.29 "Property" means the real property described in Article II of this Declaration.

1.30 "River Club Declaration" means the Amended and Restated River Club Declaration for Venetian Golf & River Club as recorded in Official Records Instrument No. 2013113505, of the public records of the County, as has been and as may be amended from time to time.

1.31 "Resident" means a permanent occupant of a Home who is not a Homeowner, but occupies pursuant to a lease or other formalized arrangement with such Homeowner pursuant to the terms of this Declaration and the Master Declaration, including all approvals required therein.

1.32 "Transfer of Control" means that date upon which Developer transfers majority control of the Board as provided in Section 5.4 hereof.

1.33 "Work" means the development of all or any portion of the Property as a residential community by Developer's construction and installation of streets, dwellings, buildings, and other improvements and the sale or other disposition of the Property and improvements thereon in parcels or as completed Lots.

1.34 The term "Article" and the term "Paragraph" where used throughout this Declaration shall mean the same, unless the context requires otherwise.

1.35 The term "Section" where used throughout this Declaration shall refer to that portion of the Article indicated, unless the context requires otherwise.

Unless the context expressly requires otherwise: (i) the use of the singular includes the plural and vice versa; (ii) the use of one gender includes all genders; (iii) the use of the terms "including" or "include" is without limitation; (iv) the use of the term "Lot" includes any portion applicable to the context thereof, any and all improvements, fixtures, trees, vegetation, and other property from time to time situated thereon, and any and all appurtenant rights, unless the context otherwise dictates; and (v) the words "must," "should," and "will" have the same legal effect as the word "shall." This Declaration should be interpreted, construed, applied, and enforced in a reasonable, practical manner to effectuate its purpose of protecting and enhancing the value, marketability, and desirability of the Lots by providing a common plan for their development and enjoyment. The various headings used in this Declaration are for indexing and organizational purposes only and are not to be used to interpret, construe, apply, or enforce its substantive provisions.

Article 2: Property Subject to this Declaration; General Plan of Development

2.1 Applicable Real Property. The real property which is, and shall be, held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Sarasota County, State of Florida, and is more particularly described in the metes and bounds description attached hereto as Exhibit A and incorporated by reference as fully as if specifically repeated herein, and all of which real property shall hereinafter be referred to as "Property."

2.2 General Plan of Development. The Community is a mixed-use community including a variety of residential and commercial uses, together with certain recreational and other ancillary facilities, some of which are open only to Homeowners and Authorized Users (as such terms are defined in the Master Declaration and/or the River Club Declaration) and some of which are open to the public at large. Development of the Community will be in accordance with City of Venice Ordinance No. 2001-110, as may be amended from time to time. As the Community is progressively developed, the property subjected to the scope of the Master Declaration and River Club Declaration shall also progressively increase in land area. The Community is presently contemplated to contain approximately 1,385 residential Homes (as defined in the Master Declaration), more or less, and approximately 9.90 acres of commercial property. The commercial property will not be subject to this Declaration, and the Master Association will have no control over, or any right to levy assessments on, the commercial property. Each Homeowner, by virtue of taking title to a Lot and being subject to the Master Declaration and the River Club Declaration, consents and understands that the foregoing estimate of the number of Homes within the Community is only an estimate. WCI shall have the right, authority and power, in its sole discretion, to create more or fewer Homes and additional commercial development in the Community from time to time.

The general plan of development for the Community includes proposed recreational amenities including, but not limited to, a fitness room, an aerobics area, associated locker rooms, an associated pro shop/retail area, a multipurpose food and beverage area, a bar, a resort pool, a spa treatment room, a gazebo, lighted tennis courts, employee break room, and administrative/reception and storage areas, which shall collectively constitute the "River Club." The River Club is owned by the District, and as such the District is the "River Club Owner" under the River Club Declaration. The River Club Owner shall have the right and authority, in its sole discretion, to determine the amenities and facilities to be contained in the River Club, and the River Club Owner shall not have the obligation to construct any or all of the specific amenities and facilities referred to above as proposed. The River Club is not a portion of the Property, and shall not be subject to the terms of this Declaration, except as otherwise specifically provided herein. The facilities of the River Club shall be owned by the River Club Owner, and every Homeowner shall be permitted to utilize the facilities and shall be obligated to pay for such usage pursuant to the River Club Declaration. It should be noted that the River Club Owner has the right, in its sole discretion, to permit individuals other than Homeowners to utilize the River Club, as provided further

in the River Club Declaration. Membership in the Master Association does not include any rights of use of the River Club; provided, however, that every Homeowner shall have the rights and obligations with respect to the River Club as set forth in the River Club Declaration. The use of the River Club may result in an increase in the number of persons using the roads and the parking facilities of the Community. The River Club Owner shall have the right to provide from time to time rules and regulations governing the use and operation of the River Club.

The general plan of development for the Community also includes an 18-hole golf course and related golf clubhouse with food and beverage services, a golf club maintenance facility and practice facilities (collectively, the "Golf Club"), all of which shall be developed and provided at the discretion of the owner of the Golf Club from time to time. Subject to applicable zoning and land use laws and regulations, the owner of the Golf Club has the exclusive right to determine from time to time, in its sole discretion and without notice to or approval of the Master Association or the Members, how and by whom the Golf Club shall be used, if at all. The Golf Club is not part of the Property and is not subject to the terms of this Declaration, except as otherwise specifically provided herein. The Golf Club is located adjacent or in close proximity to the Property. Membership in the Master Association does not include membership in the Golf Club, and the Master Association shall have no ownership or other interest in the Golf Club. WCI intends, as of the date of this Declaration, to limit membership in the Golf Club to 400 members, although WCI reserves the right, at any time and without notice, to increase, decrease or eliminate such limitation, and each Homeowner, by virtue of taking title to a Lot, is deemed to have acknowledged such possible limitation. WCI shall own the Golf Club initially, and the Golf Club is presently contemplated by WCI to be open for use by the general public as well as by the Homeowners; provided, however, that WCI reserves the right, in its sole discretion, to restrict usage to the Homeowners or other specified individuals and to determine from time to time the terms of any memberships offered in the Golf Club and to whom such memberships are offered. Notwithstanding the ownership of the Golf Club by WCI or another entity, the District (as hereinafter defined) shall be responsible for maintaining the surface water drainage and management system and all bulkheads and banks bordering the system within the Golf Club property (unless otherwise agreed to the owner of the Golf Club and the Master Association with the consent of WCI); provided, however, that the owner of the Golf Club shall mow and sod the banks (down to the water level) of the drainage areas to the extent that the banks are located within the Golf Club property. One of the effects of establishing the Golf Club as being open for general public use and located within a residential community may be to increase the number of persons using the roads and the parking facilities of the Community. WCI has reserved unto itself and also the right to unilaterally grant over, across and through the Condominium Property any non-exclusive easements which may be required for the use, operation and enjoyment of the Golf Club.

Article 3: Property Rights, Easements and Restrictions

3.1 Appurtenances. The benefit of all rights and easements granted by this Article constitute a permanent appurtenance to, and will pass with, the title to every Lot enjoying such benefit. Whenever any such right or easement is described as non-exclusive by this Article, its benefit nevertheless is exclusive to all Lots granted such benefit by this Article unless this Article expressly grants such benefit to other persons. In no event will the benefit of any such easement extend to the general public.

3.2 Utility Easements. Developer has identified areas for use by all utilities for the construction and maintenance of their respective facilities servicing the Property, and Developer hereby grants to such utilities, jointly and severally, easements for such purpose. The location and extent of such easements are as shown on the Plat (recorded or to be recorded) of the Property or such other instrument defining them. In addition to the above, Developer hereby reserves unto itself and its successors and assigns an easement over, under, across and through the Common Property as may be required for the construction, maintenance and operation of a two-way communication and monitored access control system. Such utilities, as well as Developer, and their respective agents, employees, designees and assigns shall have full rights of ingress and egress over any Lot for all activities appropriately associated with the purposes of said easements. Furthermore, Developer hereby grants to the City and County an easement over, under, across and through the Common Property as may be required for the construction, maintenance and operation of certain utility services.

3.3 Common Properties. Subject to the provisions of Section 3.3.1 below, every Homeowner shall have a non-exclusive right and easement of enjoyment in and to the Common Properties, if any, and such easement shall be appurtenant to and shall pass with the title to every Lot situated within the Neighborhood.

3.3.1 Extent of Members' Easement. The rights and easements of enjoyment created herein shall be subject to the following:

(a) the right of the Neighborhood Association to limit the use of the Common Properties to Homeowners, their families and guests;

(b) the right of the Neighborhood Association to suspend the voting and enjoyment rights of a Homeowner for any period during which any Assessment against his Lot remains overdue and unpaid, or for any infraction of the Neighborhood Association's published rules and regulations;

(c) the right of the Neighborhood Association to dedicate or transfer all or any part of the Common Property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Homeowners. No such dedication or transfer shall be effective unless the Members entitled to at least 2/3 of the Class A votes and all of the Class B votes agree to such dedication or transfer, provided that this paragraph shall not preclude the Board from granting easements for the installation and maintenance of electrical, telephone, special purpose cable for television and other uses, water and sewer, utilities and drainage facilities upon, over, under and across the Common Property without the assent of the membership; and

(d) the right of the Neighborhood Association to impose reasonable covenants and restrictions with respect to the use of the Common Properties in addition to those set forth herein.

3.3.2 Extension of Rights and Benefits. Every Homeowner shall have the right to extend the rights and easements of enjoyment vested in him under this Article to each of his tenants and to each member of his Family who resides with him and to such other persons as may be permitted by the Neighborhood Association.

3.4 Lots. The following covenants, restrictions and easements are hereby imposed on each Lot in the Neighborhood:

3.4.1 General Restrictions. Article 6 and Article 7 of the Master Declaration contain specific use and architectural restrictions and specific easement provisions which apply to the Lots and Homes, and each Homeowner, by virtue of taking title to a Lot, covenants and agrees to abide by such provisions. In addition, the following restrictive covenants are easements and covenants running with the land and are binding upon all Homeowners, Residents, and other occupants and their respective successors and assigns:

(a) General Encroachment Easements; Right of Entry. Each Lot and the Common Property are hereby subjected to a permanent easement appurtenant to any adjoining Lot to permit the use, construction, existence, maintenance, repair and restoration of structures located on such adjoining Lot, including, but not limited to, driveways, walkways and roof structures which overhang and encroach upon the servient Lot or Common Property, if any, provided that such structures were constructed by Developer or the construction of such structure is permitted and approved as elsewhere herein provided. The owner of the dominant tenement shall have the right, at all reasonable times, to enter the easement area in order to make full use of such structure for its intended purposes and to maintain, repair and restore any improvements located on the dominant tenement; provided, however, that any such entry made for purposes of maintenance, restoration or repair shall be limited to daylight hours and shall only be made with the prior knowledge of the owner of the servient tenement. In case of emergency, the right of entry for maintenance, restoration or repair shall be immediate, not restricted as

to time, and not be conditioned upon prior knowledge of the owner of the servient tenement. The owner of the servient tenement shall not place any improvement, material or obstacle in or over the easement area on the servient tenement which would unreasonably interfere with the rights of the owner of the dominant tenement granted by this paragraph. Any such improvement, material or obstacle shall be promptly removed by the owner of the servient tenement at that owner's expense when requested by the owner of the dominant tenement or Developer notwithstanding any lapse of time since such improvement, material or other obstacle was placed in or over the easement area.

(b) Encroachment Easements Pertaining to Air Conditioning and Pool Systems Equipment. The Neighborhood Association is the holder of certain drainage easements pertaining to stormwater management on some, but not all, of the Lot in the Neighborhood, such easements having been created pursuant to the Plat ("Neighborhood Association Drainage Easement Areas"). From time to time, construction activities pertaining to the Homes and the Lots may result in certain air conditioning equipment and/or pool pumps and equipment, together with underlying concrete pads (collectively, "A/C and/or Pool Systems") being installed in whole or in part within a Neighborhood Association Drainage Easement Area. In order to ensure the continued use of such existing A/C and/or Pool Systems for and by such Homes and Lots, it is hereby declared that a perpetual, non-exclusive easement shall exist to permit installation of such A/C and/or Pool Systems as may be contained within the Neighborhood Association Drainage Easement Areas, provided that construction of such A/C and/or Pool Systems and the usage thereafter shall be permitted only upon the execution of an encroachment easement agreement between the Neighborhood Association and the Homeowners of the Lot (as shall be recorded in the public records of the County), which agreement shall include, among other provisions, that (1) the Neighborhood Association has determined that the placement of such A/C and/or Pool Systems within the Neighborhood Association Drainage Easement Areas does not impair the use of the Neighborhood Association Drainage Easement Areas for drainage purposes, and (2) continued usage of such A/C and/or Pool Systems shall be permitted only to the extent that the Neighborhood Association Drainage Easement Areas continue to be properly used for drainage purposes. The provisions of this subsection (b) shall not be amended without a vote of not less than 75% of the total voting interests in the Neighborhood Association.

(c) No Improper Uses. No improper, offensive, hazardous or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereover shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereover, relating to any portion of the Property, shall be corrected by, and at the sole expense of, the party obligated to maintain or repair such portion of the Property, as elsewhere herein set forth. Notwithstanding the foregoing and any provisions of this Declaration, the Articles of Incorporation or By-Laws, the Neighborhood Association shall not be liable to any person(s) for its failure to enforce the provisions of this Section. No activity specifically permitted by this Declaration shall be deemed a violation of this Section.

(d) Leases. Homeowners may only lease their Lot as provided for in Section 5.3 of the Master Declaration. In addition to those lease-related requirements of the Master Declaration, prior to leasing a Lot, a Homeowner shall notify the Association and the Master Association in writing that the Homeowner intends to lease a Lot and shall provide both Associations with a copy of the lease prior to execution. If a Homeowner intending to lease or rent his or her Lot is delinquent in the payment of any Assessments, the Association shall so notify the Master Association, which shall be entitled to refuse to allow the Homeowner to rent or lease his or her Lot pursuant to Section 5.3 of the Master Declaration until such delinquency is made current. Upon execution of such a lease, the Homeowner shall provide the Master Association and the Association with an executed copy of the lease. The Master Association shall have the right to require upon notice to all Homeowners that a substantially uniform form of lease or sub-lease be used by all Homeowners (including Developer) intending to rent or lease after said notice and to provide such form as a Common Expense.

