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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
VILLA PARADISO NEIGHBORHOOD**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
("Declaration") is effective as of the 30th day of MAY, 2003, and is made by
VILLAS AT VENETIA JOINT VENTURE, a Florida general partnership (the "Venture").

STATEMENT OF BACKGROUND INFORMATION

A. The Venture is the owner of certain real property located in Sarasota County, Florida, defined by this Declaration as the Initial Property, as more particularly described on Exhibit "A" attached hereto.

B. The Venture intends to establish a plan for the development and improvement of the Initial Property, and any additions thereto, and to establish a method for the administration, maintenance and use of such properties.

C. The Venture intends to develop the Initial Property and any additions thereto as a residential community to be known as "Villa Paradiso", part of the overall development known as "Venetia".

D. Fourth Quarter Properties XXXIII, LLC, a Georgia Limited Liability Company ("Developer") has subjected the Initial Property to that certain Master Declaration of Covenants, Conditions and Restrictions for Venetia recorded in Official Records Instrument #1998101160, public records of Sarasota County, Florida, as amended.

E. This Declaration has been designed to designate the Initial Property as the Villa Paradiso Neighborhood, to further protect property values, enhance amenities and opportunities within the Initial Property, and any additions thereto, and to contribute to the health, safety and welfare of the property owners and residents of such property.

F. To these ends, the Venture subjects the Initial Property to this Declaration.

G. The property described on Exhibit "A" is subject to those certain Stipulations and Limitations Encumbering Real Property Pursuant to Sarasota County Zoning Code as recorded in Official Records Book 3006, Page 1567, public records of Sarasota County, Florida.

STATEMENT OF COVENANTS, CONDITIONS AND RESTRICTIONS

The Venture declares that the Initial Property and any additional property which is hereafter subjected to this Declaration by Supplemental Declaration (as defined herein) shall be held, transferred, sold, and conveyed subject to the Master Declaration, and the following covenants, conditions, restrictions, easements, reservations, assessments, closings, liens, charges and other provisions set forth in this Declaration, all of which shall run with such property, be binding on all parties having any right, title, or interest in any part of such property, their heirs, successors-in-title, and assigns, and inure to the benefit of each owner thereof.

ARTICLE I

General Plan of Development

The Developer currently intends to develop the Properties (as defined herein) as a subdivision to be known as Venetia. Venetia will contain various residential housing, recreational and social amenities, roads, landscape areas, gatehouses, signage, conservation areas and a surface water management system. Venetia will be developed in phases. The Developer makes no representation or warranty regarding construction of future phases or the number of units which will be subject to this Declaration. The timing of construction of each phase has not, as of this date, been finalized.

The Initial Property is hereby designated as the Villa Paradiso Neighborhood, comprised of attached single-family dwelling units, attached by a party wall. The Villa Paradiso Neighborhood may have common interests not common to all owners in the Properties, such as a common theme, entry features, neighborhood common areas or amenities not available for use by all owners in the Properties. The Villa Paradiso Neighborhood is governed by this Declaration, in addition to the Master Declaration.

This Declaration is designed to establish and create a general plan and common scheme for the improvement and maintenance of the Villa Paradiso Neighborhood. To protect property values and to contribute to the health, safety and welfare of the Owners and their guests and invitees, the Venture has declared that the Initial Property and other properties located within any property later subjected to this Declaration shall be held, sold, conveyed, encumbered, leased, occupied and improved subject to the covenants, conditions, restrictions, easements, encumbrances, rights and other matters set forth in this Declaration and the other documents governing all or any portion of the Properties, including, but not limited to, the Master Declaration.

ARTICLE II
Definitions

Section 1. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Villa Paradiso Neighborhood Association, Inc., to be filed with the Secretary of State of Florida, attached as Exhibit "B", as the same may be amended from time to time.

Section 2. "Annual Club Dues" shall mean and refer to assessments levied for use of the Club Facilities in accordance with Article XI, Section 2 of this Declaration.

Section 3. "Assessments" shall mean and refer to Base Assessments, Annual Club Dues, Special Assessments, Neighborhood Assessments and User Assessments, collectively or individually.

Section 4. "Association" shall mean and refer to Venetia Community Association, Inc., a Florida not-for-profit corporation, its successors or assigns, also referred to herein as the "Master Association".

Section 5. "Base Assessment" shall mean and refer to assessments levied in accordance with, and further described in, the Master Declaration.

Section 6. "Board of Directors" shall mean and refer to the Board of Directors of the Neighborhood Association.

Section 7. "Bylaws" shall mean and refer to Bylaws of the Neighborhood Association, attached as Exhibit "C", as the same may be amended from time to time.

Section 8. "Club Facilities" shall mean the Club Tracts and all buildings, and other improvements, including without limitation the tennis, swim, clubhouse amenities and all equipment utilized in connection with the operation and maintenance of said amenities, and any substitutions, replacements or additions thereto.

Section 9. "Club Tracts" shall mean and refer to those lands within the Properties designated as such by Developer. The Developer may modify the boundaries of the Club Tracts in its sole discretion in accordance with Article X, Section 8 hereof.

Section 10. "Common Expenses" shall mean and include the actual and estimated expenses incurred by the Master Association for the general benefit of all Members, including any reasonable reserves, all as may be found to be necessary and appropriate by the Master Association Board of Directors pursuant to the Master Declaration, the Bylaws and the Articles of Incorporation of the Master Association.

Section 11. "Common Property" shall mean all real and personal property which the Neighborhood Association, now or hereafter, owns or otherwise holds an interest in for the common use and enjoyment of all its Members and is dedicated, deeded or conveyed by the

Developer or Venture or Master Association to the Neighborhood Association as Common Property.

Section 12. "Community-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing throughout the Properties.

Section 13. "Developer" shall mean and refer to Fourth Quarter Properties XXXIII, LLC, a Georgia limited liability company, or its successors, successors-in-title or assigns who take title to any portion of the property described on Exhibit "A" for the purpose of development and sale, and are designated as the Developer hereunder in a recorded instrument executed by the immediately preceding Developer.

Section 14. "Exclusive Common Area" shall mean and refer to certain portions of the Common Area which are for the exclusive use and benefit of one (1) or more, but less than all, of the Lots. All costs associated with maintenance, repair, replacement and insurance of Exclusive Common Areas shall be assessed against the Owners and their Lots which are benefitted thereby as a Neighborhood Assessment. By way of illustration and not obligation or limitation, Exclusive Common Areas may include entry features for a particular Neighborhood or Neighborhoods and supported exclusively by Neighborhood Assessments. Initially, any Exclusive Common Areas shall be designated as such and the exclusive use thereof shall be assigned by Supplemental Declaration or in the deed or Plat conveying or dedicating the Common Area to the Association. A portion of the Common Area may be assigned as Exclusive Common Area of a particular Neighborhood or Neighborhoods and Exclusive Common Area may be reassigned upon the vote of a majority of the votes within the Neighborhood(s) to which they are assigned and the approval thereof by Developer.

The pool and cabana located within the Villa Paradiso Neighborhood are hereby designated as an Exclusive Common Area to be shared between the Villa Paradiso Neighborhood and the Casa DiAmici Condominium Association, and shall be supported exclusively by Neighborhood Assessments from those two Neighborhoods. The maintenance and repair costs, associated with the pool and cabana shall be prorated between the two Neighborhoods based on the number of Certificates of Occupancy issued in each Neighborhood on January 1 of each year.

Section 15. "Initial Property" shall mean and refer to the real property legally described on Exhibit "A" attached hereto and incorporated herein.

Section 16. "Lot" shall mean and refer to any single family lot or multi-family parcel on the plats of the Properties as the same exist from time to time.

Section 17. "Master Association" shall mean and refer to Venetia Community Association, Inc., a Florida not-for-profit corporation, its successors or assigns, also referred to herein as the "Association".

Section 18. "Member" shall mean and refer to a Person entitled to membership in the Neighborhood Association, as provided herein.

Section 19. "Merchant Builder" shall mean and refer to all builders, including but not limited to Waterford Construction, Inc. and Venetian Homes, Inc., who purchase Lots or parcels of vacant land to construct buildings and who are participants in any builder program which may be implemented by the Declarant.

Section 20. "Mortgage" shall mean and refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed held by a Mortgagee.

Section 21. "Mortgagee" shall mean and refer to a bank, life insurance company, federal or state savings and loan association, real estate or mortgage investment trust, qualified pension, profit sharing, IRA accounts or trusts, or lender generally recognized in the community as an institutional lender.

Section 22. "Mortgagor" shall mean and refer to any Person who gives a Mortgage.

Section 23. "Neighborhood" shall mean and refer to the Initial Property, which is hereby designated the Villa Paradiso Neighborhood, consisting of attached single-family dwelling units, attached by a party wall.

Section 24. "Neighborhood Assessments" shall mean Assessments levied against the Lots in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses in accordance with Article XI, Section 3, of the Master Declaration.

Section 25. "Neighborhood Association" shall mean and refer to Villa Paradiso Neighborhood Association, Inc., a Florida not-for-profit corporation.

Section 26. "Neighborhood Committee" shall mean a group of three (3) to five (5) people elected by the Owners within a Neighborhood in accordance with the Bylaws. If there is a Neighborhood Association within a Neighborhood, the board of directors of the Neighborhood Association will serve as the Neighborhood Committee.

Section 27. "Neighborhood Documents" shall mean and refer to any and all documents, instruments and agreements established by or consented to by the Venture or its assigns creating and governing any Neighborhood, including without limitation, a declaration, articles of incorporation and bylaws of the Neighborhood Association and any rules and guidelines established thereunder.

Section 28. "Neighborhood Expenses" shall mean and include the actual and estimated expenses incurred by the Master Association for the benefit of Owners of Lots within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized herein or by Supplemental Declarations. Neighborhood Expenses may be shared by one (1) or more benefitted Neighborhoods.

Section 29. "Neighborhood Services" shall mean and refer to services provided to Units within a Neighborhood in accordance with a Supplemental Declaration, including without limitation services such as landscape maintenance, periodic painting, pressure cleaning, etc.

Section 30. "Owner" shall mean and refer to one (1) or more Persons who hold the record title to any Lot/Unit which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot/Unit is sold under a recorded contract of sale (agreement for deed), and the contract specifically so provides, then the purchaser (rather than the fee owner) will be considered the Owner. If a Unit is leased and if such lease specifically so provides, then the lessee thereof (rather than the fee owner) shall be considered the Owner.

Section 31. "Person" means a natural person, a corporation, a partnership, a trustee, or any other legal entity.

Section 32. "Properties" shall mean and refer to the real property described in Exhibits "A" and "B" attached to the Master Declaration, together with such additional property as is hereafter subjected to the Master Declaration or this Declaration by Supplemental Declaration(s).

Section 33. "Rules and Regulations" shall mean and refer to the rules and regulations adopted by the Board of Directors, as the same may be amended from time to time. The Rules and Regulations shall specifically include, but not be limited to the Rules and Regulations regulating the use of the Exclusive Common Area.

Section 34. "Special Assessment" shall mean and refer to assessments levied in accordance with Article XI, Section 4 of this Declaration.

Section 35. "Supplemental Declaration" shall mean an amendment or supplement to this Declaration executed by or consented to by the Venture which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein. The term shall also refer to the instrument recorded by the Neighborhood Association pursuant to Article IX, Section 1, of this Declaration to subject additional property to this Declaration.

Section 36. "Turnover Date" shall mean the date upon which control of the Neighborhood Association is conveyed to the Class "A" Members as described in Article IV Section 3 hereof.

Section 37. "Unit" shall mean collectively a Lot and any dwelling, structure or other improvement thereon. Each Lot and building which is intended for use as a single-family residence shall be considered a separate Unit.

Section 38. "User Assessment" shall mean and refer to assessments levied in accordance with Article XI, Section 5 of this Declaration.

ARTICLE III
Property Rights

Every Owner shall have a non-exclusive right and easement of enjoyment in and to the Common Property, including the Exclusive Common Area and the Club Facilities, for its intended purpose, subject to this Declaration and the Master Declaration, as they may be amended from time to time, to reasonable Rules and Regulations adopted from time to time and to any restrictions or limitations contained in any deed conveying such property to the Neighborhood Association; provided, however, that every Owner's right to use the Club Facilities is subject to the obligation to pay Assessments including without limitation, Annual Club Dues and such other use fees and charges established by the Master Association from time to time, and subject to rules and regulations regarding the Club Facilities established by the Master Association from time to time (the "Master Association Rules"), and to such Owner's compliance with the then existing Rules and Regulations and Master Association Rules. An Owner's right to use the Common Property may be restricted or suspended for failure to pay amounts owing to the Neighborhood Association, misconduct or failure to abide by the Master Declaration, this Declaration, the Master Association Rules, or the Rules and Regulations; provided, however, every Owner's right to ingress and egress to his or her Lot shall remain unrestricted. An Owner's right to use the Common Property, excluding the Club Facilities, may, subject to the terms and conditions of the Rules and Regulations, be delegated to persons lawfully residing in the Owner's Unit. An Owner's right to use of the Club Facilities may be delegated to a lessee subject to compliance with the Rules and Regulations and/or Master Association Rules. The Master Association Rules may include without limitation restrictions on the number of guests an Owner may have use the Club Facilities at any one time or during any fiscal year and a requirement that guests who are not in residence in the Owner's Unit be accompanied by the Owner during the period they are using the Club Facilities.

An Owner who is an individual or husband and wife shall have access to the Club Facilities for themselves and their immediate family (as defined in the Rules and Regulations). If an Owner is an entity or more than one individual (other than husband and wife), the Master Association may restrict access to the Club Facilities to one family or two individuals residing in the Unit designated by the Owner(s). THE ABILITY OF OWNER(S) TO CHANGE THE DESIGNEES MAY BE RESTRICTED BY THE BOARD OF DIRECTORS OF THE MASTER ASSOCIATION, AND UPON ANY CHANGE IN THE DESIGNEES THE MASTER ASSOCIATION MAY IMPOSE A RE-DESIGNATION FEE EQUAL TO A MAXIMUM OF TWENTY-FIVE PERCENT (25%) OF THE ANNUAL CLUB DUES FOR THE YEAR OF CHANGE.

The easement provided for herein shall be appurtenant to and shall pass with ownership of a Lot but shall not be deemed to grant any ownership interest in the Common Property.

The Board of Directors of the Master Association shall have the right, in its sole discretion, to permit non-residents to use the Common Property, including the Club Facilities, on terms and conditions determined solely by the Master Association Board of Directors.

ARTICLE IV
Membership and Voting Rights

Section 1. Membership. Every Owner, other than the Venture, shall be deemed to have a Class "A" Membership in the Neighborhood Association, as provided in Section 2 below. No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Lot/Unit owned. In the event the Owner of a Lot/Unit is more than one (1) Person, votes and rights of use and enjoyment shall be as provided in this Declaration, the Bylaws or Rules and Regulations. The rights and privileges of membership may be exercised by an Owner or the Owner's spouse, subject to the provisions of this Declaration, the Bylaws, and the Rules and Regulations. The voting rights of a Lot/Unit owned by a corporation, partnership, other legal entity or joint tenants shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary in advance, subject to the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 2. Voting. The Neighborhood Association shall have two (2) classes of membership, Class "A" and Class "B", as follows:

(a) Class "A". Class "A" Members shall be all Owners, other than the Venture, of fee title to Lots. Class "A" Members shall be entitled to one (1) vote for each Lot in which they hold fee title.

(b) Class "B". The Class "B" Member shall be the Venture. The Class "B" Member shall be entitled to ten (10) votes for each Lot owned. The Class "B" Member shall also be entitled to appoint all of the members of the Board of Directors prior to the "Turnover Date", as hereafter defined.

Section 3. Turnover Date. The turnover Date shall occur within sixty days after the occurrence of the earliest of the following events:

(a) three months after ninety percent (90%) of the Lots proposed to be developed by the Venture in the Neighborhood have been conveyed to owners other than Merchant Builders or the Venture;

(b) such earlier date as determined in the sole discretion of the Venture.

On the turnover Date, the Class "B" Membership shall terminate and be converted to a Class "A" Membership.

ARTICLE V
Maintenance

Section 1. Neighborhood Association's Responsibility. The Neighborhood Association shall operate, maintain and keep in good repair the Common Property, including the Exclusive Common Area, the maintenance of which will be funded as hereinafter provided.

Operation of the Common Property shall include, without limitation, payment of all utilities, taxes and assessments with respect to the Common Property, unless otherwise paid by the Master Association. This operation and maintenance shall include, but need not be limited to, maintenance, repair, replacement, and monitoring of all structures and improvements within the Neighborhood, including signage, pool, cabana and pavilion, entry features, and landscaping situated upon the Common Property.

The Neighborhood Association shall provide for maintenance of:

(a) All landscaping within the Neighborhood other than the following, which shall be the responsibility of the Owner: (i) Maintenance and replacement of annual plants; (ii) landscaping installed on any Lot by an Owner with Board of Directors' approval on the condition that the Owner maintain same;

(b) All lawns within the Neighborhood, including mowing, edging, and fertilizing thereof;

(c) Painting of the exterior of the Units, excluding roofs, screened porches and lanais, and cleaning of roofs. Such painting and roof cleaning shall be performed at such times and by such persons as may be designated by the Board of Directors, and shall be paid for by Special Assessment. All persons with whom the Neighborhood Association contracts for roof cleaning services shall provide adequate insurance to protect the Neighborhood Association from liability for and to pay costs for repair of any roof leaks which may result from cleaning of the roofs. All other maintenance of the exterior of the Units not designated herein as the responsibility of the Neighborhood Association shall be the responsibility of the Owner, including roofs, patios, screened porches and lanais, except as specifically provided herein to the contrary with regard to exterior painting (excluding roofs) and roof cleaning.

(d) All sidewalks and walks serving more than one Lot, if any, or serving the Common Area;

(e) Maintenance, repair, and replacement of courtyard fencing, if any, by Special Assessment;

(f) All sprinkler or other irrigation systems and all water used for irrigation within the Neighborhood.

All costs associated with the operation, maintenance, repair, replacement and monitoring of the Common Property, the Exclusive Common Area, and all costs associated with the items listed above, unless otherwise stated herein, shall be Neighborhood Services as described by this Declaration and the Master Declaration, and shall be allocated among all Lots/Units as part of the Neighborhood Assessment, as described in the Master Declaration, and the Annual Club Dues as hereinafter described.

Section 2. Owner's Responsibility. Each Owner shall maintain his or her Lot/Unit, including all structures, parking areas, landscaping and other improvements thereon, except as otherwise maintained by the Neighborhood Association as a Neighborhood Service, in accordance with the Community-Wide Standard. Owners of Lots/Units fronting on any roadway within the Properties shall maintain driveways serving their respective Lots/Units.