3.4.2 Access by Neighborhood Association. The officers, employees, or designated agents of the Neighborhood Association have a right of entry onto the exterior of each Lot to the extent reasonably necessary to discharge any duty imposed, or exercise any right granted, by this Declaration or

to investigate or enforce the provisions of the Declaration and the rules and regulations of the Neighborhood Association. Such right of entry must be exercised in a peaceful and reasonable manner at reasonable times, and the entry may be only upon reasonable notice whenever circumstances permit. Entry into any improvement upon any Lot may not be made without the consent of its Homeowner or occupant for any purpose, except pursuant to court order, other authority conferred by law or in the event of an emergency. Such consent will not be unreasonably withheld or delayed.

3.4.3 General Easements. In the event that any part of any Home or Lot encroaches or shall hereafter encroach upon any part of any other Lot or the Common Property, valid easements for the maintenance of such encroachments are hereby established and shall exist so long as all or any part of the same shall remain standing; provided, however, that in no event shall a valid easement for any encroachment be created in favor of any Homeowner if such encroachment or use is detrimental to or interferes with the reasonable use and enjoyment of the Home or Lot of another Homeowner and if it occurred due to the willful conduct of any Homeowner.

3.4.4 Easement for Irrigation. The CDD, the Master Association and the Neighborhood Association shall each have a perpetual, non-exclusive easement over, across, under and through each of the Lots and the Common Property for purposes of installing, maintaining, repairing, replacing and/or reconstructing all lines and facilities pertaining to the irrigation system for the Community, together with the right to provide irrigation waters (which may or may not be potable waters) to the Neighborhood. The provisions of this paragraph shall not be amended without the prior written consent of the CDD and the Master Association.

3.4.5 Flag Display. In accordance with the Act, a Homeowner may (i) erect a freestanding flagpole no more than 20 feet high as long as such flagpole does not obstruct sightlines at intersections and is not erected within or upon an easement, and (ii) may display one official United States flag, not larger than 4½ feet by 6 feet, and may additionally display one official flag of the State of Florida or the United States Army, Navy, Air Force, Marines, or Coast Guard, or a POW-MIA flag (such additional flag must be equal in size to or smaller than the United States flag). The flagpole and flag display are subject to all building codes, zoning setbacks, and other applicable governmental regulations, including, but not limited to, noise and lighting ordinances in the County or City and all setback and locational criteria contained in the Declaration or the Master Declaration.

3.4.6 Security Sign Display. Any Homeowner may display a sign of reasonable size provided by a contractor for security services within 10 feet of any entrance to the Home. The Neighborhood Association may promulgate rules and regulations in furtherance of this Section; provided, however, that (a) no such rules or regulations will inhibit the rights of a Member pursuant to Section 720.304(6) of the Act, and (b) all such rules shall be consistent with any and all applicable rules promulgated by the Master Association.

3.4.7 Access Ramp. Any Homeowner may construct an access ramp on their Lot, if a resident or occupant of the Lot has a medical necessity or disability that requires a ramp for egress and ingress, under the following conditions:

(a) The ramp must be as unobtrusive as possible, be designed to blend in aesthetically as practicable, and be reasonably sized to fit the intended use.

(b) Plans for the ramp must be submitted in advance to the Association. The Association may make reasonable requests to modify the design to achieve architectural consistency with surrounding structures and surfaces.

(c) The Homeowner must submit to the Neighborhood Association an affidavit from a physician attesting to the medical necessity or disability of the resident or occupant of the Lot requiring the access ramp. Certification as required under Section 320.0848, Florida Statutes, shall be sufficient to meet the affidavit requirement.

3.5 Ingress and Egress. Each Homeowner shall have a perpetual, unrestricted easement over, across and through the Common Property for the purpose of ingress to and egress from his Lot, subject only to the right of the Neighborhood Association to impose reasonable and non-discriminatory rules and regulations governing the manner in which such easement is exercised, which easement shall be appurtenant to and pass with ownership to each Lot.

3.6 Continuous Maintenance of Easements by Neighborhood Association. The Neighborhood Association shall be responsible for the continuous maintenance of the easements and rights-of-way of the drainage system located on the Property. This obligation shall run with the land as do other provisions of this Declaration, and any Homeowner may enforce this covenant and will be entitled to costs and fees, pursuant to Section 13.1 hereof, which result from such enforcement.

Article 4: Architectural Control

The ACC shall be responsible for enforcing any and all architectural control provisions contained in the Master Declaration which pertain to the Neighborhood and the Property, and the Neighborhood Association shall not (a) undertake any enforcement or architectural regulation activities with regard to the Neighborhood and the Property (except as permitted pursuant to specific delegation of such activities by the Master Association, as may be contemplated in the Master Declaration), and (b) promulgate any rules and regulations with regard to architectural control in the Neighborhood and for the Property. The provisions of this Article shall not be amended without the prior written consent of Developer (for so long as Developer owns any portion of the property subject to the Master Declaration) and the Master Association.

Article 5: Membership and Voting Rights

5.1 Membership. Every Homeowner of a Lot that is subject to assessment under Article 8 of this Declaration shall become a Member of the Neighborhood Association upon the recording of the instrument of conveyance. If title to a Lot is held by more than one person, each such person is a Member. A Homeowner of more than one Lot is entitled to one membership for each Lot owned. Each membership is appurtenant to the Lot upon which it is based and is transferred automatically by conveyance of title to that Lot whether or not mention thereof is made in such conveyance of title. No person other than a Homeowner may be a Member of the Neighborhood Association, and a membership in the Neighborhood Association may not be transferred except by the transfer of title to a Lot; provided, however, the foregoing does not prohibit the assignment of membership and voting rights by a Homeowner who is a contract seller to such Homeowner's vendee in possession.

5.2 Voting. The Neighborhood Association shall have two (2) classes of voting membership: Class A and Class B. So long as there is Class B membership, Class A Members are all Homeowners except Developer. The Class B Member shall be Developer. Upon termination of Class B membership, as provided below, Class A Members are all Homeowners, including Developer so long as such Developer is a Homeowner. Subject to the provisions of Section 5.3 of this Article, all Members, Class A or Class B, are entitled to cast one (1) vote for each Lot owned; however, as provided in the Articles of Incorporation, the Class B Members are entitled to elect the Neighborhood Association's directors until termination of Class B membership.

5.3 Co-Ownership. If more than one person owns an interest in any Lot, all such persons are Members, but there may be only one vote cast with respect to such Lot. Such vote may be exercised as the co-owners determine among themselves, but no split vote is permitted. Prior to any meeting at which a vote is to be taken, each co-owner must file the name of the voting co-owner with the secretary of the Neighborhood Association to be entitled to vote at such meeting, unless such co-owners have filed a general voting authority with the secretary applicable to all votes until rescinded. Notwithstanding the foregoing, if title to any Lot is held in a tenancy by the entireties, either tenant is entitled to cast the vote for such Lot unless and until the Neighborhood Association is notified otherwise in writing.

5.4 Transfer of Control of the Neighborhood Association. Transfer of Control shall occur upon which Class B membership ceases to exist and is converted into Class A membership, which shall be on the earlier of (a) a triggering event contained in Section 720.307(1) of the Act, or (b) the date that Developer waives in writing its right to Class B membership, which waiver shall be evidenced by the recording of a certificate to such effect in the public records of the County. Subsequent to Transfer of Control, Developer shall be entitled to elect at least one member of the Board (and in fact shall be entitled to elect all members of the Board which will constitute one less than a majority of the members of the Board) as long as Developer holds for sale in the ordinary course of business at least 5% of the Lots that may be constructed in all phases of the Neighborhood that will ultimately be operated by the Neighborhood Association. After Developer relinquishes control of the Neighborhood Association, Developer may exercise the right to vote in the same manner as any other Member, except for purposes of reacquiring control of the Neighborhood Association by selecting the majority of the members of the Board of Directors.

5.5 Termination of Class B Membership. Upon Transfer of Control, Class B membership shall terminate and Developer shall own portions of the Property in the same manner as a Class A Member.

Article 6: Rights and Obligations of the Neighborhood Association

6.1 Neighborhood Association. The Neighborhood Association shall govern, make rules and regulations, control and manage the Lots and Common Properties, if any, located on the Property pursuant to the terms and provisions of this Declaration and the Articles of Incorporation and By-Laws; **provided, however, notwithstanding anything herein to the contrary, the Neighborhood Association shall not adopt any rules or regulations which shall in any way mitigate, enlarge or expand restrictions imposed by the Master Declaration or the Master Association through its own By-Laws.** The Neighborhood Association shall at all times pay the real property ad valorem taxes on any Common Properties if said taxes are billed to the Neighborhood Association as differentiated from being billed to the Homeowner and pay any governmental liens assessed against the Common Properties. The Neighborhood Association shall further have the obligation and responsibility for the hiring of certain personnel and purchasing and maintaining such equipment as may be necessary for maintenance, repair, upkeep and replacement of any Common Properties and facilities which may be located thereon, the performance of any of its maintenance obligations and performance of such other duties as are set forth herein, as follows:

6.1.1 Notwithstanding the foregoing, the Neighborhood Association may, but is not obligated to, employ community access or patrol services or personnel. If community access or patrol services or personnel are employed by the Neighborhood Association, the Board shall determine, in its sole discretion, the schedule and cost of expense of such access or patrol services or personnel. Developer, while in control of the Neighborhood Association, does not intend to hire or pay for access or patrol services or personnel. Each Homeowner, by virtue of taking title to a Lot, consents and agrees that Developer is and shall be under no obligation to provide any access or patrol services or personnel within the Community, and shall hold Developer harmless for any occurrences in such regard.

6.2 **Developer, the CDD, the Neighborhood Association and the Master Association may, but shall not be obligated to, maintain or support certain activities within the Property and the Community designed to make the Property and the Community more secure than they otherwise might be. Neither the Neighborhood Association nor Master Association nor the CDD nor Developer shall in any way be considered insurers or guarantors of security or safety within the Property. Neither the Neighborhood Association nor the Master Association nor the CDD nor Developer shall be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security or safety measures undertaken. All Homeowners and occupants of any Home or Lot, Residents, Authorized Users, tenants, guests and invitees of any Homeowner or Authorized User, as applicable, acknowledge that Developer, the CDD, the Neighborhood Association and the Master Association, and the officers, directors and supervisors of each of them, do not represent or warrant that any fire protection system,**

electronic monitoring system or other security system designated by or installed according to guidelines established by Developer or the ACC may not be compromised or circumvented, that any fire protection or electronic monitoring systems or other security systems will prevent loss by fire, smoke, burglary, theft, hold-up, or otherwise, and that fire protection or electronic monitoring systems or other security systems will in all cases provide the detection or protection for which the system is designed or intended. Each Homeowner and occupant of any Home, and each Resident, Authorized User, tenant, guest and invitee of a Homeowner, as applicable, acknowledges and understands that each Homeowner and occupant of any Home and each Authorized User, tenant, guest and invitee of any Homeowner assumes all risks for loss or damage to persons, to Lots and Homes and to the contents of Homes and further acknowledges that the Master Association, the Neighborhood Association, the CDD, and Developer have made no representations or warranties nor has any Homeowner, Authorized User, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire and/or electronic monitoring systems or other security systems recommended or installed or any security measures undertaken within the Property and the Community.

6.2.1 The Neighborhood Association shall maintain the Common Properties and pay the real property ad valorem taxes and governmental liens assessed against the Common Properties and billed to the Neighborhood Association. Any Common Properties which are to be maintained by the Neighborhood Association as provided herein shall be maintained in good condition and repair. Should real property ad valorem taxes or governmental liens as to any Common Properties be assessed against the billed Lots, the Board shall have the right to determine, in its sole discretion, if the Neighborhood Association should pay all or any portion of said bill(s) for taxes or liens, and such amount as they determine should be paid by the Neighborhood Association shall be levied as a Special Assessment pursuant to Article 8 of this Declaration.

6.2.2 The Master Association shall maintain any and all landscaping islands and all landscaping and/or signage located, placed, installed or erected thereon; provided, however, that if the Master Association fails to undertake such maintenance, the Neighborhood Association, upon decision of the Board, shall be permitted to undertake such maintenance.

6.2.3 In the event the Neighborhood Association in the future acquires any Common Properties, the Neighborhood Association shall obtain, maintain and pay the premiums for the hazard insurance, flood insurance, liability insurance and fidelity bond coverage as set forth below and as consistent with state and local insurance laws, and such other types of insurance as the Board may deem advisable:

(a) Hazard insurance covering all Common Properties, except for land foundations and excavations, and all common personal property and supplies. The policy must protect against loss or damage by fire and all other hazards normally covered by the standard extended coverage endorsement and all other perils customarily covered for similar types of communities, including those covered by the standard "all risk" endorsement. The policy shall cover 100% of the current replacement cost of all covered facilities and shall include the following endorsements: agreed amount and inflation guard (if available); and construction code (if the local construction code requires changes to undamaged portions of buildings even when only part of the Property is destroyed by an insured hazard).

(b) Flood insurance covering the Common Property buildings and any other common personal property if any part of the Neighborhood is in a special flood hazard area as defined by the Federal Emergency Management Agency. The amount of flood insurance shall be for not less than the lesser of (i) 100% of the current replacement cost of all buildings and insurable property within the flood hazard area, or (ii) the maximum coverage available for the Property under the National Flood Insurance Program.

(c) Comprehensive general liability insurance covering all Common Properties and any other areas under the Neighborhood Association's supervision, including public ways

and commercial spaces owned by the Neighborhood Association. The policy must provide coverage of at least \$1,000,000.00 for bodily injury and property damage for any single occurrence. The policy must cover bodily injury and property damage resulting from the operation, maintenance or use of the Common Properties and other areas under the Neighborhood Association's control and any legal liability resulting from law suits related to employment contracts to which the Neighborhood Association is a party. The policy must provide for at least 10 days' written notice by the insurer to the Neighborhood Association prior to cancellation or substantial modification.

(d) Fidelity bond coverage for any person (including a management agent) who either handles or is responsible for funds held or administered by the Neighborhood Association, whether or not such persons are compensated for such services. The bond shall name the Neighborhood Association as an obligee and shall cover the greater of (i) the maximum funds that will be in the custody of the Neighborhood Association or its management agent while the bond is in force, and (ii) the sum of 3 months' General Assessments on all Lots (including reserves, if any). The bond shall provide for 10 days' written notice to the Neighborhood Association and all servicers of FNMA-owned mortgages in the Property prior to cancellation of or substantial modification to the bond.