Section 3. Party Walls. The rights and duties of the Owners with respect to party walls shall be governed by the following provisions:

(a) General Rules of Law Apply. Each wall built as part of the original construction of Units upon adjoining Lots and placed on the dividing line between such Lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. Without limiting the foregoing, in the event property damage is caused to a Unit due to the negligent act or omission of the Owner of an attached dwelling, the negligent Owner shall be liable for such property damage.

(b) Sharing of Repair and Maintenance. The costs of reasonable repair and maintenance of a party wall shall be shared by the adjoining Owners in equal proportions.

(c) Casualty Loss. If a party wall is destroyed or damaged by fire or other casualty, then to the extent such destruction or damage is not covered by insurance and repaired out of the proceeds of insurance, the adjoining Owners shall restore the party wall, and each shall contribute one-half of the costs of such restoration. Each Owner shall be responsible for insuring the portion of the party wall located on their Lot under their homeowner's policy.

(d) Damage Caused by One Owner. If a party wall is damaged or destroyed by or through the act of an Owner (whether or not such act is negligent or otherwise culpable) so as to deprive the adjoining Owner of the full use and enjoyment of such party wall, then the Owner responsible for such damage shall repair such damage and, to the extent such damage is not covered by insurance, shall bear the full cost of repairs. If such Owner fails to repair such damage promptly, then the adjoining Owner shall effect such repairs and, to the extent the cost of such repairs is not covered by insurance, shall be entitled to contribution for such costs from the Owner responsible for such damage.

(e) Contribution Runs with Land. The right of an Owner to contribution from an adjoining Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

(f) Alterations. In addition to the other provisions of this Declaration there shall be no alteration of a party wall by an Owner in any manner materially affecting the full use and enjoyment of the party wall by the adjoining Owner without the written consent of the adjoining Owner.

Section 4. Cooperation with Master Association. The Master Association shall have the power to assist the Neighborhood Association in the performance of its duties and obligations under the this Declaration, and shall cooperate with the Neighborhood Association so that the Neighborhood Association and the Master Association can more efficiently and economically provide all required services to the Owners. It is contemplated that from time to time the Neighborhood Association or the Master Association may use the services of each other in the furtherance of their goals and obligations and that they may contract with each other to better provide for such cooperation. This Declaration may impose higher standards of maintenance and conduct than the Master Declaration and the Community-Wide Standard. However, Neighborhood Documents, including this Declaration, may not impose less stringent standards on maintenance and conduct than those imposed by or in accordance with the Master Declaration. In the event standards set forth in the Master Declaration or by the Master Association conflict with this Declaration, or standards of conduct or maintenance set by the Neighborhood Association, the Master Declaration and the standards of the Master Association shall control.

All maintenance required by Article V shall be performed in a manner consistent with the Community-Wide Standard. If the Neighborhood Association or Owner fails to perform the maintenance responsibilities in accordance with the Community-Wide Standard, the Master Association may perform it and assess all costs incurred by the Master Association against the Neighborhood Association, or the Unit and the Owner thereof, as the case may be, as a User Assessment, plus an administrative surcharge of no more than the greater of \$100 or 5% of costs incurred by the Master Association for its remedial action. Prior to entry, the Master Association shall afford the Neighborhood Association or the Owner, as the case may be, a minimum of three (3) days written notice and an opportunity to remedy a condition inconsistent with the Community-Wide Standard, except when entry and repair is required due to an emergency.

ARTICLE VI

Insurance and Casualty Losses

Section 1. Insurance. The Neighborhood Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk casualty insurance, if reasonably available, for all insurable improvements on the Common Property. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction of improvements in the event of damage or destruction from any insured hazard.

The Board of Directors shall also obtain a public liability policy covering the Common Property, for the benefit of the Neighborhood Association and its Members for damage or injury caused by the possible negligence of the Neighborhood Association or any of its Members or agents. The public liability policy shall have a combined single limit in an amount to be determined by the Board of Directors from time to time.

Premiums for all insurance on the Common Property shall be a Neighborhood Expense.

All insurance coverage obtained by the Board of Directors shall be written in the name of the Neighborhood Association as trustee for the respective benefitted parties, as further identified in subsection (b) below. Insurance and all proceeds thereof shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company authorized to do business in Florida which holds a Best's rating of A.

(b) All policies on the Common Property shall belong to the Neighborhood Association and be for the benefit of the Neighborhood Association and its Members, as their interests may appear.

(c) Exclusive authority to adjust losses under policies obtained by the Neighborhood Association on the Common Property shall be vested in the Board of Directors.

(d) In no event shall the insurance coverage obtained and maintained by the Neighborhood Association hereunder be brought into contribution with insurance purchased by individual Owners, occupants, Mortgagees, the Master Association, other neighborhood associations, the Venture, or the Developer.

(e) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified Persons, at least one of whom must be in the real estate industry and familiar with construction in Sarasota County, Florida.

(f) The Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Board of Directors, the Neighborhood Association's manager, Owners and their respective tenants, servants, agents, and guests, the Venture, and the Developer;

(ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(iii) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal based on any one or more individual Members;

(iv) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal based on the conduct of any director, officer, or employee of the Neighborhood Association or its duly authorized manager without prior demand in writing delivered to the Neighborhood Association to cure the defect and the allowance of a reasonable

time thereafter within which the defect may be cured by the Neighborhood Association, its manager, any Member, or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Members' policies from consideration; and

(vi) that the Neighborhood Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification or non-renewal.

In addition to the other insurance required by this Section, the Board of Directors shall obtain, as a Neighborhood Expense, worker's compensation insurance if and to the extent required by law; directors' and officers' liability coverage, if available at a reasonable cost; a fidelity bond or bonds on directors, officers, employees, and other Persons handling or responsible for the Neighborhood Association's funds, if reasonably available; flood insurance on Common Property, if required. Fidelity bonds, if acquired, shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Neighborhood Association of any cancellation, substantial modification, or non-renewal.

Section 2. Individual Insurance. By virtue of becoming an Owner, each Owner covenants and agrees with all other Owners and with the Neighborhood Association that each Owner, except to the extent carried by a Neighborhood Association, or the Master Association, shall carry blanket all-risk casualty insurance on the Owner's Unit meeting the same requirements as set forth in Section 1 of this Article for insurance on the Common Property; shall carry public liability insurance with limits and coverage adopted by the Board as provided from time to time; and shall carry flood zone insurance if the property is in a flood zone and if the same would be required by a Mortgagee. Each Owner further covenants and agrees that in the event of a partial loss or damage (damage other than total destruction as defined below) resulting in less than total destruction of the Unit, the Owner shall remove all debris within sixty (60) days and complete repair or reconstruction of the damaged Unit within one (1) year in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XIII of this Declaration. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds. Total destruction shall mean the structure must be completely cleared (other than foundation improvements) prior to reconstruction. In the event that the structure is totally destroyed, the Owner may decide not to rebuild or to reconstruct, in which case the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction, and shall sod, landscape and irrigate the Lot and thereafter the Owner shall continue to maintain the same in a neat and attractive condition consistent with the Community-Wide Standard.

Section 3. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other casualty to all or any part of the Common Property covered by insurance written in the name of the Neighborhood Association, the Board of Directors or its duly authorized agent shall proceed with the filing and

adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Common Property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Any damage or destruction to the Common Property shall be repaired or reconstructed by the Neighborhood Association.

Section 4. Disbursement of Proceeds. The proceeds of insurance shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Property shall be retained by and for the benefit of the Neighborhood Association and placed in a segregated capital improvements account. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

Section 5. Insufficient Proceeds. If the insurance proceeds are not sufficient to defray the cost of repair or reconstruction, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment. Additional Special Assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE VII

No Partition

Except as is permitted in this Declaration or any amendments hereto, there shall be no judicial partition of the Common Property, nor shall any Person acquiring any interest in the Common Property, or any part thereof, seek any judicial partition unless the Properties have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Developer from replatting property subject to this Declaration or the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not currently be subject to this Declaration.

ARTICLE VIII

Condemnation

Whenever all or any part of the Common Property shall be taken (or conveyed in lieu of and under threat of condemnation by the Board of Directors acting on the written direction of Members representing at least sixty-seven percent (67%) of the total votes eligible to be cast by the Members) by any authority having the power of condemnation or eminent domain, each Member shall be entitled to notice thereof. The award made for such taking shall be payable to the Neighborhood Association as trustee for all Members to be disbursed as follows:

(a) If the taking involves a portion of the Common Property on which improvements have been constructed, the Neighborhood Association shall restore or replace such improvements so taken on the remaining land included in the Common Property to the extent

lands are available therefor, in accordance with plans approved by the Master Association Board of Directors. Upon reconstruction or replacement of such improvements, the above provisions in Article VI regarding the disbursement of funds with respect to casualty damage or destruction which is to be repaired shall apply.

(b) If the taking does not involve any improvements on the Common Property, or if there are net funds remaining after any restoration or replacement is completed, then such award or net funds shall be placed in a segregated capital improvements account. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

ARTICLE IX

Annexation of Additional Property

Section 1. Annexation Without Approval of Membership. The Venture shall have the unilateral right, privilege, and option, from time to time, at any time to subject to the provisions of this Declaration and the jurisdiction of the Neighborhood Association additional real property. Such annexation shall be accomplished by filing in the public records of Sarasota County, Florida, a Supplemental Declaration annexing such property. Such Supplemental Declaration shall not require the consent of the Members, but shall require the consent of the Developer, and the Owner of such property if other than the Venture.