6.2.4 The Neighborhood Association shall care for and maintain any entryway walls and signage intended for and/or identifying the Property and shall maintain any landscaping located within the Common Property, road right-of-way or any landscaping easement which is owned by or runs in favor of the Neighborhood Association, which maintenance activities may, but not necessarily will, include without limitation any of the following: replacement and/or replanting of existing landscaping, excavation, construction of berms, and installation, maintenance and repair of irrigation facilities.

6.2.5 The Neighborhood Association shall care for and maintain all grass and landscaping located on the Lots and to the extent as provided in this Declaration, it being the intent of this Declaration to provide for a common appearance and quality of the grass and landscaping within the Neighborhood (as used in this sentence, the term "maintain" shall include, but shall not be limited to, all mowing, edging, blowing, weeding, fertilizing, spraying with insecticides, trimming and pruning of hedges and trees, and sod replacement). The Neighborhood Association is also responsible for the maintenance, operation, repair, replacement and/or reconstruction of all lines, pipes and facilities pertaining to the irrigation system serving the Lots.

Upon the recording of the Plat, Developer may promulgate a base standard for landscaping on each Lot (which standard may consist of one or more different landscaping packages). A Homeowner shall be required, in connection with the purchase of their Lot, to select one of such landscaping packages. All maintenance of the landscaping installed under one of these landscaping packages shall be undertaken by the Neighborhood Association, and the costs for such maintenance activities shall be a Common Expense. In the event a Homeowner elects to install additional landscaping on the Lot ("Supplemental Lot Landscaping," which shall be separate and distinct from landscaping contained within the Surrounding Landscaping Area as defined and described hereinafter), which installation shall only occur with the prior written approval of (1) the ACC and (2) the Board (so as to ensure proper allocation of costs between the Homeowners), the maintenance of such Supplemental Lot Landscaping shall be undertaken by the Neighborhood Association, and the costs of such maintenance shall be charged to the Homeowner as a Supplemental Lot Landscaping Assessment.

Notwithstanding the foregoing, there shall exist a 5 foot perimeter around each Home ("Surrounding Landscaping Area") within which a Homeowner shall be permitted, with prior written approval of the ACC, to install plants, bushes and shrubs installed at the time of completion of construction of the Home. Any such additional plantings within the Surrounding Landscaping Area shall be solely maintained by the Homeowner at the Homeowner's sole cost and expense; provided, however, that in the alternative, the Neighborhood Association may elect to undertake maintenance of such plantings and to charge the Homeowner for the costs of such maintenance (which costs shall be levied through a Surrounding Landscaping Area Assessment).

Irrigation of all grass and landscaped portions of a Lot shall be the sole responsibility of the Neighborhood Association, and the costs of irrigation, to the extent not included in assessments of the Master Association or the CDD, shall be charged to a Homeowner as a Common Expense (provided, however, that certain Homeowners may be assessed a Landscaping Assessment (as applicable) to pay for irrigation costs of plants, shrubs and the like which are installed on a Lot and which exceed those contemplated by the Neighborhood Association for general irrigation of landscaping on Lots in the Neighborhood). The Master Association and/or the CDD shall promulgate rules regarding the times and dates upon which irrigation shall occur on each individual Lot. No Homeowner shall be permitted to modify or alter the times and dates upon which irrigation shall occur on the Lot. If Supplemental Lot Landscaping is installed on a Lot, any irrigation costs pertaining specifically thereto shall be charged to the Homeowner as part of a Supplemental Lot Landscaping Assessment.

6.2.6 The Master Association shall allocate to each Lot, as part of the Master Association's assessments in accordance with Section 3.9.4 of the Master Declaration, a portion of the cost of operating and maintaining the irrigation system and related costs and fees and an equal share of the cost of the irrigation water, regardless of the size or landscaped area of any Lot or other parcel within the Neighborhood or the frequency of watering or the volume of water used. Notwithstanding the fact that the Master Association shall charge for such costs as a Common Expense, each Homeowner shall be responsible for all other maintenance and repair costs associated with the irrigation system located on each Homeowner's Lot.

6.2.7 The CDD shall care for and maintain any lakes and associated drainage facilities located wholly on the Property. Notwithstanding the foregoing, if the CDD fails to maintain such lakes and drainage facilities or if the CDD and the Neighborhood Association enter an agreement (this provision shall be deemed to be specific authorization for the Neighborhood Association to enter into such an agreement), the Neighborhood Association shall maintain such lakes and drainage facilities as may be necessary and levy Assessments for the costs and expenses associated therewith. In such an event, the Neighborhood Association shall have the power to contract with any other Neighborhood Association or entity to share the expense of maintaining any lake and associated drainage facilities which is not located wholly on the Property but which is contiguous to any portion of the Property, and such contractual obligations shall be a valid expense of the Neighborhood Association.

6.2.8 The Neighborhood Association shall care for, maintain, repair and replace all trees installed by Developer on or directly adjacent to the boundaries of the Lots which are adjacent to the roadways providing access to the Lots and through the Neighborhood (regardless of whether or not such palm trees are located in whole or in part on a Lot), and the costs of such activities shall be a Common Expense.

The foregoing constitutes the basic and general expenses of the Neighborhood Association, and said expenses are to be paid by Members of the Neighborhood Association as hereinafter provided, except as otherwise provided herein. It shall be the duty and responsibility of the Neighborhood Association, through the Board, to fix and determine from time to time the sum or sums necessary and adequate to provide for the expenses of the Neighborhood Association. The procedure for the determination of such Assessments shall be as hereinafter set forth in this Declaration or the By-Laws or the Articles of Incorporation. The Board shall have the power and authority to levy a Special Assessment, should one become necessary, as determined by it in its sole discretion, and said Special Assessment shall be determined, assessed, levied and payable in the manner determined by the Board as hereinafter provided in this Declaration or the Articles of Incorporation or the By-Laws. A General Assessment shall be payable in advance or monthly, quarterly, or on a semi-annual or annual basis or otherwise as determined by the Board.

6.3 Management Contracts and Leases of Common Property. The Neighborhood Association shall expressly have the power to contract for the management of the Neighborhood Association and/or the Common Property, if any, further having the power to delegate to such contractor any or all of the powers and duties of the Neighborhood Association respecting the contract granted or property demised. The Neighborhood Association shall further have the power to employ administrative

and other personnel to perform the services required for proper administration of the Neighborhood Association.

The undertakings and contracts authorized by the first Board shall be binding upon the Neighborhood Association in the same manner as though such undertakings and contracts had been authorized by the first Board duly elected by the membership of the Neighborhood Association.

6.4 Easements.

6.4.1 Easements for installation and maintenance of utilities (including, but not limited to, those required for cable television service) and drainage facilities are reserved as shown on the Plat or as otherwise granted by Developer and recorded by separate instrument in the public records of the County. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channel in the easements, or which may obstruct or retard the flow of water through drainage channel in the easements, or which are or might be prohibited by the public authority to whom said easement is given.

6.4.2 Easements over, under, across and through each Lot and the Common Properties are hereby expressly granted to the Neighborhood Association for the purpose of making any repairs or performing any maintenance provided for or required by this Declaration, regardless of whether such repairs or maintenance directly benefit the Lot upon which they are performed.

6.4.3 The easement area of each Lot and all improvements in it shall be maintained by the Homeowner of the Lot, except for those Neighborhood improvements for which a public authority or utility company is responsible.

Article 7: Maintenance of Homes and Lots; Failure to Maintain

7.1 Homeowners. Except as otherwise provided herein, each Homeowner shall be responsible for the maintenance, repair and replacement of all improvements (including landscaping within the Surrounding Landscaping Area) on such Homeowner's Lot and such other areas as are provided herein. Any area or matter not specifically required to be maintained, repaired or replaced by the Neighborhood Association shall be maintained, repaired and replaced by the Homeowner.

7.2 Failure to Maintain Lots. In the event a Homeowner of any Lot shall fail to maintain or repair the Lot and/or the Home in a manner required under this Declaration and as determined by the ACC from time to time, within 30 days' written notice of same, the Neighborhood Association, after approval by 2/3 vote of the Board, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and/or the Home as required under this Declaration and as determined by the ACC. The cost of same shall be charged to the Homeowner as a Specific Assessment, the nonpayment of which may lead to foreclosure of the lien for such Specific Assessment in accordance with the provisions of Article 8.

Article 8: Covenant for Assessments; Fines

8.1 Assessments Established. Each Homeowner of any Lot, by virtue of taking title to a Lot, whether or not expressed in the instrument of conveyance, is deemed to covenant to pay to the Neighborhood Association:

8.1.1 General Assessments, as defined in Section 8.2 hereof; and

8.1.2 Special Assessments, as defined in Section 8.6 hereof; and

8.1.3 Specific Assessments against any particular Lot that are established pursuant to any provision of this Declaration as provided in Section 8.7 hereof;

8.1.4 Supplemental Lot Landscaping Assessments against a particular Lot as defined in Section 8.8 hereof; and

8.1.5 Surrounding Landscaping Area Assessments against a particular Lot as defined in Section 8.9 hereof; and

8.1.6 All taxes, if any, that from time to time may be imposed upon all or any portion of the Assessments established by this Article.

All of the foregoing, together with interest and all costs and expenses of collection, including reasonable attorneys' fees, are a continuing charge on the land secured by a continuing lien upon the Lot against which each Assessment is made as provided in Section 8.12 hereof.

8.2 Purpose of Assessments; General Assessment. The Assessments levied by the Neighborhood Association must be used exclusively to promote the common good and welfare of the residents, to operate and manage the Neighborhood Association and the Common Properties, if any, and to perform such duties or as otherwise may be required by this Declaration and the Articles of Incorporation and By-Laws. To effectuate the following, the Neighborhood Association may levy an annual general assessment ("General Assessment") to provide and be used for the operation, management and all other general activities and expenses of the Neighborhood Association.

8.3 Initial General Assessment. The initial General Assessment shall be Three Hundred Ninety Nine and 41/100 Dollars (\$399.41) per quarter and will remain in effect until a different General Assessment may be determined as provided in Section 8.4 hereof.

8.4 Determination of General Assessment. Except with regard to the initial General Assessment, the amount of the General Assessment shall be fixed by the Board at least thirty (30) days in advance of each General Assessment period, and shall be based upon an adopted budget. The General Assessment period shall coincide with the Neighborhood Association's fiscal year. Except for the initial General Assessment, written notice of the amount of the General Assessment should be given to every Homeowner, but the failure to give or receive such notice, or both, shall not invalidate any otherwise valid Assessment. The General Assessment shall be paid in equal quarterly installments without interest until delinquent, and prepayable in whole at any time or times during the applicable Assessment period without penalty or other consideration; provided, however, at the discretion of the Board, the General Assessment may be collected on a monthly, semi-annual or annual basis rather than collected on a quarterly basis.

8.5 Developer Requirements for the Payment of Assessments. Prior to Transfer of Control, Developer may be excused, in its sole discretion, from payment of its share of the Common Expenses and Assessments related to the Lots owned by developer from time to time, provided that Developer pays any operating expenses incurred by the Neighborhood Association that exceed the Assessments receivable from other Homeowners and other income of the Neighborhood Association. Such deficit funding shall not preclude the levying of Special Assessments against the Homeowners to defray the costs of Neighborhood Association expenses not contemplated under the Neighborhood Association's estimated operating budget for that fiscal year. Subsequent to Transfer of Control, Developer shall be responsible for the payment of Assessments only upon Lots which it owns and on which a Home has been constructed for which a certificate of occupancy has been issued.

8.6 Developer's Assessments; Deficit Funding. Notwithstanding any provision of the Governing Documents to the contrary, Developer shall not be obligated to pay any Assessment for any Lot which it may own during any period of time that Developer shall be responsible for paying the difference between the Neighborhood Association's operating expenses and the sum of the revenues of the Neighborhood Association from all sources. The term "all sources" used in the previous sentence includes, but is not limited to, interest earned on Neighborhood Association deposits, revenues from the operation of Common Property, Initial Working Capital Fund Payment (as defined hereinafter) and the Assessments levied against the Members other than Developer. Such difference, herein called the "deficit

funding", shall not include any reserve for replacements, operating reserves (if any), depreciation reserves (if any) or capital expenditures. Developer shall be obligated for deficit funding for each year of operation until such time that Developer shall give written notice to the Board terminating its responsibility for deficit funding during the next succeeding fiscal year. Upon giving such notice, each Lot owned by Developer for which a certificate of occupancy has been issued for the Home constructed thereon shall thereafter be assessed in the same manner as Lots owned by Homeowners other than Developer. Notwithstanding any provision herein to the contrary, any deficit funding provided by Developer pursuant to this Section shall automatically terminate as of Transfer of Control. Any surplus may either be paid to Developer after the conclusion of the fiscal year or carried forward to the next fiscal year at the sole option of Developer. There is no limit to the number of years for which a surplus may be accumulated. Any surplus remaining at Transfer of Control shall be paid to Developer. In conjunction with Transfer of Control, an audit will be conducted to determine the cumulative "due to" or "due from" Developer for the term of the deficit funding.

8.7 Special Assessments. In addition to the General Assessment, the Neighborhood Association may levy in any fiscal year a special assessment ("Special Assessment") applicable to that year only for the purpose of defraying, in whole or in part, known expenses which exceeded, or when mature will exceed, the budget prepared and on which the General Assessment was based, or as described in Section 8.5 of this Article. Notwithstanding the foregoing, no Special Assessment against the Homeowners shall exceed 1/12 of the total of the General Assessments levied against the Homeowners for that fiscal year without the prior approval of 75% of the total voting interests in the Neighborhood Association. In addition, prior to Transfer of Control, the Board shall only levy a Special Assessment with the approval of a majority of non-Developer Members at a duly-called special meeting of the Members at which a quorum is present.

8.8 Specific Assessments. Any and all accrued liquidated indebtedness of any Homeowner to the Neighborhood Association arising under any provision of this Declaration also may be assessed by the Neighborhood Association against such Homeowner's Lot after such Homeowner fails to pay it when due and such default continues for 30 days after written notice.

8.9 Supplemental Lot Landscaping Assessments. The Neighborhood Association shall have the obligation to maintain, repair and/or replace any Supplemental Lot Landscaping installed upon a Lot and to levy an Assessment for the costs and expenses associated therewith ("Supplemental Lot Landscaping Assessment"). The Supplemental Lot Landscaping Assessment may be levied by the Neighborhood Association on a monthly, quarterly, semi-annual or annual basis as determined by the Neighborhood Association from time to time.

8.10 Surrounding Landscaping Area Assessments. The Neighborhood Association shall have the right and authority, but not the obligation, to maintain, repair and/or replace the planting installed by a Homeowner in the Surrounding Landscaping Area and to levy an Assessment for the costs and expenses associated therewith ("Surrounding Landscaping Area Assessment"). The Surrounding Landscaping Area Assessment may be levied by the Neighborhood Association on a monthly, quarterly, semi-annual or annual basis as determined by the Neighborhood Association from time to time.

8.11 Uniformity of Assessments. The General Assessment and any Special Assessment must be uniform for each Homeowner throughout the Neighborhood.

8.12 Commencement of General Assessment. The General Assessment as to each Lot owned by a Homeowner other than Developer shall be prorated as of the day of closing for the current installment period, and thereafter the first full payment shall be due and owing on the first day of the next full installment period.

8.13 Effect of Nonpayment of Assessment; Lien.

8.13.1 If any Assessment is not paid on or before the past-due date specified herein, then such Assessment shall become delinquent and shall, together with interest thereon at the maximum

rate allowed under law from the due date, late charges, attorney's fees, and the cost of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the land and all improvements thereon, against which each such Assessment is made.

8.13.2 Said lien shall be evidenced by a claim of lien recorded in the public records of the County, shall be effective from and as of the time of recording and shall relate back to the original date of recordation of this Declaration, and shall continue in effect until all amounts due to the Neighborhood Association are paid in full, except as specifically stated below in Section 8.16. Notwithstanding the foregoing to the contrary, neither the recording of, nor failure to record, any such claim of lien will affect the existence or priority of the Neighborhood Association's lien.

8.13.3 Any payment received by the Neighborhood Association and accepted shall be applied first to any interest accrued, then to any administrative late fee, then to any fines levied by the Neighborhood Association pursuant to the applicable provisions of this Declaration, the By-Laws and the Act, then to any costs and reasonable attorney's fees incurred in collection, and then to the delinquent and/or accelerated Assessment(s) or installment(s) thereof. This paragraph applies notwithstanding any restrictive endorsement, designation, or instruction placed on or accompanying a payment.

8.13.4 If any Assessment, or a portion thereof, is delinquent for more than thirty (30) days, or if a mortgage foreclosure action is filed to foreclose a Mortgage against a Lot, then the Neighborhood Association may accelerate by general policy, administrative decision or otherwise the remainder of all Assessment installments for the fiscal year.

8.13.5 Except for liens for all sums validly secured by any First Mortgage, all other lienors acquiring liens on any Lot after this Declaration is recorded are deemed to consent that such liens are inferior to the lien established by this Article, whether or not such consent is specifically set forth in the instrument creating such lien. The recordation of this Declaration constitutes constructive notice to all subsequent purchasers and/or creditors of the existence of the Neighborhood Association's lien and its priority.

8.13.6 Sale or transfer of a Lot does not affect the Neighborhood Association's claim of lien.

8.14 Certificate. Upon demand, and for a reasonable charge, the Neighborhood Association will furnish to any interested person a certificate signed by an officer of the Neighborhood Association setting forth whether the Assessments have been paid and, if not, the unpaid balance(s).

8.15 Remedies of the Neighborhood Association. If any Assessment, or a Homeowner or tenant's other monetary obligation to the Neighborhood Association, is not paid within thirty (30) days of its due date, the Neighborhood Association may proceed with all remedies available, including, but not limited to, suspending use and voting rights and bringing an action at law against the persons and entities personally obligated to pay the same, and proceeding with an action in equity to foreclose the lien against the Lot, and there shall be added to the amount of such Assessment the costs of preparing and filing the complaint in such action, interest following conclusion of the thirty (30) day grace period at the rate of 15% per annum or such other rate as may be from time to time determined by the Board (provided, however, that such rate shall not exceed the maximum rate allowed by law not constituting usury), late charges, costs of collection and attorney's fees. The prevailing party in any such claim shall also be awarded attorney's fees and costs. No Homeowner may waive or otherwise escape liability for the Assessments. A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing, waiving, or otherwise impairing the security of the Neighborhood Association's lien or its priority.

8.16 Foreclosure. The lien for sums assessed pursuant to this Article may be enforced by judicial foreclosure in the same manner in which mortgages on real property from time to time may be foreclosed in the State of Florida. In any such foreclosure, the Homeowner is required to pay all costs and expenses of foreclosure, including reasonable attorneys' fees. All such costs and expenses are

secured by the lien foreclosed. The Homeowner also is required to pay to the Neighborhood Association any Assessments against the Lot that become due during the period of foreclosure, which Assessments also are secured by the lien foreclosed and accounted on a pro rata basis and paid as of the date the Homeowner's title is divested by foreclosure. The Neighborhood Association has the right and power to bid at the foreclosure or other legal sale to acquire the Lot foreclosed, or to acquire such Lot by deed or other proceeding in lieu of foreclosure, and thereafter to hold, convey, lease, rent, encumber, use, and otherwise deal with such Lot as its Homeowner for purposes of resale only. If any foreclosure sale results in a deficiency, the court having jurisdiction over the foreclosure may enter a personal judgment against the Homeowner for such deficiency.

8.17 Subordination of the Lien to First Mortgages.

8.17.1 The claim of lien filed by the Neighborhood Association shall be subordinate to the lien of any First Mortgage held by a First Mortgagee recorded and valid before the effective date of this provision.

8.17.2 If a Mortgage against a Lot (i) is properly recorded as a First Mortgage before the Neighborhood Association's claim of lien is recorded and (ii) maintains First Mortgage priority, then the liability of the Lot and the First Mortgagee (and its successor or assignee who acquires title to the Lot by foreclosure or by deed in lieu of foreclosure, but only if the successor or assignee is the subsequent holder of the First Mortgage) for the unpaid Assessments that became due before the First Mortgagee's acquisition of title is limited to the lesser of:

(a) The Lot's unpaid Assessments which accrued or came due during the twelve (12) months immediately preceding the acquisition of title or for which payment in full has not been received by the Neighborhood Association; or,

(b) One percent (1%) of the original debt secured by the First Mortgage.

8.17.3 The limitation of liability for payment of Assessments contained in this Section applies only if the First Mortgagee joins the Neighborhood Association as a defendant in the foreclosure action; however, joinder of the Neighborhood Association is not required if, on the date the foreclosure complaint is filed, the Neighborhood Association was dissolved or did not maintain an office or agent for service of process at a location which was known to or reasonably discoverable by the First Mortgagee.

8.17.4 All unpaid Assessments as a result of this exception are Common Expenses, collectible from all of the Homeowners, including the new Homeowner and the Homeowner's successors and assigns. Such new Homeowner is not excused from liability for any Assessments against the Homeowner's Lot which accrue after the Homeowner's acquisition of title; provided, however, that if the Neighborhood Association is the grantee, it is excused from payment. Notwithstanding the foregoing, First Mortgagee shall be exempt from liability for Assessments coming due before the First Mortgagee receives title to the Lot as the result of a foreclosure or deed-in-lieu of foreclosure.

8.17.5 The Neighborhood Association may give any encumbrancer of record 30 days' notice within which to cure such delinquency before instituting foreclosure proceedings against the Lot. Any encumbrancer holding a lien on a Lot may pay, but is not required to pay, any amounts secured by the lien established by this Section; upon such payment, such encumbrancer will be subrogated to all rights of the Neighborhood Association with respect to such lien, including priority.

8.17.6 The liability limitations contained in this Section for First Mortgagees shall be expanded in the Neighborhood Association's favor to the fullest extent permitted by the Act, as amended from time to time.

8.18 Homesteads. By virtue of taking title to a Lot, each Homeowner is deemed to acknowledge conclusively and consent that all Assessments established pursuant to this Article are for

the improvement and maintenance of any homestead thereon and that the Neighborhood Association's lien has priority over any such homestead.

8.19 Reserves. At the commencement of the Neighborhood, the Neighborhood Association shall not collect reserves for future or deferred maintenance, and there is and shall be no requirement for the collection of any reserves for such maintenance. From time to time, the Neighborhood Association, through the Board, may elect to collect reserves, in which event such amounts shall be a Common Expense. If the Board determines that reserves are to be collected, (a) the Board shall determine the appropriate level of the reserves based on a periodic review of the useful life of the improvements to the Common Properties and equipment owned by the Neighborhood Association, as well as periodic projections of the cost of anticipated major repairs or improvements to the Common Properties, the purchase of equipment to be used by the Neighborhood Association in connection with its duties hereunder, and/or performance of required maintenance of Homes and Lots pursuant to this Declaration, and (b) the Neighborhood Association's budget shall disclose the exact monies collected and the reserve categories involved.

8.20 Initial Funding of Working Capital Fund. At the time the initial sale of each Lot is closed, the purchaser of the Lot shall pay to the Neighborhood Association an "Initial Working Capital Fund Payment". This sum shall be used and applied for start-up costs and as a working capital fund in connection with all initial operating expenses for the Neighborhood Association. This payment shall not be refundable or applied as a credit against the Homeowner's payment of Assessments. The amount of the Initial Working Capital Contribution shall be specified in the purchase contract between Developer and the purchaser.

8.21 Assessments under the Master Declaration and the River Club Declaration. The Property is subject to the Master Declaration and the River Club Declaration, and each Lot is subject to the terms and provisions of the Master Declaration and the River Club Declaration. Each Homeowner, by virtue of taking title to a Lot, shall (a) become a member of the Master Association and agrees to pay all assessments levied from time to time by the Master Association, and (b) be responsible for the payment of assessments and dues levied pursuant to and required under the River Club Declaration.

8.22 Additional Master Association. In the event the Neighborhood Association, or its Members, become members of a master community association or umbrella association ("Additional Master Association") in addition to the Master Association, or as is otherwise described herein, then and in that event the Neighborhood Association shall have the power to:

8.22.1 levy and collect on its own behalf as part of the General Assessment an amount equal to the amount levied upon the Neighborhood Association by the Additional Master Association; or

8.22.2 collect on behalf of the Additional Master Association as part of the General Assessment or as a separate charge an amount equal to the amount levied upon the Neighborhood Association's Members by the Additional Master Association.

8.23 Venetian Community Development District. Each Homeowner, by virtue of taking title to a Lot, is a member of the CDD and agrees to pay all assessments and charges levied from time to time by the CDD.

8.24 Suspensions and Fines.

8.24.1 In the event a Homeowner is more than ninety (90) days delinquent in the payment of a monetary obligation due to the Neighborhood Association, the Neighborhood Association shall have the power, but not the duty, to suspend (i) the right of a Homeowner, such Homeowner's tenant, guest, or invitee, and a Resident to use Common Property or facilities, and (ii) the voting rights pertaining to a Lot (the vote pertaining to such suspended Lot shall not be counted towards the total number of voting interests as defined in the Act). The notice and hearing requirements applicable to suspension of rights in Section 8.23.2 hereof are not applicable to this Section 8.23.1. Any imposed

suspension pursuant to this Section 8.23.1 will end upon full payment of all obligations currently due or overdue to the Neighborhood Association.

8.24.2 Separate and apart from, but not in a manner inconsistent with, Section 8.23.1 hereof, the Neighborhood Association shall have the power to suspend, for a reasonable period of time, the rights of a Homeowner and/or such Homeowner's tenants, guests or invitees to use the Common Property, and to levy reasonable fines against same not to exceed the greater of \$100.00 per violation or the maximum amount allowed under the Act for activities which violate the provisions of the Declaration, the By-Laws or any Rules and Regulations duly promulgated by the Neighborhood Association. No fine or suspension (other than suspensions due to a monetary obligation delinquency of more than 90 days pursuant to Section 8.23.1 hereof) may be imposed except upon 14 days prior written notice to the person sought to be suspended or fined, and such person having an opportunity for a hearing before a committee of at least 3 Homeowners of the Neighborhood Association. A fine may be levied for each day of a continuing violation, with a single notice and opportunity for hearing, and fines of a continuing nature may be charged up to a maximum of \$10,000. A fine of more than \$1,000 may become a lien against the Lot. Such committee shall be appointed by the Board and shall not be composed of any officers, directors or employees of the Neighborhood Association, nor any spouse, parent, child, brother or sister of any officer, director or employee. No fine or suspension (other than suspensions due to a monetary obligation delinquency of more than 90 days pursuant to Section 8.23.1 hereof) may be imposed except upon majority approval of the Homeowners of such committee. Suspension of rights to use the Common Property shall not include any right to restrict vehicles and pedestrians ingress and egress to and from such offending person's Lot. The voting rights of a Homeowner may not be suspended by the Neighborhood Association (other than suspensions due to a monetary obligation delinquency of more than 90 days pursuant to Section 8.23.1 hereof).

Article 9: Miscellaneous Provisions Respecting Mortgages

The following provisions are intended for the benefit of a First Mortgagee and to the extent, if at all, that any other provisions of this Declaration conflict with the following provisions, the following provisions shall control:

9.1 Notices of Overdue Assessments; Foreclosure. If any First Mortgagee or other person, persons, or entity that is its successor or assign as a subsequent holder of the First Mortgage (the "Acquiring Party") either (a) obtains title to a Lot as a result of a foreclosure of a recorded First Mortgage or (b) receives a deed in lieu of foreclosure of a recorded First Mortgage, that Acquiring Party shall, to the extent permitted by law, take such property free of any claims for unpaid Assessments or charges in favor of the Neighborhood Association against that became due prior to the earlier of the following: (i) the date of the transfer of title to the Acquiring Party, or (ii) the date on which the Acquiring Party comes into possession of the Lot. Notwithstanding anything herein to the contrary, the provisions of this Section 9.1 may not be interpreted or applied in a manner that impairs or otherwise diminishes, in any manner, any preexisting rights of Developer's lender or its successors or assigns.