Annexation shall be accomplished by filing of record in the public records of Sarasota County, Florida, a Supplemental Declaration describing the property being annexed. Any such Supplemental Declaration annexing real property in accordance with Section 1 above, needs to be signed only by the Venture and the Developer. Any Supplemental Declaration shall be effective upon filing unless otherwise provided therein.

Any Supplemental Declaration may add, delete, or modify provisions of this Declaration as it applies to the property being annexed; provided, however, that this Declaration may not be modified with respect to property already subject to the Declaration except as provided herein for amendment. Amendments to Supplemental Declarations may be made in the same manner as Amendments to this Declaration.

Section 2. Acquisition of Additional Common Property. Developer and the Venture may, without the vote of the Members, convey or dedicate to or cause to be maintained by the Neighborhood Association additional real estate, improved or unimproved, located within the Properties, or any other properties annexed pursuant to Section 1 above. The Neighborhood Association shall, upon the conveyance or dedication to the Neighborhood Association, accept and thereafter shall maintain the property, at its expense for the benefit of all its Members.

Section 3. Assignment of Properties. Developer shall have the right to collaterally assign all of its interest in the Properties to any Mortgagee holding a Mortgage encumbering the Common Property.

Section 4. Removal of Property. The Venture reserves the right to amend this Declaration, from time to time, prior to the Turnover Date, in its sole discretion, without the prior notice or consent of any Person, to remove any portions of the Property then owned by the Venture or by the Neighborhood Association from the provisions of this Declaration if and to the extent such property was originally subjected to this Declaration in error or if the Venture changes the development plan for the Properties, provided, however, that such withdrawal does not materially and adversely change the general plan for development of the Properties.

Section 5. Amendment. This Article shall not be amended without prior written consent of The Venture.

ARTICLE X

Rights and Obligations of the Neighborhood Association

Section 1. Common Property. The Neighborhood Association, subject to the rights of the Master Association, and subject to the rights of the Members set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Property and all improvements thereon (including, without limitation, the Exclusive Common Area and all furnishings and equipment related thereto) and shall keep the same in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard. Notwithstanding anything to the contrary, the Neighborhood Association shall maintain the Exclusive Common Area prior to the dedication or conveyance of the same to the Neighborhood Association.

Section 2. Personal Property and Real Property for Common Use. The Neighborhood Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board of Directors, acting on behalf of the Neighborhood Association, shall accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by the Developer, the Venture, or the Master Association.

Section 3. Rules and Regulations. The Neighborhood Association, through its Board of Directors, may make and enforce Rules and Regulations. Sanctions under the Rules and Regulations may include reasonable monetary fines and suspension of the right to use the Common Property (except as necessary for ingress and egress to the Owner's Lot), and exclusion from the Properties of any contractor, subcontractor, agent or other invitee who fails to comply with the provisions of the Rules and Regulations. The Board shall, in addition, have the power to seek legal or equitable relief in any court for violations of the Rules and Regulations or to abate nuisances. Hearings prior to imposition of sanctions shall be as provided in the Bylaws of the Neighborhood Association. Fines levied by the Neighborhood Association shall be considered User Assessments.

The Neighborhood Association, through the Board of Directors, by contract or other agreement, shall have the right to enforce local government ordinances on the Initial Property for the benefit of the Neighborhood Association and its Members.

Section 4. Implied Rights. The Neighborhood Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary or desirable to effectuate any such right or privilege.

Section 5. Governmental Interests. The Neighborhood Association shall permit the Developer or the Venture reasonable authority to designate sites within the Properties for any public facilities. The Master Association shall maintain and operate the surface water management system within the Properties in accordance with the applicable permits and regulations of the Southwest Florida Water Management District (SWFWMD) and/or its successor.

Section 6. Landscape Buffers and Conservation and Preservation Areas. The Developer or the Venture shall establish any and all landscape buffers, conservation areas, preservation areas, wetlands preserves and/or other areas, and any management plans for those areas as may be required for the protection of wildlife and vegetation, as required by any permit conditions of any state or federal agency, and any such areas shall be maintained and monitored by the Master Association in accordance with all original permit conditions.

Section 7. Surface Water Management System. It shall be the responsibility of each Owner within the Subdivision at the time of construction of a building, residence or structure, to comply with the construction plans of the surface water management system pursuant to Chapter 40D-4, F.A.C., approved and on file with SWFWMD. No Owner of property within the Subdivision may construct or maintain any activity in the wetland, buffer areas, and upland conservation areas, as described in the approved permit and the plat(s) for the Subdivision unless prior approval is received from SWFWMD pursuant to Chapter 40D-4. It is each Owner's responsibility not to remove native vegetation (excluding cattails) that become established within the wet detention ponds abutting their property. Removal includes dredging, the application of herbicides or algacides, introduction of grass carp, and cutting. Owners should address any questions regarding authorized activities within the wet detention pond to SWFWMD, Venice Permitting Department. As used in this section, the terms "wetland", "buffer areas", "upland conservation areas" and "wet detention ponds" shall have the meaning set forth in the approved permit(s) for the Subdivision and the regulations of SWFWMD.

The surface water management system for the subdivision shall be installed, operated and maintained by the Master Association in accordance with all permits and approvals issued by the controlling governmental authority. Furthermore, the surface water management system shall not be adversely interfered with, changed or altered except pursuant to permits or approvals issued by the controlling governmental authority. No Lot shall be increased in size by filling in the water in which it abuts, and the slope of any lake, pond or canal abutting any Lot shall be maintained by the Owner of the Lot to the water line, except for the Common Property or Exclusive Common Areas designated by Developer or Venture which will be maintained by the Master Association or the Neighborhood Association.

Section 8. Future Easements and Boundary Modifications. Developer and the Venture reserve the right, in their sole discretion, to grant, modify or enter into easements, dedications, agreements, licenses, restrictions, reservations, covenants, rights of way, to modify the boundary lines and to plat or replat portions of the Common Property, including without limitation the Exclusive Common Area and the Club Tracts. The Master Association, the Venture, and the Neighborhood Association, agree to execute and deliver any and all agreements, documents, plats and instruments which are necessary or desirable to accomplish the same, including without limitation, deeds reconveying portions of the said property to the Developer or the Venture.

ARTICLE XI Assessments

Section 1. Creation of Assessments. There are hereby created Assessments for Neighborhood Association expenses as may from time to time specifically be authorized by the Board of Directors to be commenced at the time and in the manner set forth in Section 2 of this Article. There shall be four (4) types of Assessments levied: (a) Annual Club Dues to fund the Club Facilities as described in Section 2; (b) Neighborhood Assessments as described in Section 3; (c) Special Assessments as described in Section 4 below; and (d) User Assessments as described in Section 5 below.

Annual Club Dues shall be levied equally on all Lots subject to this Declaration and subjected to this Declaration during a fiscal year of the Neighborhood Association. Neighborhood Assessments, Special Assessments and User Assessments shall be levied as provided in Sections 3, 4, and 5 below. Each Owner, by acceptance of a deed, is deemed to covenant and agree, in addition to any other obligation the Owner may have, to pay Assessments in a timely manner as and when due. All Assessments together with any interest which may be charged as computed from the date the delinquency first occurs (at a rate not to exceed the highest rate allowed by the civil usury laws of the State of Florida), and late charges, costs, and reasonable attorney's fees and costs which may be incurred, shall be a charge on the Lot/Unit and shall be an automatic and continuing lien upon the Lot/Unit for any such Assessments when made. Each Assessment together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot/Unit at the time the Assessment was levied and any successor grantee shall be jointly and severally liable for such portion thereof as may be due and payable prior to the time of such conveyance, except no first Mortgagee (or the designee of such Mortgagee) who obtains fee title to a Lot/Unit pursuant to the remedies provided in its Mortgage or by the acceptance of a deed in lieu of foreclosure shall be liable for unpaid Assessments which accrued prior to such acquisition of title, and in addition a Person who acquires title at a foreclosure sale shall also not be liable for unpaid Assessments accrued prior to their acquisition of the Unit.

The Neighborhood Association shall, upon demand at any time, furnish to any Owner liable for any type of Assessment a certificate in writing signed by an officer of the Neighborhood Association setting forth which Assessments have been paid as to any particular Lot/Unit. The certificate shall be conclusive evidence of payment to the Neighborhood

Association of the Assessment therein stated to have been paid. The Neighborhood Association may require the advance payment of a processing fee not to exceed one month's Neighborhood Assessment for that year for the issuance of such certificate.

All Assessments shall be paid in such manner and on such dates as may be fixed from time to time by the Board of Directors which may include, without limitation, acceleration of Annual Club Dues for the balance of the fiscal year resulting from delinquencies. Unless the Board of Directors otherwise provides, the Annual Club Dues shall be paid in advance, on an annual basis.

No Person may waive or otherwise exempt itself from liability for any Assessments, including, by way of illustration and not limitation, by non-use of Common Property or abandonment of the Lot/Unit. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed by reason of any alleged failure of the Neighborhood Association or Board of Directors to take some action or perform some function required to be taken or performed by the Neighborhood Association or Board of Directors under this Declaration or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

Section 2. Computation of Annual Club Dues. It shall be the duty of the Master Association to annually prepare a budget for the operation and maintenance of the Club Facilities. The budget for the Club Facilities shall include all expenses incurred in operating, maintaining and insuring the Club Facilities.