9.2 Rights of First Mortgagees, Insurers and Guarantors. Upon request in writing, each First Mortgagee, Insurer or Guarantor shall have the right:

9.2.1 to examine current copies of this Declaration, the By-Laws, all rules and regulations, and the books and records of the Neighborhood Association during normal business hours;

9.2.2 to receive, without charge and within a reasonable time after such request, any annual audited or unaudited financial statements which are prepared and distributed by the Neighborhood Association to the Homeowners at the end of each of its respective fiscal years; provided, however, that in the event an audited financial statement is not available, any First Mortgagee shall be entitled to have such an audited statement prepared at its expense;

9.2.3 to receive written notices of all meetings of the Neighborhood Association and to designate a representative to attend all such meetings;

9.2.4 to receive written notice of any decision by the Homeowners to make a material amendment to this Declaration, the By-Laws or the Articles of Incorporation;

9.2.5 to receive written notice of any lapse, cancellation or modification of an insurance policy or fidelity bond maintained by the Neighborhood Association; and

9.2.6 to receive written notice of any action which would require the consent of a specified percentage of First Mortgagees.

9.3 Distribution of Proceeds. No provision of this Declaration or the Articles of Incorporation or any similar instrument pertaining to the Property or the Lots therein shall be deemed to give a Homeowner or any other party priority over the rights of the First Mortgagees pursuant to their mortgages in the case of distribution to Homeowners of insurance proceeds or condemnation awards for losses to or a taking of the Lots, and/or the Common Property, or any portion thereof or interest therein. In such event, the First Mortgagees, Insurers or Guarantors of the Lots affected shall be entitled, upon specific written request, to timely written notice of any such loss.

9.4 Termination of the Neighborhood. Unless the First Mortgagees of the individual Lots representing at least 67% of the votes in the Neighborhood Association have given their prior written approval, neither the Neighborhood Association nor the Homeowners shall be entitled to terminate the legal status of the Neighborhood for reasons other than substantial destruction or condemnation thereof.

9.5 Notice of Damage, Destruction or Condemnation. Upon specific written request to the Neighborhood Association, a First Mortgagee, Insurer or Guarantor of a Lot shall be furnished notice in writing by the Neighborhood Association of any damage to or destruction or taking of the Common Property if such damage or destruction or taking exceeds \$10,000.00. If damages shall occur to such Lot in excess of \$1,000.00, notice of such event shall also be given.

9.6 Condemnation; Priority of Awards. If any Lot or portion thereof or the Common Property or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the First Mortgagee, Insurer or Guarantor of said Lot will be entitled to timely written notice, upon specific written request, of any such proceeding or proposed acquisition, and no provisions of any document will entitle the Homeowner of such Lot or other party to priority over such First Mortgagee with respect to the distribution to such Lot of the proceeds of any award or settlement.

9.7 Rights of First Mortgagees. Any First Mortgagee has the following rights:

9.7.1 Inspection. During normal business hours, and upon reasonable notice and in a reasonable manner, to inspect the books, records, and papers of the Neighborhood Association.

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

9.7.3 Financial Statements. Upon written request to the secretary of the Neighborhood Association, to receive copies of the annual financial statements of the Neighborhood Association; provided, however, the Neighborhood Association may make a reasonable charge to defray its costs incurred in providing such copies.

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

By written notice to the secretary of the Neighborhood Association, and upon payment to the Neighborhood Association of any reasonable annual fee that the Neighborhood Association from time to

time may establish for the purpose of defraying its costs, any First Mortgagee also is entitled to receive any notice that it required to be given to the Class A Members of this Neighborhood Association under any provision of this Declaration or the Articles of Incorporation or By-Laws.

Article 10: Damage, Destruction, Condemnation and Restoration of Improvements

10.1 Damage, Destruction and Restoration. In the event the improvements forming a part of the Common Property, or any portion thereof, shall suffer damage or destruction from any cause and the proceeds of any policy or policies insuring against such loss or damage, and payable by reason thereof, plus reserves (if any), shall be sufficient to pay the cost of repair or restoration or reconstruction, then such repair, restoration or reconstruction shall be undertaken and the insurance proceeds and the reserves (if any), shall be applied by the Board or the payee of such insurance proceeds in payment therefore; provided, however, that in the event, within 180 days after said damage or destruction, the Homeowners shall elect to withdraw the Property from the provisions of this Declaration, or if the insurance proceeds and the reserves (if any) are insufficient to reconstruct the damaged or destroyed improvements to the Common Property and the Homeowners and all other parties in interest do not voluntarily make provision for reconstruction within 180 days from the date of damage or destruction, then such repair, restoration, or reconstruction shall not be undertaken. In the event such repair, restoration, or reconstruction is not undertaken, the net proceeds of insurance policies shall be divided by the Board or the payee of such insurance proceeds among all Homeowners, after first paying from the share of each Homeowner the amount of any unpaid liens on his Lot, in the order of the priority of such liens.

10.2 Withdrawal of Property From Declaration. In the case of damage or other destruction, upon the unanimous affirmative vote of the Homeowners voting at a meeting called for that purpose, any portion of the Property affected by such damage or destruction may be withdrawn from this Declaration. The payment of just compensation, or the allocation of any insurance or other proceeds to any withdrawing or remaining Homeowners, shall be on an equitable basis. Any insurance or other proceeds available in connection with the withdrawal of any portion of the Common Property shall be allocated to the Homeowners on the basis of an equal share for each Lot. Upon the withdrawal of any Lot or portion thereof, the responsibility for the payment of Assessments on such Lot or portion thereof by the Homeowner shall cease.

10.3 Eminent Domain. In the event any portion of the Property is taken by condemnation or eminent domain proceedings, provision for withdrawal of the portion so taken from the provisions of this Declaration may be made by the Board. The allocation of any condemnation award or other proceeds to any withdrawing or remaining Homeowner shall be on an equitable basis. Any condemnation award or other proceeds available in connection with the withdrawal of any portion of the Common Property shall be allocated to the Homeowners on the basis of an equal share for each Lot. Upon the withdrawal of any Lot or portion thereof, the responsibility for the payment of Assessments on such Lot or portion thereof by the Homeowner shall cease. The Neighborhood Association shall represent the Homeowners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for the acquisition of the Common Property or any part thereof. In the event of the total taking of the Property by eminent domain, the condemnation award available in that connection shall be divided by the Neighborhood Association among all Homeowners on the basis of an equal share for each Lot, after first paying from the share of each Homeowner the amount of any unpaid liens on his Lot, in the order of the priority of such liens.

Article 11: Termination of the Neighborhood

At a meeting called for such purpose and attended by all Homeowners, the Homeowners, by affirmative vote of 90% of the voting interests in the Neighborhood Association, may elect to terminate the legal status of the Neighborhood and sell the Common Property as a whole. Within 10 days after the date of the meeting at which such sale was approved, the Board shall give written notice of such action to all First Mortgagees, Insurers and Guarantors entitled to notice under Article 9 of this Declaration, and the termination shall only be effective upon the affirmative vote required under Section 9.4 hereof. Such action shall be binding upon all Homeowners, and it shall thereupon become the duty of every

Homeowner to execute and deliver such instruments and to perform all acts in manner and form as may be necessary to effect such termination and sale. The Neighborhood Association shall represent the Homeowners in any negotiations, settlements and agreements in connection with termination of the Neighborhood and sale of the Common Property, and any proceeds obtained therefrom shall be first used to pay all expenses and outstanding obligations of the Neighborhood Association and the remainder, if any, shall be divided among all Homeowners on the basis of an equal share for each Lot. Notwithstanding any provision to the contrary, the termination of the legal status of the Neighborhood shall in no manner impact each Homeowner's membership in and obligations due to the Master Association, the CDD and the owner of the amenities under the River Club Declaration.

Article 12: Operation

The provisions of this Declaration are self-executing and will run with the land and be binding upon all persons having any right, title, or interest therein, or any part, their respective heirs, successors, and assigns.

Article 13: General Provisions

13.1 Enforcement. Unless expressly provided otherwise, the Neighborhood Association, or any Homeowner, has the right to enforce, by any appropriate proceeding at law or in equity, all restrictions, conditions, covenants, easements, reservations, liens, charges, rules, and regulations now or hereafter imposed by, or pursuant to, the provisions of this Declaration. If the Neighborhood Association or any person entitled to enforce any of the provisions of this Declaration is the prevailing party in any litigation involving this Declaration or any rule or regulation, such party may recover from the losing party all costs and expenses incurred, including reasonable attorneys' fees for all trial and appellate proceedings, if any. If the Neighborhood Association is the losing party against any Homeowner, such costs and expenses, including reasonable attorneys' fees, payable to the prevailing party and those incurred by the Neighborhood Association itself, may be assessed against such Homeowner's Lot, as provided in Article 8 of this Declaration. Failure by the Neighborhood Association or by any Homeowner to enforce any covenant, restriction, rule, or regulation will not constitute a waiver of the right to do so at any time.

13.2 Amendment.

13.2.1 Except as may be otherwise provided herein, Developer may amend this Declaration by an instrument executed with the formalities of a deed without the approval or joinder of any other party at any time prior to the date on which Developer shall have conveyed 90% of the Lots on the Property. Except as may be otherwise provided herein, commencing on the date that Developer shall have conveyed 90% of the Lots on the Property, this Declaration may be amended by an instrument so executed by the Neighborhood Association and approved by not less than two-thirds (2/3) of the total voting interests in the Neighborhood Association. No amendment is effective until recorded, and the Neighborhood Association's proper execution will entitle it to public record, notwithstanding the informal execution by the requisite percentage of Homeowners. For purposes of this Section, a Lot shall be considered conveyed when the deed is duly recorded.

13.2.2 Notwithstanding the provisions of Section 13.2.1 to the contrary, (a) no instrument of amendment or termination shall be effective while there are Class B memberships unless 100% of the Class B Members shall approve and join in such instrument, and (b) no amendment which will affect any aspect of the surface water management system located on the Property shall be effective without the prior written approval of the Southwest Florida Water Management District. For purposes of this Section, a Lot shall be considered conveyed when the deed is duly recorded.

13.2.3 Notwithstanding the provisions of Section 13.2.1 to the contrary, for so long as Developer owns any portion of the Property, no amendment or modification to this Declaration will be effective without the prior written consent of Developer if that amendment or modification, in Developer's sole opinion, impairs, alters, or otherwise modifies, in whole or in part, the marketability, viability, usability,

or salability of any portion of the Property owned by Developer. For purposes of example only, and without limitation as to the types of amendments or modifications requiring Developer consent pursuant to this Section 13.2.3, an amendment which (i) requires Association approval for the sale or transfer of an interest in a Lot in whole or in part; (ii) modifies the Assessment structure pertaining to any Lot; or (iii) impairs, alters, or otherwise modifies construction, sales, or marketing activities (including placement, size, and design of signage, etc.), would be considered an impairment to the marketability, viability, usability, or salability of the Property for which prior written consent of Developer would be required.

13.3 Special Amendment. Anything herein to the contrary notwithstanding, and subject to the requirement of First Mortgagee approval set forth herein where applicable, Developer reserves the right and power to record a special amendment ("Special Amendment") to this Declaration, at any time and from time to time, which amends this Declaration and any provision therein: (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Consumer Finance Protection Bureau of the Department of the Treasury, the Federal Housing Administration, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities; (ii) to induce any of such agencies or entities to make, purchase, sell, insure, guarantee or otherwise deal with first mortgages covering Lots; (iii) to correct clerical or typographical errors in this Declaration; (iv) to bring this Declaration into compliance with applicable laws, ordinances or governmental regulations; or (v) to minimize any federal or state income tax liability of the Neighborhood Association. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Developer to make or consent to a Special Amendment on behalf of each Homeowner and the Neighborhood Association. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power of Developer to make, execute and record Special Amendments. The right and power of Developer to make Special Amendments hereunder shall terminate on December 31, 2025, or on the date of the conveyance of all Lots in the Neighborhood by Developer to third parties, whichever occurs last.

13.4 Additions to the Property.

13.4.1 Additional land may be made subject to all the terms hereof and brought within the jurisdiction and control of the Neighborhood Association in the manner specified in this Section, provided such is done within 30 years from the date this Declaration is recorded. Notwithstanding the foregoing, however, under no circumstances shall Developer be required to make such additions, and until such time as such additions are made to the Property in the manner hereinafter set forth, no other real property owned by Developer or any other person or party whomsoever, other than within the Property, shall in any way be affected by or become subject to this Declaration. All additional land which, pursuant to this Section, is brought within the jurisdiction and control of the Neighborhood Association and made subject to the Declaration shall thereupon and thereafter be included within the term "Property" as used in this Declaration. Notwithstanding anything contained in this Section, Developer neither commits to, nor warrants or represents, that any such additional land will be made subject to and brought within the jurisdiction and control of the Neighborhood Association.

13.4.2 Procedure for Making Additions to the Property.

(a) By Developer. Additions to the Property by Developer may be made by the following procedure:

(i) Developer shall have the right from time to time, in its discretion and without need for consent or approval by either the Neighborhood Association, any Homeowner, Resident or other Person to make additional land owned by Developer subject to the scheme of this Declaration and to bring such land within the jurisdiction and control of the Neighborhood Association; provided, however, in the event any portion of such additional land is encumbered by one or more mortgages, Developer must obtain the consent and approval of each holder of such mortgage(s).

(ii) The addition shall be accomplished by Developer filing of record in the public records a supplement to this Declaration with respect to the additional land extending the terms of the covenants and restrictions of this Declaration to such land as specifically and legally described. Such supplement need only be executed by Developer and shall be accompanied by the consent(s) and joinder(s) of any holder(s) of mortgage(s) on such additional land. No joinder or consent of the Neighborhood Association, any Homeowner, Resident or other Person shall be required. Such supplement may contain such additional provisions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added land or permitted uses thereof. In no event, however, shall such additional provisions and/or modifications revoke, modify, or add to the covenants and restrictions established by this Declaration as such affect the land described in the original Exhibit A or added by a previous supplement.

(iii) Nothing contained in this Section 13.4.2 shall obligate Developer to make additions to the Property.

(b) By Third Parties. Additions to the Property by third parties other than Developer shall only be made pursuant to Section 2.3 hereof. This Section 13.4.2.2 shall not be amended without the prior written consent of Developer for so long as Developer owns any portion of the Property.

13.5 Severability. Invalidation of any particular provision of this Declaration by judgment or court order will not affect any other provision, all of which shall remain in full force and effect; provided, however, any court of competent jurisdiction is hereby empowered, to the extent practicable, to reform any otherwise invalid provision contained in this Declaration when necessary to avoid a finding of invalidity while effectuating Developer's intent of providing a comprehensive plan for the use, development, sale, and beneficial enjoyment of the Neighborhood.

13.6 Joinder. Should title to any Lot of the Neighborhood have been conveyed by Developer prior to the recording of this Declaration, such Homeowners of Lots by their signature to a Joinder shall be deemed to have joined with the Homeowner in the recording of this Declaration and shall have subordinated their right, title and interest in the Lot to the terms hereof and declare that their property shall be subject to this Declaration as fully as if title had been taken by them subsequent to the recording hereof.

13.7 Covenant Running with the Property. Except as otherwise provided herein, the covenants and restrictions of this Declaration shall run with and be binding upon the Property, and shall remain in force and be enforced by the Board and the Homeowners, their heirs, successors and assigns, for a term of 30 years after the date this Declaration is recorded in the public records of the County, and shall be automatically renewed for successive periods of 10 years, unless the Homeowners, upon the affirmative vote of the holders of 70% of the total voting interests in the Neighborhood Association decide within 6 months of such renewal date, not to renew these covenants and restrictions, and a certificate executed by the president or the vice-president and secretary of the Neighborhood Association certifying to such vote is recorded in the public records of the County.

Each Homeowner, by virtue of taking title to a Lot, hereby agrees that the deed of conveyance of the Lot to a third party shall specifically state that the Lot is subject to the terms of this instrument and shall state the recording book and page information for this instrument as recorded in the public records of the County. The intent of this provision is to defeat any potential argument or claim that Chapter 712, Florida Statutes, has extinguished the application of this instrument to each of the Lots.

13.8 Amendment Pertaining to Surface Water Management System. Notwithstanding any provisions to the contrary contained in this Declaration, any amendment which will affect the surface water management system, including the management portion of the Common Property, serving the Neighborhood, must have the prior written approval of the Southwest Florida Water Management District in order to be effective and binding.

13.9 Amplification. The provisions of this Declaration are amplified by the Articles of Incorporation and By-Laws, but no such amplification will alter or amend substantially any of the rights or obligations of the Homeowners set forth in this Declaration. Developer intends the provisions of this Declaration, on the one hand, and the Articles of Incorporation and By-Laws, on the other, to be interpreted, construed, applied, and enforced to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Developer intends that the provisions of this Declaration control anything in the Articles of Incorporation or By-Laws to the contrary. The terms defined in this Declaration shall have same meanings in the Articles of Incorporation and By-Laws, unless otherwise provided.

13.10 Homeowner Cooperation. No person shall use the Property, or any part thereof, in any manner contrary to or not in accordance with the rules and regulations set forth in the By-Laws or properly pertaining thereto and promulgated from time to time by the Neighborhood Association. The Homeowner shall not permit or suffer anything to be done or kept in such Homeowner's Home and/or Lot which will increase the rate of any insurance purchased by the Neighborhood Association for the Property or any portion thereof, or which will obstruct or interfere with the rights of other Homeowners, or annoy them by unreasonable noises, or otherwise, nor shall the Homeowners commit or permit any nuisance, immoral or illegal acts in or about the Property.

13.11 Sound Transmission Language. Each Homeowner, by virtue of taking title to a Lot, hereby acknowledges and agrees that sound and impact noise transmission in the building containing the Home is very difficult to control, and that noises from adjoining or nearby Homes and Lots and/or mechanical equipment can be heard in another Home or upon another Lot. Developer does not make any representation or warranty as to the level of sound or impact noise transmission between and among Homes and Lots and the other portions of the Neighborhood, and each Homeowner hereby waives and expressly releases, to the extent not prohibited by applicable law as to the date of this Declaration, any such warranty and claims for loss or damages resulting from sound or impact noise transmission.

13.12 Resolution of Disputes. All issues or disputes which are recognized by the Act or by administrative rules promulgated under the Act as being appropriate or required for dispute resolution shall be submitted to such dispute resolution procedures contained in the Act prior to institution of civil litigation.

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IN WITNESS WHEREOF, Developer has duly executed this instrument on this 8th day of September, 2014.

WITNESSES:

WCI COMMUNITIES, LLC,
a Delaware limited liability company

Mary Sloop
Name: Mary Sloop

By: [Signature]
Name: Nicole Swartz
Title: Vice President

Ledia Metaj
Name: LEDIA METAJ

(SEAL)

STATE OF FLORIDA
COUNTY OF Lee

The foregoing instrument was acknowledged before me this 8th day of September, 2014, by Nicole Swartz, as Vice President of WCI Communities, LLC, a Delaware limited liability company, on behalf of the corporation, as Developer of Palermo at Venetian Golf & River Club. He/She is personally known to me.

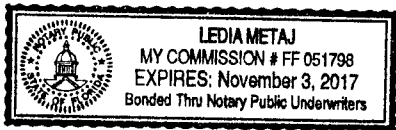
My Commission Expires:
(AFFIX NOTARY SEAL)

Ledia Metaj
(Signature)

Name: LEDIA METAJ
(Legibly Printed)

Notary Public, State of Florida

FF 051798
(Commission Number, if any)



**EXHIBIT "A" TO DECLARATION OF COVENANTS AND RESTRICTIONS
FOR PALERMO AT VENETIAN GOLF & RIVER CLUB**


Legal Description of the Property

Lots 1-78, inclusive, of the plat of VENETIAN GOLF & RIVER CLUB A REPLAT OF PHASE 5, according to the plat thereof recorded in Plat Book 48, Page 35, public records of Sarasota County, Florida.

**EXHIBIT "B" TO DECLARATION OF COVENANTS AND RESTRICTIONS
FOR PALERMO AT VENETIAN GOLF & RIVER CLUB**

Articles of Incorporation of the Neighborhood Association

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of PALERMO AT VENETIAN GOLF & RIVER CLUB PROPERTY OWNERS ASSOCIATION, INC., a Florida corporation, filed on September 15, 2014, as shown by the records of this office.

I further certify the document was electronically received under FAX audit number H14000215079. This certificate is issued in accordance with section 15.16, Florida Statutes, and authenticated by the code noted below

The document number of this corporation is N14000008600.

Authentication Code: 114A00019795-091614-N14000008600-1/1

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Eighteenth day of September, 2014



Ken Detzner
Ken Detzner
Secretary of State

September 18, 2014

PALERMO AT VENETIAN GOLF & RIVER CLUB PROPERTY OWNERS A
24301 WALDEN CENTER DRIVE
BONITA SPRINGS, FL 34134

The Articles of Incorporation for PALERMO AT VENETIAN GOLF & RIVER CLUB PROPERTY OWNERS ASSOCIATION, INC. were filed on September 15, 2014, and assigned document number N1400008600. Please refer to this number whenever corresponding with this office.

Enclosed is the certification requested. To be official, the certification for a certified copy must be attached to the original document that was electronically submitted and filed under FAX audit number H14000215079.

To maintain "active" status with the Division of Corporations, an annual report must be filed yearly between January 1st and May 1st beginning in the year following the file date or effective date indicated above. It is your responsibility to remember to file your annual report in a timely manner.

A Federal Employer Identification Number (FEI/EIN) will be required when this report is filed. Apply today with the IRS online at:

<https://sa.www4.irs.gov/modiein/individual/index.jsp>.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have questions regarding corporations, please contact this office at (850) 245-6052.

Thomas Chang
Regulatory Specialist II
New Filings Section
Division of Corporations

Letter Number: 114A00019795

**ARTICLES OF INCORPORATION
OF
PALERMO AT VENETIAN GOLF & RIVER CLUB PROPERTY OWNERS ASSOCIATION, INC.
(A Corporation Not for Profit)**

THE UNDERSIGNED INCORPORATOR to these Articles of Incorporation hereby proposes the incorporation under Chapters 617 and 720, Florida Statutes, of a corporation not for profit, and hereby makes, subscribes, acknowledges and files with the Secretary of State of the State of Florida, Articles of Incorporation, and hereby certifies as follows:

ARTICLE I: NAME AND LOCATION

The name of this corporation shall be **PALERMO AT VENETIAN GOLF & RIVER CLUB PROPERTY OWNERS ASSOCIATION, INC.** (hereinafter referred to as the "Neighborhood Association"), and its initial office for the transaction of its affairs shall be 24301 Walden Center Drive, Bonita Springs, FL 34134, and the initial Registered Agent is Vivien N. Hastings.

ARTICLE II: PURPOSES

This Neighborhood Association does not contemplate pecuniary gain or profit to the Members thereof, and no distribution of income to its Members, directors or officers shall be made, except that nothing herein shall prevent the Neighborhood Association from compensating persons who may be Members, directors or officers in exchange for services actually rendered to, or costs actually incurred for the benefit of, the Neighborhood Association in furtherance of one or more of its purposes. The general purpose of this Neighborhood Association is to promote the common interests of the property owners in Palermo at Venetian Golf & River Club (hereinafter referred to as the "Neighborhood"), and the specific purpose is to perform the functions of the Neighborhood Association contemplated in the Declaration of Covenants, Conditions and Restrictions for the Neighborhood recorded in the Public Records of Sarasota County, Florida (hereinafter referred to as the "Declaration"), as the same may in the future be amended, which purposes shall include but not be limited to:

- (a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Neighborhood Association as set forth in the Declaration;
- (b) Fix, levy, collect and enforce payment, by any lawful means, all charges or assessments pursuant to the terms of the Declaration;
- (c) Own and convey property;
- (d) Establish rules and regulations;
- (e) Sue and be sued;
- (f) To pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Neighborhood Association;
- (g) Maintain, repair and replace Common Properties as contemplated by the Declaration, and to enter into contracts for the provision of services to maintain and operate the Common Properties; and
- (h) Have and exercise any and all other powers, rights and privileges of a not-for-profit corporation organized under the law of the State of Florida.

ARTICLE III: MEMBERSHIP AND VOTING RIGHTS

A. Eligibility. Every person, whether an individual, corporation or other entity, who is the record owner of a Lot that is subject to assessment pursuant to the Declaration shall become a Member

of the Neighborhood Association upon the recording of the instrument of conveyance. If title to a Lot is held by more than one person, each such person shall be a Member. A Homeowner of more than one Lot is entitled to membership for each Lot owned. No person other than a Homeowner may be a Member of the Neighborhood Association, and a membership in the Neighborhood Association may not be transferred except by the transfer of title to a Lot; provided, however, the foregoing does not prohibit the assignment of membership and voting rights by a Homeowner who is a contract seller to such Homeowner's vendee in possession.

If more than one person owns a fee interest in any Lot, all such persons are Members, but there may be only one vote cast with respect to such Lot. Such vote may be exercised as the co-owners determine among themselves, but no split vote is permitted. Prior to any meeting at which a vote is to be taken, each co-owner must file a certificate with the secretary of the Neighborhood Association naming the voting co-owner entitled to vote at such meeting, unless such co-owners have filed a general voting certificate with the Secretary applicable to all votes until rescinded. Notwithstanding the foregoing, no separate certificate shall be necessary if title to any Lot is held in a tenancy by the entireties, and in such event either tenant is entitled to cast the vote for such Lot unless and until the Neighborhood Association is notified otherwise in writing by such co-tenants by the entireties.

B. Classes of Membership and Voting; Transfer of Control. The Neighborhood Association shall have 2 classes of voting membership - Class A and Class B. So long as there is Class B membership, Class A Members shall be all persons owning record title to the Lots of the Neighborhood ("Homeowners") except Developer. All Class B memberships shall belong to Developer. Upon termination of Class B membership as provided below, Class A Members shall be all Homeowners, including Developer so long as such Developer is an Owner. Voting shall be accomplished in accordance with the schedule set forth in Exhibit E to the Declaration. There shall be no cumulative voting for Directors or any other matters.

Class B membership shall cease to exist and shall be deemed to be converted into Class A membership upon the earlier of (a) a triggering event contained in Section 720.307(1) of the Act, or (b) the date that Developer waives in writing its right to Class B membership, which waiver shall be evidenced by the recording of a certificate to such effect in the public records of the County. Upon termination of Class B membership, all provisions of the Declaration, Articles of Incorporation, or By-Laws referring to Class B membership will be obsolete and without further force or effect, including any provision requiring voting by classes of membership.

C. Transferability. Each membership is appurtenant to the Lot upon which it is based and is transferred automatically by conveyance of title to that Lot whether or not mention thereof is made in such conveyance of title.

ARTICLE IV: TERM OF EXISTENCE

The Corporation shall have perpetual existence. In the event the Corporation is dissolved, the Corporation shall ensure that the maintenance of the surface water management system is delegated, transferred or assigned to a similar not-for-profit corporation.

ARTICLE V: INCORPORATOR

The name and address of the Incorporator to these Articles of Incorporation is the following:

<u>NAME</u>	<u>ADDRESS</u>
Nicole Marginian Swartz	24301 Walden Center Drive Bonita Springs, Florida 34134

ARTICLE VI: MANAGEMENT

The affairs of the Corporation shall be managed by the Board, which shall consist of not less than 3 nor more than 7 individuals, the precise number to be fixed in the By-Laws or by the Board from time to time. Directors shall be elected for one year terms by the Members at the annual Members' meeting, to be held as scheduled by the Board in the last quarter of each fiscal year in the manner prescribed in the By-Laws of the Neighborhood Association, and shall hold office until their respective successors are duly elected and qualified; provided, however, that Developer shall be entitled to solely appoint all Members of the Board prior to transfer of control. The Board shall elect a President, a Vice President, and a Secretary-Treasurer of the Neighborhood Association, and such other officers as may, in the opinion of the Board, from time to time be necessary to adequately administer the affairs of the Neighborhood Association. Such officers are to hold office at the pleasure of the Board or until their successors are duly elected and qualified. Officers may be Directors. Officers and Directors must be Members of the Neighborhood Association except with respect to those who are elected by the Class B Members. Any individual may hold 2 or more corporate offices, except that the offices of President and Secretary-Treasurer may not be held by the same person. The officers shall have such duties as may be specified by the Board or the By-Laws of the Neighborhood Association. Vacancies occurring on the Board and among the officers shall be filled in the manner prescribed by the By-Laws of the Neighborhood Association.

Notwithstanding the foregoing, the Class B Members shall have the right to elect all Directors as long as there shall be Class B membership, except that such Class B Members, in their sole discretion, may voluntarily consent to the election of one director by the Class A Members after fifty percent (50%) of the Lots in the Neighborhood have been conveyed to Class A Members.