The budget may but shall not be required to include a capital contribution establishing a reserve fund (as described in Section 7 of this Article). In the event a reserve fund is established, the Developer shall have no obligation to pay any portion of the Assessments which are to be contributed to the reserve contributions whether or not the Developer elects to pay Assessments or fund the Developer Subsidy.

Lots/Units which become subject to Assessments and Annual Club Dues during a year shall only be required to pay Assessments and Annual Club Dues on a prorated basis based on the number of months remaining in the year in which such Lots/Units become subject to any Assessments and Annual Club Dues. The Master Association shall cause a copy of the budget and notice of the amount of the Annual Club Dues to be levied against each Lot/Unit for the following year to be delivered to each Owner at least fifteen (15) days prior to the beginning of the fiscal year.

In the event the Annual Club Dues collected do not cover the cost of operating and maintaining the Club Facilities, the Master Association shall levy additional Club Dues to cover such deficiency. In the event Annual Club Dues in excess of the cost of operating and maintaining the Club Facilities are collected in any fiscal year after the Turnover Date, the Master Association may credit the excess Annual Club Dues to the Members for the next fiscal

year. If the Master Association determines to issue credits to Members, the excess funds shall be segregated and restricted to use for the next fiscal year.

Section 3. Computation of Neighborhood Assessments. It shall be the duty of the Board of Directors of the Master Association, with the assistance of the Neighborhood Committee, annually to prepare a separate budget covering the estimated Neighborhood Expenses to be incurred by the Master Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year at least sixty (60) days prior to the beginning of each fiscal year, as more specifically described in the Master Declaration.

Section 4. Special Assessments. The Board of Directors may levy Special Assessments from time to time for unanticipated costs and expenses, or for the purpose of paying for exterior painting of Units (exclusive of roofs, lanais, and screened areas), or for cleaning of roofs, provided, however, that any Special Assessment which exceeds twenty percent (20%) of the Base Assessment for the fiscal year shall require the affirmative vote or written consent of a majority vote of the Members required to pay the Special Assessment and, prior to the Turnover Date, the written consent of the Venture. Special Assessments pursuant to this paragraph shall be payable by Owners in such manner and at such times as determined by the Board of Directors, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines. Special Assessments shall be segregated into a separate account and shall only be used for the purpose collected.

Section 5. User Assessments. The Neighborhood Association may levy a User Assessment against any Owner individually and against such Owner's Lot/Unit to reimburse the Neighborhood Association for costs incurred in providing services to Owners by or through the Neighborhood Association. Additionally, a User Assessment may be levied against the Owner and the Owner's Lot/Unit to reimburse the Neighborhood Association for any expenses incurred to bring the Owner's Lot/Unit into compliance with the provisions of this Declaration, any amendments hereto, the Articles, the Bylaws, the Rules and Regulations and the Community-Wide Standard, which User Assessment will be levied upon the vote of the Board of Directors, but only after reasonable notice to the Owner, with an opportunity for a hearing. Fines levied by the Neighborhood Association shall be considered individual User Assessments.

Section 6. Lien for Annual Club Dues and Assessments. Upon recording of a notice of lien on any Lot/Unit, there shall exist a perfected lien for unpaid Annual Club Dues and Assessments prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages).

Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure after fifteen (15) days prior written notice has been given to the Owner.

The Neighborhood Association, acting on behalf of its Members, shall have the power to bid for any Lot/Unit whose lien is being foreclosed at the foreclosure sale, and to acquire and

hold, lease, mortgage, and convey the same. During the period in which a Lot/Unit is owned by the Neighborhood Association following acquisition by foreclosure sale: (a) no right to vote shall be exercised on its behalf; (b) no Annual Club Dues or Assessments shall be levied on it; and (c) each other Lot/Unit shall be charged, in addition to its usual Annual Club Dues and Assessments, its equal pro rata share of the Annual Club Dues and Assessment that would have been charged against such Lot/Unit had it not been acquired by the Association. Suit to recover a money judgment for unpaid Assessments, costs and attorney's fees shall be maintainable without first foreclosing or waiving lien rights securing the same.

Section 7. Reserve Budget. The Board of Directors may, but shall not be obligated to, annually prepare a reserve budget to take into account the number and nature of replaceable assets, based upon the expected life of each asset and reserve the expected repair or replacement costs. The Board of Directors may set the required capital reserves in an amount sufficient to permit meeting the projected needs of the Neighborhood Association, as shown on the budget, with respect both to amount and timing over the period of the budget. The capital reserve required, if any, may be fixed by the Board of Directors and included within and distributed with the proposed budget. Capital reserves shall be segregated and used solely for the replacement, repair and addition to the capital assets of the Neighborhood Association as determined solely by the Board of Directors.

Section 8. Subordination of the Lien to First Mortgages. The lien for Annual Club Dues and Assessments, including interest, late charges (subject to the limitations of Florida law), and costs (including attorney's fees) as provided herein, shall be subordinate to the lien of any first Mortgage upon any Lot/Unit held by the Mortgagee. The sale or transfer of any Lot/Unit shall not affect the validity of any lien for Annual Club Dues or Assessments. However, the sale or transfer of any Lot/Unit pursuant to judicial or nonjudicial foreclosure or transfer of title by deed in lieu of foreclosure to any Mortgagee (or designee thereof) shall extinguish the lien for such Annual Club Dues and Assessments as to payments which became due prior to such sale or transfer. The extinguishment of the lien shall not relieve Owner from personal liability for amounts owed to the Neighborhood Association. No sale or transfer shall relieve the Lot/Unit from lien rights for any Annual Club Dues or Assessments thereafter becoming due. Any such unpaid share of Annual Club Dues or Assessments shall be deemed to be Neighborhood Expenses collectible from Owners of all the Lots/Units, including such acquirer, its successors and assigns.

ARTICLE XII

Neighborhood Request for Services

The Neighborhood, upon the written consent of the Venture (so long as the Venture owns one (1) or more Lots within the Neighborhood), or its assigns, and Owners (including the Venture, representing a majority of the Lots) within the Neighborhood, which such latter consent shall be delivered to the Master Association and shall contain the signatures of such majority, may request that the Master Association provide a higher level of service or special services for the benefit of Lots/Units in the Neighborhood, the cost of which shall be assessed against the

benefitted Lots/Units as a Neighborhood Assessment. The Master Association shall be required to provide such higher level of service.

ARTICLE XIII

Architectural Standards

Section 1. Architectural Standards. In addition to meeting the Architectural Standards set forth in Article XIII of the Master Declaration, no improvement (which term shall include without limitation, staking, clearing, excavation, grading, and other site works; new structures; pools; driveways; exterior alteration or modification; and planting or removal of plants, trees or shrubs) shall take place except in strict compliance with this Article, until the requirements below have been fully met, and until the approval of the appropriate committee in accordance with this Article. The committee established pursuant to Section 2, below may establish reasonable fees to be charged by the committee on behalf of the Neighborhood Association for review of application for approval hereunder, which fees, if established, shall be paid in full prior to review of any application hereunder. All improvements constructed on any portion of the Properties shall be designed by and built in accordance with the approved plans and specifications.

This Article shall not apply to construction on or improvements or modifications to the Common Property made by or on behalf of the Master Association or the Neighborhood Association. The Board of Directors shall have the authority and standing, on behalf of the Neighborhood Association, to enforce in courts of competent jurisdiction decisions of the committees established in this Article. This Article may not be amended without the Venture's or its assigns' prior written consent so long as the Venture or its assigns owns any land subject to this Declaration.

Section 2. Architectural Review Committee. The Architectural Review Committee (sometimes referred to as ARC) shall have jurisdiction to review and approve all construction and improvements on any portion of the Properties. The Developer retains the right until the initial construction of the last Unit to be constructed within the Properties to appoint all members of the ARC, which shall consist of at least three (3), but no more than five (5) persons. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by the Developer. Upon the expiration of such right, the Board of Directors shall appoint the members of ARC.

The ARC may prepare design and development guidelines and application and review procedures ("Design Guidelines"), copies of which shall be available from the ARC for review. The Design Guidelines shall be those of the Master Association, and the ARC shall have sole and complete authority to prepare and amend them. The ARC shall make the Design Guidelines available to Owners, builders, and developers who seek to engage in development of or construction upon all or any portion of the Properties, and such Owners, builders and developers shall conduct their operations strictly in accordance therewith. In the event that the ARC fails to approve or disapprove plans properly submitted to it, or to request additional information

reasonably required, within forty-five (45) days after acceptance of a complete submission thereof, the plans shall be deemed approved.

Members of the ARC may include architects or similar professionals who may or may not be Owners.

Section 3. Type of Dwelling. All dwellings constructed, altered, permitted to remain or to be occupied on any Lot shall conform to the following requirements in addition to all of the other provisions of this Declaration and the Master Declaration:

(a) Only one single family attached dwelling shall be permitted on any Lot. Attached single family Units will be located on the zero lot line between Lots. No Unit may be divided into more than one residential dwelling and no more than one family shall reside within any Unit.

(b) Any structures such as garages, porches, service or utility rooms, guest rooms, servants quarters, and the like shall be attached to and be an integral part of the Unit and shall also conform with all requirements hereof. No separate or detached structures of any type shall be permitted.

(c) A dwelling shall have a ground floor living area of not less than 1300 square feet, exclusive of garages or other un-airconditioned areas. Garages shall have a minimum two car capacity.

(d) All roofs on all buildings shall be constructed of concrete tile, asbestos tile, based clay, pottery, shaped stone or masonry construction, or other commonly recognized materials as tile. No other roofing material may be used unless a variance is obtained from the ARC.

(e) All dwelling houses shall be constructed of new and durable materials and of external design harmonious with existing structures on comparable locations within the Subdivision. All external building walls must be of cement block with stucco exterior covering, or of wood, brick, or stone, unless otherwise approved by the ARC in writing. No asbestos shingles or asbestos siding of any type or asphaltic, plastic, metal or similar covering shall be used on exterior walls.

(f) All areas of every Lot not occupied by the dwelling house or cages or patios shall be duly landscaped in accordance with plans approved by ARC as provided herein. Upon completion of construction of a dwelling on the subject property, the entire Lot shall be fully sodded except for the portion occupied by the residence, driveways, sidewalks, patios, decks, and landscaped beds. Floritam sod shall be required unless another type of sod is approved by the ARC. All driveways and parking areas so permitted shall be constructed of reinforced concrete, and must include the area lying between the road pavement to the property lines, a minimum of four inches in thickness. Asphalt driveways are not permitted. There shall also be no dirt, grass or shell rock driveways.

(g) No Owner shall cause or allow any material alteration of the landscaping originally installed within his Lot without the approval of the Board of Directors. Without limiting the generality of the foregoing, no alteration shall be permitted which would hinder lawn care or mowing, or interfere in any way with the activities of the Neighborhood Association in performing its duties hereunder. Any shrubs or plantings permitted to be installed on a Lot under this Section shall be maintained by the Owner of the Lot, unless otherwise approved by the Board of Directors. All irrigation facilities within and serving a Lot shall be maintained by the Neighborhood Association, and the Neighborhood Association shall irrigate the lawns and landscaping of all Lots as needed, subject to any limitations on water use imposed by any governmental authority, and except for any landscaping installed by an Owner with Board of Directors approval on the condition that the Owner maintain same, unless otherwise approved by the Board of Directors.

(h) In no event shall a dwelling house be moved onto a Lot from another location.

(i) No dwelling shall be constructed, altered or remodeled upon any Lot until two (2) sets of complete plans and specifications for the same, professionally drawn and showing all exterior appearance, together with a plot plan thereof showing the location of the structure in relation to the lot boundary lines, shall have been submitted to the ARC for approval along with a cover letter stating the applicant's full name and mailing address, the general contractor who will do the construction and a proposed completion time. One copy of such plans and specifications and plot plan shall be retained by the ARC as a permanent record.

(j) Except as provided herein, no temporary structures or outbuildings of any type shall be permitted or maintained upon any Lot except temporary structures or outbuildings used in connection with the construction of dwelling houses and permitted by Developer, which said temporary structures and outbuildings shall be near the rear of the Lot.

Section 4. No Waiver of Future Approvals. The approval by the ARC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committee, shall not be deemed to constitute a waive of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval or consent.

Section 5. Variance. The ARC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall: (a) be effective unless in writing, or (b) stop the ARC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not necessarily, be considered a hardship warranting a variance.

The approval by the ARC does not constitute governmental approval. It is the sole responsibility of the Lot/Unit Owner to obtain the necessary permits and meet all governmental requirements.

Section 6. No Liability. No review or approval by the ARC shall imply or be deemed to constitute an opinion by the ARC, nor impose upon the ARC, the Neighborhood Association, the Master Association, the Developer or any other party, any liability for the design or construction of building elements, including, but not limited to, structural integrity, design, quality of materials, life and safety requirements. The scope of any such review and approval by the ARC is limited solely to whether the respective plans or work meet certain requirements, standards, and guidelines relating to aesthetics and the harmony and compatibility of proposed improvements in the Neighborhood. No review or approval will be for any other person or purpose, and no person other than the ARC shall have any right to rely thereon, and any review or approval by the ARC will not create any liability whatsoever for the ARC, the Developer, the Master Association, or the Neighborhood Association to any other person or party whatsoever.

Section 7. Compliance. The ARC may periodically monitor construction to determine compliance with approved plans and specifications, and such inspection shall not be deemed a trespass. The ARC may enforce non-compliance through equitable remedy or by requesting the Neighborhood Association remedy any deficiency and assess the Owner for the costs of compliance. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Declaration and the guidelines and procedures promulgated by the ARC may be excluded by the Board from the Properties without liability to any person, subject to the notice and hearing procedures contained in the Bylaws.

ARTICLE XIV **Use Restrictions**

The Neighborhood shall be used only for single family residential, recreational, and related purposes permitted by law (which may include, without limitation, offices for any property manager retained by the Neighborhood Association, a sales office, or other commercial purposes desired by the Venture). The Neighborhood Association, acting through its Board of Directors, shall have standing and the power to enforce use restrictions.

Section 1. Signs. No sign, billboard or advertisement of any kind, including, without limitation, those of relators, contractors and subcontractors, shall be erected within the Properties without the written consent of the Board of Directors, except in connection with the sale or resale of Lots/Units by the Venture or as may be required by legal proceedings. Developer shall provide a common location within the Properties where Owners may advertise their Lot for sale. Signs which are permitted within the Properties may be restricted as to the size, color, lettering, materials and location of such sign. The Board of Directors and Developer and the Venture shall have the right to erect signs as they, in their discretion, deem appropriate. Under no circumstances shall signs, flags, banners or similar items advertising or providing directional information with respect to activities being conducted outside the Properties be permitted within

the Properties without the express written consent of the Board. No sign shall be nailed or otherwise attached to trees.

Section 2. Parking and Prohibited Vehicles.

(a) Parking. Vehicles shall be parked only in the garages or in the driveways, if any, serving the Units or in appropriate spaces or designated areas in which parking may or may not be assigned and then subject to the Rules and Regulations. Garage doors shall remain closed at all times except during ingress and egress.

(b) Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors or commercial equipment visible, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other water craft, and boat trailers shall be parked only in enclosed garages. Stored vehicles and vehicles which are either obviously inoperable or do not have current operating licenses shall not be permitted except within enclosed garages. For purposes of this Section, a vehicle shall be conclusively deemed "stored" if it is covered with a tarpaulin and remains so covered for fourteen (14) consecutive days without the prior approval of the Board of Directors. This Section shall not apply to any commercial vehicles providing temporary service or making deliveries to or on behalf of the Master Association, the Neighborhood Association, the Venture, or the Developer or their designees.

(c) Delivery and Service Vehicles. Any vehicle which is parked in violation of this Section 2 or parking rules promulgated by the Board may be towed in accordance with the Bylaws and for each violation (each day being considered a new violation) the Owner of the Unit may be fined up to fifty dollars (\$50.00), in accordance with the procedures established in the Bylaws. Notwithstanding the foregoing, service and delivery vehicles may be parked in the driveway of a Unit during daylight hours for such period of time as is reasonably necessary to provide service or make a delivery to the Unit.

This Section shall not apply to any commercial vehicles providing service or making deliveries to or on behalf of the Master Association, the Neighborhood Association, the Venture, or the Developer or their designees.

Section 3. Occupants Bound. All provisions of this Declaration, the Bylaws and of any Rules and Regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Owner. Every Owner shall cause all occupants of his or her Unit to comply with this Declaration, the Bylaws, and the Rules and Regulations and shall be responsible for all violations and losses to the Common Property caused by such occupants, notwithstanding the fact that such occupants of a Unit are fully liable and may be sanctioned for any violation of this Declaration, the Bylaws, and the Rules and Regulations.

Section 4. Animals and Pets. ~~No animals, livestock, or poultry~~ of any kind shall be raised, bred, or kept on any portion of the Properties, except that dogs, cats or other usual and common household pets not to exceed a reasonable number determined by the Board of Directors may be permitted in any one Unit. However, those pets which are permitted to roam freely, or, in the sole discretion of the Neighborhood Association, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Units or the owner of any portion of the Properties shall be removed upon request of the Board of Directors; if the Owner fails to honor such request, the Owner may be fined up to fifty dollars (\$50.00) per day until the pet is removed. In lieu thereof, the Board of Directors may, but shall not be required to, seek governmental intervention to remove the animal. No pets shall be kept, bred, or maintained for any commercial purpose. Household pets shall at all times whenever they are outside the Owner's Unit be confined on a leash held by a responsible person. Owners shall be responsible for removing their pet's waste from Common Property and Lots of other Owners. Failure to remove waste shall be grounds for a fine not to exceed fifty dollars (\$50.00) per occurrence as determined by the Board of Directors.

Section 5. Annoyance. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious, illegal or offensive activity shall be carried upon any portion of the Properties, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Properties. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is unreasonably noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties as a planned residential community. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Properties.

Section 6. Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot/Unit. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties.

Section 7. Antennas. No exterior antennas, aerials, satellite dishes, or other apparatus for the transmission of television, radio, or other signals of any kind, except an 18-inch or smaller satellite dish, shall be placed, allowed, or maintained upon any portion of the Properties, including any Unit, without the prior written consent of the Board of Directors. The Developer and its affiliates shall have the right, without obligation, to erect an aerial, satellite dish, headend or other apparatus for a master antenna or cable system for the benefit of all or a portion of the Properties. If the Developer fails to erect such a system, the Neighborhood Association may erect such a system after the Turnover Date.