ARTICLE VII: INITIAL OFFICERS

The names of the initial officers who are to serve until their successors are elected under the provisions of these Articles of Incorporation and the By-Laws are the following:

Richard Barber, President
Mary Jo LoCascio, Vice-President
Roger Aman, Secretary/Treasurer

ARTICLE VIII: INITIAL BOARD OF DIRECTORS

The number of persons constituting the initial Board shall be three (3) and the names and addresses of the members of such first Board, who shall hold office until their respective successors are elected pursuant to the provisions of these Articles of Incorporation and the By-Laws, are the following:

Richard Barber	24301 Walden Center Drive Bonita Springs, FL 34134
Mary Jo LoCascio	24301 Walden Center Drive Bonita Springs, FL 34134
Roger Aman	24301 Walden Center Drive Bonita Springs, FL 34134

ARTICLE IX: BY-LAWS

The By-Laws of the Neighborhood Association shall be adopted by the initial Board, as constituted under Article VIII above, at the organizational meeting of the Board. Thereafter the By-Laws may be altered, amended, or rescinded by the affirmative vote of 2/3 of the Board, and after notice to the Members, by the majority vote of Class A Members, and the unanimous vote of the Class B Members, present at any regular or special meeting of the membership.

However, no amendment to the By-Laws shall be valid which affects any of the rights and privileges provided to Developer without the written consent of Developer as long as Developer shall own any Lots in the Neighborhood.

ARTICLE X: AMENDMENTS

Amendments to these Articles of Incorporation shall be made in the following manner:

(a) The Board shall adopt a resolution setting forth a proposed amendment and, if Members have been admitted, directing that it be submitted to a vote at a meeting of Members, which may be either the annual or a special meeting. If no Members have been admitted, the amendment shall be adopted by a vote of the majority of directors and the provisions for adoption by Members shall not apply.

(b) Written notice setting forth the proposed amendment or a summary of the changes to be affected thereby shall be given to each Member of Record (as defined in the By-Laws) entitled to vote thereon within the time and in the manner provided by Florida Statutes for the giving of notice of meetings of Members. If the meeting is an annual meeting, the proposed amendment or such summary may be included in the notice of such annual meeting.

(c) At such meeting, a vote of the Members entitled to vote thereon shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving the affirmative vote of (1) a majority of the total voting interests of the Class A Members and (2) the Class B Member.

Any number of amendments may be submitted to the Members and voted upon by them at one meeting.

Notwithstanding the foregoing, (a) no amendment to the Articles of Incorporation shall be valid which affects any of the rights and privileges provided to Developer without the written consent of Developer as long as Developer shall own any Lots in the Neighborhood, and (b) no amendment which will affect any aspect of the surface water management system located on the Property shall be effective without the prior written approval of the Southwest Florida Water Management District.

ARTICLE XI: REGISTERED OFFICE AND AGENT

Pursuant to Section 48.091 and Section 607.0501, Florida Statutes, the name and address of the Initial Registered Agent for service of process upon the Neighborhood Association is:

Vivien N. Hastings
24301 Walden Center Drive, Suite 300
Bonita Springs, Florida 34134

The above address is also the address of the registered office of the Neighborhood Association.

Dated this 8th day of September, 2014.

[Handwritten Signature]
Nicole Marginian Swartz, Incorporator

STATE OF FLORIDA
COUNTY OF LEE

The foregoing instrument was acknowledged before me this 8th day of September, 2014, by Nicole Marginian Swartz, being known to me to be the person who executed the foregoing Articles of Incorporation, and who acknowledged to me that he executed the same as his free act and deed for the uses and purposes therein set forth. She is personally known to me.

My Commission Expires:

(AFFIX NOTARY SEAL)

[Handwritten Signature]
(Signature)

Name LEDIA METAJ
(Legibly Printed)

Notary Public, State of Florida

(Serial Number, if any)



ACCEPTANCE OF DESIGNATION AS REGISTERED AGENT

The undersigned, having been named as registered agent and to accept service of process for Palermo at Venetian Golf & River Club Property Owners Association, Inc., hereby accepts the appointment as registered agent and agrees to act in such capacity. The undersigned further agrees to comply with the provisions of all statutes relating to the proper and complete performance of his duties and is familiar with and accepts the obligations of his position as registered agent.

[Handwritten Signature]
Vivien N. Hastings

**EXHIBIT "C" TO DECLARATION OF COVENANTS AND RESTRICTIONS
FOR PALERMO AT VENETIAN GOLF & RIVER CLUB**

By-Laws of the Neighborhood Association

BY-LAWS
OF
PALERMO AT VENETIAN GOLF & RIVER CLUB PROPERTY OWNERS ASSOCIATION, INC.
(A Corporation Not for Profit)

ARTICLE I
Name and Location

The name of the corporation is **PALERMO AT VENETIAN GOLF & RIVER CLUB PROPERTY OWNERS ASSOCIATION, INC.** (hereinafter referred to as the "Neighborhood Association"), and its initial office for the transaction of its affairs shall be 24301 Walden Center Drive, Bonita Springs, FL 34134. Meetings of Members and directors may be held at such places within the State of Florida as may be designated by the Board of Directors (hereinafter referred to as the "Board").

ARTICLE II
Definitions

Unless the context expressly requires otherwise, the terms used herein shall have the meanings set forth in the Declaration of Covenants and Restrictions for Palermo at Venetian Golf & River Club ("Declaration").

ARTICLE III
Meeting of Members

Section 1. **Annual Meetings.** All annual and special meetings of the Neighborhood Association shall be held in Sarasota County, Florida, or at such other place as may be permitted by law and from time to time as fixed by the Board and designated in the notices of meetings.

Section 2. **Notice of Annual Meetings.** Annual meetings of the Members of the Neighborhood Association shall be held in the fourth quarter of each fiscal year. Notice of the meeting, which shall include an agenda, shall be mailed, delivered, or sent by electronic transmission to each Member listed in the membership book of the Neighborhood Association at the street, post office, or electronic mail address (as applicable) shown therein ("Member of Record") not less than 14 days prior to the meeting. Evidence of compliance with this 14-day notice requirement shall be made by an affidavit executed by the person providing the notice and filed upon execution among the official records of the Neighborhood Association. In addition to mailing, delivering, or electronically transmitting the notice of any meeting, the Neighborhood Association may, by reasonable rule, adopt a procedure for conspicuously posting and repeatedly broadcasting the notice and the agenda on a closed-circuit cable television system serving the Neighborhood Association. When broadcast notice is provided, the notice and agenda must be broadcast in a manner and for a sufficient continuous length of time so as to allow an average reader to observe the notice and read and comprehend the entire content of the notice and the agenda.

Section 3. **Special Meetings.** Special meetings of the Members, for any purpose or purposes, whether or not specifically required by these By-Laws, the Articles of Incorporation, or the Declaration may be called by the president, secretary, a majority of the Board, or by the Members having 1/10 of the votes of the Class A membership.

Section 4. **Notice of Special Meetings.** No business shall be transacted at any special meeting except as stated in the notice thereof. Notice of all special meetings shall be given by the secretary to Members of Record, or if the secretary shall fail to do so, by the president or Board, not less than 30 nor more than 60 days prior to the date thereof, stating the date, time, and place of the meeting and the purpose or purposes thereof. Notices shall be mailed, delivered, or sent by electronic transmission to each Member listed in the membership book of the Neighborhood Association at the street, post office, or electronic mail address (as applicable) shown therein within the prescribed time or,

in lieu of mailing, delivered by hand to the Members shall suffice. The Secretary shall execute an affidavit that the notice was delivered or mailed in compliance with this section and, once executed the affidavit shall be filed among the official records of the Neighborhood Association.

Section 5. **Quorum.** Members present in person or represented by proxy, entitled to cast at least 1/3 of the votes of the membership of the Neighborhood Association, shall constitute a quorum.

Section 6. **Action Taken at Meeting.** When a quorum is present at any meeting, a majority of the votes duly cast by the Members present at the meeting or represented by written proxy shall decide any question brought before the meeting, unless the question is one upon which by express provision of law, the Declaration, the Articles of Incorporation or these By-Laws, a different vote is required, in which case the express provision shall govern and control. If any meeting of Members cannot be organized because a quorum is not present, the meeting may be adjourned by a majority of the Members present in person, until a quorum is present

Section 7. **Order of Business.** The order of business at all meetings shall be as prescribed in the agenda prepared by the Board and submitted to the Members of Record with the notice of each meeting.

Section 8. **Action Without Meeting.** Any action which may be taken by the membership pursuant to a duly called meeting, may be taken without a meeting provided that: a proposal of action to be taken by the Members is mailed to every Member of the Neighborhood Association together with a request for approval or disapproval; and, the Members responding to the proposal ("**Responding Members**") hold at least 1/3 of the votes of all Members of the Neighborhood Association. A proposed action may be approved by a majority of the votes attributable to the Responding Members unless the proposed action is one which by express provision of law, the Declaration, the Articles of Incorporation or these By-Laws requires a different vote, in which case the express provision as it pertains to voting percentages shall govern and control.

Section 9. **Voting.** The Neighborhood Association has two classes of voting membership: Class A and Class B. So long as there is Class B membership, Class A Members are all Homeowners except Developer. The Class B Member shall be Developer. Upon termination of Class B membership, as provided by the Declaration, Class A Members are all Homeowners, including Developer so long as such Developer is a Homeowner. Subject to the provisions of the following paragraph all Members, Class A or Class B, are entitled to cast one vote for each Lot owned; but, as provided in the Articles of Incorporation, the Class B Members are entitled to elect the Neighborhood Association's directors until termination of Class B membership.

If more than one person owns an interest in any Lot, all such persons are Members, but there may be only one vote cast with respect to such Lot. Such vote may be exercised as the co-owners determine among themselves, but no split vote is permitted. Prior to any meeting at which a vote is to be taken, each co-owner must file the name of the voting co-owner with the secretary of the Neighborhood Association to be entitled to vote at such meeting, unless such co-owners have filed a general voting authority with the Secretary applicable to all votes until rescinded. Notwithstanding the foregoing, if title to any Lot is held in a tenancy by the entireties, either tenant is entitled to cast the vote for such Lot unless and until the Neighborhood Association is notified otherwise in writing.

Section 10. **Presiding Officers.** At each meeting of the Members, the president, or in his absence the vice president, shall preside and the secretary, or in his absence the assistant secretary, shall be the secretary for the meeting.

Section 11. **Right to Speak.** Members and Homeowners have the right to attend all membership meetings and to speak at any meeting with reference to all items opened for discussion or included on the agenda (subject to any permissible limitations as provided herein or pursuant to the Act). Notwithstanding any provision to the contrary in the Neighborhood Association's governing documents or any rules adopted by the Board or by the membership, a Member or a Homeowner has the right to speak on any agenda item, provided that the Homeowner submits a written request to speak prior to the meeting (such request shall be delivered to the Neighborhood Association's record office and verified by

the Neighborhood Association secretary prior to commencement of the meeting). The Neighborhood Association may adopt written reasonable rules governing the frequency, duration, and other manner of Homeowner statements, which rules must be consistent with the provisions of this Section.

ARTICLE IV **Directors**

Section 1. **Board of Directors.** Until Transfer of Control, the affairs of the Neighborhood Association shall be managed by a Board of 3 directors. A director must be a Member, except that the directors elected or appointed by the Class B Members need not be Members and may be the officers and/or employees of Declarant. Subsequent to Transfer of Control, the Board shall be comprised of not less than 3 directors and not more than 7 directors, such number to be determined by the Board from time to time. There shall be at all times a minimum of 3 directors.

Section 2. **Election of Directors.**

- (a) Election of directors shall be held at the annual Members' meeting.
- (b) The election of directors to be elected by the Class A Members shall be by ballot (unless dispensed by the unanimous vote consent of those Members eligible to vote in person or proxy) and shall be determined by a plurality of the Class A votes cast. There shall be no cumulative voting.
- (c) Except as to vacancies provided by removal of directors by Members, all vacancies in the Board occurring between annual meetings of Members, including vacancies created by increasing the size of the Board, shall be filled by the vote of a majority of the remaining directors.
- (d) Any directors elected by Class A Members may be removed in accordance with the provisions of the Act. If a vacancy occurs on the Board as a result of the removal of less than a majority of the directors, the vacancy shall be filled by the affirmative vote of a majority of the remaining directors. If vacancies occur on the Board as a result of the removal of a majority or more of the directors, the vacancies shall be filled in accordance with the provisions of the Act.
- (e) Notwithstanding the foregoing, the Class B Members shall have the right to elect all Directors as long as there shall be Class B membership, except that Class A Members shall be entitled to elect at least one member of the Board (but not a majority of the directors until Transfer of Control has occurred) if 50% of the Lots in all phases of the Neighborhood which will ultimately be operated by the Neighborhood Association have been conveyed to the Class A Members.
- (f) Any disputes involving the election of directors shall be resolved through the applicable provisions of the Act.

Section 3. **Term of Office.** Unless otherwise provided herein, the term of each director's service shall be one year and until his successor is duly elected and qualified or until he is removed in the manner provided elsewhere herein.

Section 4. **Composition of the Board; Eligibility.**

- (a) In accordance with the Articles of Incorporation, the Board appointed and named in said Articles of Incorporation (and their successors appointed by Developer) shall serve at least until Class A Members are entitled to elect one or more of the directors.
- (b) Upon Transfer of Control, a simple majority of directors shall be elected for a term of office to end at the second subsequent annual meeting of the Members of the Neighborhood Association, and the remaining directors shall be elected for a term of office to end at the subsequent annual meeting of the Members of the Neighborhood Association. Following the initial election of non-Developer Members, subsequent elections to the Board shall be for a 2 year term of office, unless otherwise provided herein. All officers of a corporation or other entity owning a Lot shall be deemed to be Members of the Neighborhood Association so as to qualify each to become a director hereof.

(c) A Member who is delinquent in the payment of any fee, fine, or other monetary obligation to the Neighborhood Association for more than ninety (90) days is not eligible to be a director.

(d) A Member who has been convicted of any felony in Florida or in a United States District or Territorial Court, or has been convicted of any offense in another jurisdiction which would be considered a felony if committed in Florida, is not eligible to be a director, unless such Members' civil rights have been restored for at least 5 years as of the date on which such Member seeks election to the board.