Section 8. Clotheslines, Garbage Cans, Tanks, Etc. All clotheslines, garbage cans, storage tanks, mechanical equipment and other similar items shall be located or screened so as to be concealed from view of neighboring Units, streets, and property located adjacent to the Unit. All rubbish, trash, and garbage shall be stored in appropriate containers with lids and regularly removed from the Properties and shall not be allowed to accumulate thereon. All clotheslines, storage tents, mechanical equipment, garbage can storage structures and other such items shall be subject to the approvals set forth in Article XIII of this Declaration. Trash shall be placed curbside no earlier than the day prior to pick-up and trash cans shall be returned to screen view no later than the day after pick-up.

Section 9. Subdivision of Lot/Unit and Timesharing. No Lot/Unit shall be subdivided or its boundary lines changed except with the prior written approval of the Board of Directors of the Master Association. No Unit shall be made subject to any type of timeshare program, interval ownership or similar program whereby the right to exclusive use of the Unit rotates among multiple owners or members of the program on a fixed or floating time schedule over a period of years.

Section 10. Pools. No in-ground or above-ground pools shall be erected, constructed or installed on any Unit. Inground spas and above ground spas will be permitted subject to prior written approval from the ARC, as the case may be.

Section 11. Tents, Trailers and Temporary Structures. Except as may be permitted by the ARC during initial construction of Units within the Properties, no tent, utility shed, shack, trailer or other structure of a temporary nature shall be placed upon the Properties.

Section 12. Wells and Drainage. Catch basins, swales and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No person, other than Developer or the Master Association, may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. The Developer hereby reserves for itself and the Master Association a perpetual easement across the Properties for the purpose of altering drainage and water flow.

Section 13. Tree Removal. No trees shall be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved in accordance with Article XIII of this Declaration.

Section 14. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 15. Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Properties, except for temporary lines as required during construction and high voltage lines if required by law or for safety purposes.

Section 16. Air Conditioning Units. Except as may be permitted by the ARC, no window air conditioning units may be installed in any Unit.

Section 17. Lighting. Except for seasonal holiday decorative lights, which may be displayed between November 15 and January 15 only, all exterior lights must be approved in accordance with Article XIII of the Declaration.

Section 18. Artificial Vegetation, Exterior Decorations, and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of any Unit. Exterior decorations, including without limitation, sculptures, fountains, flags, and similar items must be approved in accordance with Article XIII of this Declaration.

Section 19. Energy Conservation Equipment. ~~No solar energy collector pans or~~ attendant hardware or other energy conservation equipment shall be constructed or installed on any Unit unless it is an integral and harmonious part of the architectural design of a structure. All energy conservation equipment must be approved in accordance with Article XIII of this Declaration.

Section 20. Wetlands, Lakes, Water Bodies, Conservation or Reserve Tracts and Conservation Easements. All wetlands within the Properties shall be left in their natural state and no alteration thereof or construction thereon shall be permitted unless otherwise permitted by the Board of Directors. All activities involving filling, excavating, removing of native vegetation (both trees and understory) and storing of materials shall be prohibited within conservation easements and/or preservation areas, unless written approval is first obtained from the Resource Permitting Division, Sarasota County Natural Resources Department. All lakes, ponds, and streams within the Properties, if any, shall be aesthetic amenities only, and no other use thereof, including, without limitation, swimming, playing, or use of personal flotation devices, shall be permitted. Notwithstanding the above, the Master Association Board of Directors may permit fishing from the shore by Owners, occupants of Units, and their accompanied guests subject to the Rules and Regulations. Furthermore, one or more areas within the Properties may be designated as a conservation or preservation tract or buffer area or may otherwise be subjected to conservation, for the purpose of protection of wetlands, protected and endangered species, and valuable habitat. Use of these areas shall be in accordance with all applicable permit restrictions.

Neither the Master Association, the Venture, nor the Neighborhood Association shall be responsible for any loss, damage, or injury to any Person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within the Properties.

Section 21. Fences. No dog runs, animal pens or fences of any kind shall be permitted on any Unit except as approved in accordance with Article XIII of the Declaration.

Section 22. Business Use. No trade or business may be conducted in or from any Unit, except that an Owner or occupant residing in a Unit may conduct business activities within the Lot/Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Unit; (b) the business activity conforms to all

zoning requirements for the Properties; (c) the business activity does not involve persons coming onto the Properties who do not reside in the Properties or door-to-door solicitation of residents of the Properties; and (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board of Directors.

The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the leasing of a Unit shall not be considered a trade or business within the meaning of this section. This Section shall not apply to operation of the Club Facilities nor to any activity conducted by the Developer, the Venture, or Merchant Builders, with respect to the development and sale of the Properties or the use of any Units which it owns within the Properties.

Section 23. On-Site Fuel Storage. No on-site storage of gasoline or other fuels shall be permitted in or on any Lot/Unit except that: (a) five (5) gallons of fuel or less may be stored in or on any Lot/Unit for emergency purposes and for the operation of gas powered tools or equipment, and (b) underground propane tanks for operation of appliances, pool and /or spa heaters shall be permitted subject to review and approval by the ARC. The Neighborhood Association shall be permitted to store fuel on the Common Property for operation of maintenance vehicles, generators and similar equipment. This Section shall not apply to the Developer, the Venture, or their designee who may, but shall not be required to, provide an underground gas distribution system to service Lots/Units. This restriction is designed to reduce environmental risks associated with fuel storage and to minimize the hazards associated with on-site fuel storage.

Section 24. Play Equipment. Play equipment, by way of example and not limitation, such as basketball hoops, swing sets, jungle gyms, etc. shall not be permitted on any Unit.

Section 25. Window Coverings. No aluminum foil, reflective film, or similar treatment shall be placed on windows, glass doors, or window treatments visible from the exterior of any Unit.

Section 26. Mailboxes. Only those mailboxes which have been approved by the ARC shall be permitted.

Section 27. Roadways, Sidewalks, Driveways. All utilities with Venetia shall be installed underground. Utility lines, including without limitation cable television, may only be installed repaired or replaced under existing roadways, sidewalks and driveways by a method

which will not disturb the paved surface of such roadway, driveway or sidewalk. This restriction is intended to preserve the aesthetic nature of the paved surfaces.

ARTICLE XV

Acquisition of Common Property

Section 1. Construction of Common Property. The Venture will initially construct, furnish and equip, at its sole cost and expense, the Common Property provided however, the Venture in its sole discretion may lease some or all of the furniture, fixtures and equipment required for the operation and/or maintenance of the Common Property.

Section 2. Disclaimer of Warranties. THE NEIGHBORHOOD ASSOCIATION AND EACH OWNER AGREE THAT THE COMMON PROPERTY ACQUIRED PURSUANT TO THIS DECLARATION SHALL BE CONVEYED IN "WHERE IS, AS IS" CONDITION AND WITHOUT RECOURSE, AND THE VENTURE DISCLAIMS AND MAKE NO REPRESENTATIONS, WARRANTIES, OR OTHER AGREEMENTS (OTHER THAN THE VENTURE'S SPECIAL WARRANTY OF TITLE PURSUANT TO THE CONVEYANCE OF THE COMMON PROPERTY), EXPRESS OR IMPLIED BY FACT OR LAW, WITH RESPECT THERETO, INCLUDING WITHOUT LIMITATION, REPRESENTATIONS OR WARRANTIES AS TO (i) FITNESS, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, (ii) THE QUALITY OF THE MATERIAL OR WORKMANSHIP, (iii) THE EXISTENCE OF ANY DEFECT, LATENT OR PATENT, (iv) VALUE, (v) CAPACITY, (vi) COMPLIANCE WITH SPECIFICATIONS, (vii) LOCATIONS, (viii) USE, (ix) CONDITION, (x) MERCHANTABILITY, (xi) DESIGN, (xii) ECONOMIC PERFORMANCE, (xiii) QUALITY, (xiv) DESCRIPTION, (xv) DURABILITY, (xvi) OPERATION, (xvii) THE EXISTENCE OF ANY HAZARDOUS MATERIAL, (xviii) COMPLIANCE OF THE PROPERTY WITH ANY APPLICABLE LAWS OR ORDINANCES (INCLUDING ENVIRONMENTAL LAWS) OR LEGAL REQUIREMENTS. IN THE EVENT OF ANY DEFECT OR DEFICIENCY IN THE COMMON PROPERTY OF ANY NATURE, WHETHER LATENT OR PATENT, VENTURE SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO OR FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT). THE PROVISIONS OF THIS SECTION ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES BY VENTURE, EXPRESS OR IMPLIED, WITH RESPECT TO THE COMMON PROPERTY, ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR ARISING OTHERWISE. THE VENTURE WILL TRANSFER AND ASSIGN TO THE NEIGHBORHOOD ASSOCIATION, WITHOUT RECOURSE, ALL WARRANTIES IT RECEIVED FROM MANUFACTURERS AND SUPPLIERS RELATING TO ANY OF THE COMMON PROPERTY WHICH EXIST AND ARE ASSIGNABLE.

Section 3. Transfer of Common Property. The Venture agrees to convey, transfer, assign and deliver to the Neighborhood Association on or before the Turnover Date its interest in the Common Property, as the same exists on the date of conveyance. The conveyance of the Common Property shall be by Quit Claim Deed subject to the Master Declaration and this

Declaration, zoning and other regulations imposed by governmental authorities, taxes for the year of the transfer and all subsequent years and any and all encumbrances or liens, easements, dedications, agreements, licenses, restrictions, rights of way and other matters now or hereafter affecting title. The Venture shall not provide the Neighborhood Association any survey or title insurance or abstract prior to conveyance of the Common Property. The Neighborhood Association shall pay all costs of closing the conveyance, including without limitation documentary stamp tax and recording costs.