(e) The validity of any action by the Board is not affected if it is later determined that a member of the Board is ineligible to be a director.

Section 5. **Notice of Board Meetings to Members.** Notices of all Board meetings must be posted in a conspicuous place in the Neighborhood at least 48 hours in advance of a meeting, except in an emergency. In the alternative, notice of the Board meeting, which shall include an agenda, shall be mailed, delivered, or sent by electronic transmission to each Member of Record listed in the membership book of the Neighborhood Association at the street, post office, or electronic mail address (as applicable) shown therein not less than 7 days prior to the meeting, except in an emergency. Evidence of compliance with this 7-day notice requirement shall be made by an affidavit executed by the person providing the notice and filed upon execution among the official records of the Neighborhood Association. A Member must consent in writing to receiving notice via electronic transmission.

Section 6. **Right of Members to Speak at Board Meetings.** Notwithstanding any provision to the contrary in the Neighborhood Association's governing documents or any rules adopted by the Board or by the membership, a Homeowner has the right to attend all Board meetings (subject to any permissible limitations as provided herein or pursuant to the Act) and to speak on any matter placed on the agenda, provided that the Homeowner submits a written request to speak prior to the meeting (such request shall be delivered to the Neighborhood Association's record office and verified by the Neighborhood Association secretary prior to commencement of the meeting). The Neighborhood Association may adopt written reasonable rules governing the frequency, duration, and other manner of Homeowner statements, which rules must be consistent with the provisions of the Act, and may include a sign-up sheet for Members wishing to speak. Notwithstanding any other law, the requirement that Board meetings and committee meetings be open to the Members is inapplicable to meetings between the Board or a committee and the Neighborhood Association's attorney held for the purpose of (a) discussing personnel matters, (b) proposed or pending litigation, or (c) as otherwise specifically prescribed under the Act.

Section 7. **Annual Meetings.** The annual meeting of the Board may be held at such time and place as shall be determined by the directors, except that such annual directors' meeting shall be held as soon as practicable following the annual Members' meeting. If held at any time other than immediately following the annual Members' meeting, there shall be 3 days notice given by the President personally or by mail, telephone or electronic communication, which notice shall state the time and place of the meeting.

Section 8. **Meeting to Determine Assessments.** The General Assessment and any Special Assessment may not be levied at a Board meeting unless a written notice of the meeting is provided to all Members of Record at least 14 days before the meeting, which notice shall include a statement that Assessments will be considered at the meeting and the nature of the Assessments. Written notice of any meeting at which Special Assessments will be considered must be mailed, delivered, or electronically transmitted to the Homeowners and posted conspicuously on the Common Property or broadcast on closed-circuit cable television not less than 14 days before the meeting.

Section 9. **Meeting to Determine Rules and Regulations.** Written notice of any meeting at which rules that regulate the use of Homes and Lots in the Neighborhood may be adopted, amended, or revoked must be mailed, delivered, or electronically transmitted to the Homeowners, and posted conspicuously on the Common Property or broadcast on closed-circuit cable television, not less than 14 days before the meeting. A written notice concerning changes to the rules that regulate the use of

Homes and Lots in the Neighborhood must include a statement that changes to the rules regarding the use of Homes and Lots will be considered at the meeting.

Section 10. **Special Meetings.** Special meetings of the directors may be called by the president and must be called by the secretary at the written request of 2/3 of the directors. Not less than 3 days' notice of the meeting shall be given personally or by mail, telephone, telegraph or electronically transmitted, which notice shall state the time, place and purpose of the meeting.

Section 11. **Waiver of Notice.** Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. Attendance at a meeting shall constitute a waiver of notice.

Section 12. **Quorum and Voting.** A quorum at directors' meetings shall consist of a majority of the entire Board. The acts approved by a majority of directors shall constitute the acts of the Board except when approval by a greater number of directors is required by the Declaration, the Articles of Incorporation, these By-Laws, or the laws of the State of Florida.

Section 13. **Adjourned Meetings.** If at any meeting of the Board there shall 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 that might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. **Joinder in Meeting by Approval of Minutes.** The joinder of a director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such director for the purpose of determining a quorum.

Section 15. **Petition by Members to Board to Address an Item of Business.** If twenty (20) percent of the total voting interests in the Neighborhood Association petition the Board to address an item of business, the Board shall, at its next regular Board meeting or at a special meeting, but not later than 60 days after the receipt of the petition, consider the petitioned item. Written notice of the meeting shall be provided to all Members of Record at least 14 days before the meeting. Such notice shall include an agenda of items to be considered. Other than addressing the petitioned item at the meeting, the Board is not obligated to take any other action requested by the petition.

Section 16. **Presiding Officer and Secretary for Meetings.** The presiding officer of the directors' meetings shall be the chairman of the Board if such an officer has been elected; and if none, the president shall preside. In the absence of the presiding officer, the directors present shall designate one of their number to preside. The secretary of the Neighborhood Association shall be the secretary for meetings of the directors, unless absent, in which case the directors shall designate one of their members to act as secretary for the meeting.

Section 17. **Compensation.** No director, officer or committee member shall receive compensation for any service rendered to the Neighborhood Association in such capacity, nor may such person benefit financially in any way from service to the Association as defined by the Act. However, any director, officer or committee member may be reimbursed for actual expenses incurred in the performance of Neighborhood Association duties, and this provision shall not preclude a person who is also a director, officer or committee member to receive compensation in exchange for other services rendered to or on behalf of the Neighborhood Association in a capacity other than as a director, officer or committee member.

Section 18. **Committees.** The Board may from time to time appoint such committees and delegate such duties and powers thereto as it may deem advisable.

Section 19. **Attendance by Telephone.** Any member or members of the Board shall be deemed present and voting at a meeting of such Board if said member or members participate in the meeting by means of a conference telephone or similar communications equipment or device enabling all persons participating in the meeting to hear each other.

Section 20. **Action Without Meeting.** Any action required or permitted to be taken at any meeting may be taken without a meeting if written consent to the action signed by all the members of the Board is filed with the minutes of the proceedings of the Board.

Section 21. **Powers.** The Board shall have the powers set forth in the Declaration and the Florida Not-For-Profit Corporation Act, including but not limited to the power to:

(a) adopt and promulgate rules and regulations governing the Neighborhood or contemplated by the Declaration, and to establish penalties for the infraction thereof (a rule shall be deemed promulgated when a copy thereof is furnished to each Member in person or mailed to each such Member at the address on the records of the Neighborhood Association);

(b) suspend the voting rights and other rights of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Neighborhood Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of promulgated rules and regulations;

(c) exercise for the Neighborhood Association all powers, duties and authority vested in or delegated to this Neighborhood Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration, including the establishment of the Assessments provided for in the Declaration; and

(d) employ a manager, or such other independent contractors or employees as they deem necessary, and to prescribe their duties.

Section 22. **Duties.** It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present an oral or written statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by $\frac{1}{4}$ of the Class A Members who are entitled to vote;

(b) supervise all officers, agents and employees of the Neighborhood Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:\

(1) fix the amount of the Assessments against each Lot;

(2) exercise the duties of the Board as set forth in the Declaration and enforce the restrictions and covenants contained therein; and

(3) take appropriate and timely action against Members whose Assessments are in default;

(d) issue, or to cause an appropriate officer to issue, upon demand by a Member, First Mortgagee, or his or her designee, a certificate setting forth whether or not any Assessment any other moneys owed to the Neighborhood Association have been paid with respect to the Lot in accordance with the requirements of the Act. A reasonable charge may be made by the Board for the issuance of these certificates. The Neighborhood Association may charge a fee for the preparation of such a certificate and the amount of such fee must be stated on the certificate. If a certificate states an Assessment or other monetary obligation has been paid, such certificate shall be conclusive evidence of such payment;

(e) cause all officers or employees having fiscal responsibilities to be bonded, if such bonding may be deemed appropriate; and

(f) perform such other acts as may be required of a board of directors under the Florida Not-For-Profit Corporation Act.

Section 23. **Certification by Directors.** Each director shall be required to provide the certification required under Section 720.3033 of the Act.

ARTICLE V **Officers**

Section 1. **First Officers.** In accordance with the Articles of Incorporation, the first officers of the Neighborhood Association named and appointed in such Articles of Incorporation shall serve until their qualified successors are elected by the Board.

Section 2. **Executive Officers.** The executive officers of the Neighborhood Association shall be a president, who shall be a director, a vice president, who shall be a director, a treasurer-secretary and other officers as shall be elected by the Board. Except as provided in Section 1 of this Article, such officers shall be elected annually by the Board. Officers need not be Homeowners and the officers and employees of Developer may be officers of the Neighborhood Association. The Board from time to time may elect such assistant or other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Neighborhood Association. Each officer shall serve until a qualified successor is elected by the Board. The Board, by a $\frac{2}{3}$ affirmative vote, from time to time may remove an officer with or without cause and fill such vacancy so created.

Section 3. **President.** The president shall be the chief executive officer of the Neighborhood Association. He shall have all of the powers and duties that are usually vested in the office of president of an Neighborhood Association, including but not limited to the power to appoint committees from among the Members from time to time, as he in his discretion may determine appropriate, to assist in the conduct of the affairs of the Neighborhood Association.

Section 4. **Vice-President.** The vice-president, in the absence or disability of the president, shall exercise the powers and perform the duties of the president. He also shall assist the president generally and exercise such other powers and perform such other duties as shall be prescribed by the directors.

Section 5. **Secretary.** The secretary shall keep the minutes of all proceedings of the directors and Members. He shall attend to the giving and serving of all notices to the Members and directors and others that are required by law. He shall have custody of the seal of the Neighborhood Association and affix it to any instruments requiring a seal when duly signed. He shall keep the records of the Neighborhood Association including the membership book, except those of the treasurer unless the secretary is also the treasurer of the Neighborhood Association. The secretary shall perform all other duties incident to the office of secretary of a corporation and as may be required by the Board or the President. Any assistant secretary elected shall perform the duties of the secretary when the secretary is absent.

Section 6. **Treasurer.** The treasurer shall have custody of all property of the Neighborhood Association including funds, securities and evidences of indebtedness. He shall keep the books of the Neighborhood Association in accordance with good accounting practices, and he shall perform all other duties usually incident to the office of treasurer.

Section 7. **Compensation.** No officer shall receive any compensation by reason of his office; provided, however, that nothing herein shall preclude the Board from employing an officer as an employee of the Neighborhood Association or preclude the contracting with an officer for management services.

Section 8. **Proviso.** Notwithstanding any provisions to the contrary in these By-Laws, the Association shall maintain separate accounting records for each Association account, shall keep such records according to good accounting practices, and shall open such records for inspection by Homeowners or their authorized representatives. The records of the Association (other than those records noted in the Act as not accessible) are available to be inspected by a Homeowner or their authorized representatives during normal business hours, and upon reasonable notice and in a reasonable manner, to inspect the books, records, and papers of the Association. The Association may adopt reasonable written rules governing the frequency, time, location, notice, records to be inspected, and manner of inspections in accordance with the Act. In the event the Board designates a management firm to operate the Association, said management firm shall be required to follow the aforesaid provisions.

ARTICLE VI **Fiscal Management**

Section 1. **Depositories.** All funds of the Neighborhood Association shall be deposited in the name of the Corporation in such bank, banks or other financial institutions as the Board may from time to time designate, and shall be drawn out on checks, drafts or other orders signed on behalf of the Neighborhood Association by such person or persons as the Board may from time to time designate.

Section 2. **Contracts, Etc.** Except as otherwise specifically provided by these By-Laws, all contracts, agreements, deeds, bonds, mortgages and other obligations and the instruments shall be signed on behalf of the Neighborhood Association by the president or by such other officer, officers, agent or agents as the Board may from time to time by resolution provide, and shall be entered into in accordance with the Act.

Section 3. **Budget.** The Board shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the Neighborhood Association expenses and to provide and maintain funds for the appropriate accounts according to good accounting practices. Such budget shall be adopted prior to, and a copy shall be distributed at, the annual Members' meeting next preceding the fiscal year for which the budget shall apply.

Section 4. **Assessments.** As more fully provided in the Declaration, each Member is obligated to pay the Assessments against the Lot.

Section 5. **General Assessment.** The Board shall adopt the General Assessment as provided for in the Declaration. The initial level of the General Assessment until changed by action of the Board shall be Three Hundred Ninety Nine and 41/100 Dollars (\$399.41) per Lot per quarter. The adoption of these By-Laws is action of the Board to fix and establish the General Assessment at Three Hundred Ninety Nine and 41/100 Dollars (\$399.41) per Lot per quarter.

Section 6. **Special Assessments.** As contemplated by the Declaration, Special Assessments may be adopted by the Neighborhood Association to meet expenses which exceed the budget adopted by the Board. Such Special Assessments shall be adopted and levied upon approval of a majority of the votes cast by the Members present at a special meeting called for that purpose.

Section 7. **Landscaping Assessments.** Landscaping Assessments shall be levied against a Lot in accordance with the applicable provisions of the Declaration.

Section 8. **Specific Assessments.** Specific Assessments shall be levied against a Lot in accordance with the applicable provisions of the Declaration.

Section 9. **Financial Report.** The Treasurer of the Association shall report the financial status of the Association to the Members 90 days following the end of the fiscal year in accordance with the financial reporting requirements of the Act.

Section 10. **Suspensions and Fines.** Suspension of use rights and the levying of fines by the Neighborhood Association shall occur in accordance with the applicable provisions of the Declaration.

ARTICLE VII
Amendments

These By-Laws may be altered, amended, or rescinded by the affirmative vote of 2/3 of the Board, and after notice to the Members, by a majority of the total Class A voting interests in the Neighborhood Association, and the unanimous vote of the Class B Member. Notwithstanding the foregoing, (a) no amendment to the By-Laws shall be valid which affects any of the rights and privileges provided to Developer without the written consent of Developer as long as Developer shall own any Lot in the Neighborhood, and (b) no amendment which will affect any aspect of the surface water management system located on the Property shall be effective without the prior written approval of the Southwest Florida Water Management District.

ARTICLE VIII
Miscellaneous

Section 1. The fiscal year of the Neighborhood Association shall be the calendar year.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 3. All issues or disputes which are recognized by the Act or by administrative rules promulgated under the Act as being appropriate or required for dispute resolution shall be submitted to such dispute resolution procedures contained in the Act prior to institution of civil litigation.