Section 4. Operation of Common Property. Prior to the conveyance of all of the Common Property to the Neighborhood Association as provided above, the Neighborhood Association shall operate, maintain, repair and replace the Common Property, such operation, maintenance, repair and replacement to be funded as provided in this Declaration.

ARTICLE XVI

General Provisions

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the subject property, and shall inure to the benefit of and shall be enforceable by the Master Association, the Neighborhood Association, or any Member subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners and Mortgagees holding Mortgages on a majority of the Lots/Units, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein. In the event of a permanent dissolution of the Neighborhood Association, the Master Association shall immediately thereupon hold title to the Common Property and shall provide for the continued maintenance and upkeep thereof.

Section 2. Amendment. Until the Turnover Date, the Venture may unilaterally amend this Declaration. After the Turnover Date, the Venture may unilaterally amend this Declaration at any time and from time to time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots/Units; (c) required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Lots/Units; (d) necessary to enable any governmental agency or reputable private insurance company to insure Mortgage loans on the Units subject to this Declaration; and (e) so long as it still owns any of the Initial Property for development, the Venture may unilaterally amend this Declaration for any other purpose. Thereafter or otherwise, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing sixty-seven percent (67%) of the total voting interests. However, the percentage of votes necessary to amend a specific clause shall not be less

than the prescribed percentage of affirmative votes required for action to be taken under that clause. In order to be effective, an amendment to this Declaration must be recorded in the public records of Sarasota County, Florida.

If a Member consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Member has the authority so to consent and no contrary provision in any Mortgage or contract between the Member and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of the Developer or the Venture without the written consent of Developer or the Venture, or the assignee of such right or privilege, as the case may be.

So long as the Venture owns any portion of the Initial Property subject to this Declaration, this Declaration, the Articles, the Bylaws or the Rules and Regulations shall not be amended without the prior written consent of the Venture.

Section 3. Easements for Utilities, Etc. There is hereby reserved unto the Developer and the Venture, so long as the Developer owns any portion of the Properties, and the Venture owns any portion of the Initial Property, for themselves, the Master Association, and the Neighborhood Association, and the designees of each (which may include, without limitation, local governments), easements upon, over, across, and under the Properties for ingress and egress; lawn maintenance; dispensing pesticides; installing, replacing, repairing, relocating, maintaining and monitoring roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage and endangered species of animals and plants; provided, the exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry into any Unit shall be made only after reasonable notice to the Member or occupant thereof. The appropriate water and sewer authority, electric utility company, telephone company, cable television company, the Venture, the Developer and their affiliates, and their successors and assigns shall have easements as shown on the plats of the Properties for the installation and maintenance, all underground, of all water lines, sanitary sewers, storm drains, electric, telephone and cable television and master antenna and security systems. This Section shall not limit the use of the utility easements described on the plats of the Properties. Venture hereby reserves the right and the power, during a period of thirty (30) years from the date of the recordation of this Declaration to declare, grant and record additional easements for drainage facilities, sanitary sewer lines, potable and irrigation water lines, storm sewers, gas and electric lines, communication lines, cable television lines and such other service facilities as the Venture may deem necessary, along, through, in, over and under a strip of land which may vary in width from all side, front and rear lines of any Lot and along, through, in, over and under Common Property, Exclusive Common Areas and the Common Property or elements of the Neighborhood Association. Said easements and the rights granted shall not be inconsistent with the then existing improvements on the applicable portions of the Lots, Common Property, Exclusive Common Areas and the Common Property or elements of the Neighborhood Association. Each Lot is subject to a permanent easement in favor of adjoining or adjacent Lots for lateral and subjacent support.

Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, cable television lines, or other utilities may be installed or relocated on the Properties, except as may be approved by the Master Association's Board of Directors or as otherwise provided by Developer.

Should any entity furnishing a service covered by a general easement herein provided request a specific non-exclusive easement by separate recordable document, the Board of Directors shall have the right to grant such easement over the Properties without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Properties.

Section 3. Reciprocal Easements. There shall be reciprocal appurtenant easements between each Lot and the portion or portions of the Common Area adjacent thereto, or between adjacent Lots, or both, for (i) encroachments caused by footers and eaves of any Unit over the side, front or rear lot line of any Lot, provided that no such encroachment shall be greater than two feet (2') or shall interfere with any utilities installations upon the Lot which is encroached upon, (ii) encroachments caused by the unwillful placement, settling, or shifting of any improvements constructed, reconstructed or altered thereon in accordance with the terms of this Declaration; (iii) access to, maintenance and repair of utility facilities serving more than one Lot, and (iv) access to an adjacent Lot as reasonably required in order to complete construction of and maintain a Unit on any Lot, provided that this construction and maintenance easement shall not apply to any portion of a Lot on which a Unit or any portion thereof is already erected. Without limiting the generality of the foregoing, in the event an electrical meter, electrical apparatus, CATV cable or other utilities apparatus is installed within a Lot and serves more than such Lot, the Owners of the other Lot(s) served thereby shall have an easement for access to inspect and repair such apparatus, provided that such easement rights shall be exercised in a reasonable manner and the Owner of the Lot encumbered by the easement shall be reimbursed for any significant physical damage to his Lot as a result of such exercise.

Section 4. Party Wall Easements. The Owner of each Lot is hereby granted a non-exclusive perpetual easement over and across such portion of any adjoining Lot as may be reasonably necessary for the support, maintenance or replacement of any party wall serving the Owner of any Lot or other improvements serving the Owner of any Lot which, by virtue of overhangs, inaccuracies in construction or settlement or movement of any improvements, encroach upon such adjoining Lot.

Section 5. Public Easements. Fire, police, mail, health and sanitation, park maintenance, other public service personnel, and their vehicles shall have a permanent and perpetual easement for ingress and egress over and across the Common Property.

Section 6. Easement for Drainage. Each Lot is burdened with an easement for flow and drainage of water across and over the Lot. No Owner shall take any action to stop, divert, impede or otherwise change or alter the direction or flow of water across or over the Owner's Lot.

Section 7. Conservation Easements. Developer as a part of permit approval, may provide a conservation easement to the Master Association and/or other state, county, or city agencies over specified parts of the Properties which easement shall restrict and control human activities within such areas for the protection of wildlife and valuable habitat, and Venture agrees to join in any such easement.

Section 8. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 9. Right of Entry. The Neighborhood Association shall have the right, but not the obligation, to enter any Unit for emergency and safety reasons, to abate nuisances (including, without limitation, false burglar alarms), to maintain the Unit for access to the Common Property provided the Neighborhood Association shall have no right to enter a dwelling for such purpose, and to inspect for the purpose of ensuring compliance with this Declaration, the Bylaws, and the Rules and Regulations, which right may be exercised by the Neighborhood Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include, but not be limited to, the right of the Neighborhood Association to enter a Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board.

Section 10. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Neighborhood Association unless approved by a vote of seventy-five percent (75%) of the total votes eligible to be cast by the Members of the Neighborhood Association. This Section shall not apply, however, to (a) actions brought by the Neighborhood Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of Annual Club Dues and/or Assessments as provided in Article XI hereof, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Neighborhood Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Venture or is approved by the applicable percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above. In the event any claim is made against the Developer or the Venture by the Neighborhood Association, the Neighborhood Association shall assess all Members other than the Developer and the Venture for the costs of such claim or litigation, including without limitation attorney's fees incurred, and funds from Annual Club Dues or Neighborhood Assessments shall not be used for any such claim or litigation, including the costs associated with any appeal. The prevailing party shall be entitled to recover as part of the award reasonable attorney's fees and related costs, fees or expenses of such claim or litigation. In the event the Developer or Venture is the prevailing party, the Neighborhood Association shall assess all Owners other than the Developer or Venture for the Developer's or Venture's cost, including reasonable attorney's fees, for any such claim or litigation, and funds from Neighborhood Assessments and Annual Club Dues shall not be used for this purpose.

Section 11. Disciplinary Action. Every Owner, Member and occupant of any Unit, and all non-residents which are entitled to use the Club Facilities pursuant to the Rules and Regulations, their guests and invitees, shall comply with all lawful provisions of this Declaration, the Bylaws and the Rules and Regulations. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available as provided in such documents or at law or in equity, maintainable by the Neighborhood Association or, in a proper case, by any aggrieved Member or person entitled to use the Club Facilities.

Section 12. Security. The Neighborhood Association may, but shall not be obligated to, maintain or support certain activities within the Neighborhood designed to make the Neighborhood safer than it otherwise might be. Neither the Master Association, the Neighborhood Association, the Venture, the Developer, nor any successor of the Developer shall in any way be considered insurers or guarantors of security within the Properties and neither the Master Association, the Neighborhood Association, the Venture, the Developer, nor any successor of the Developer shall be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and occupants of any Lot/Unit, tenants, guests and invitees of any Owner, as applicable, acknowledge that the Neighborhood Association and its Board of Directors, the Venture, the Developer, or any successor of the Developer, the Master Association, the ARC do not represent or warrant that any fire protection system, burglar alarm system, gates, gatehouses, or other security system designated by or installed according to guidelines established by the Developer, the Venture, and the ARC may not be compromised or circumvented, that any fire protection or burglar alarm systems will in all cases provide the detection or protection for which the system is designed or intended. Each Member, and each occupant of a Unit, whether a tenant, guest and invitee of a Member, as applicable, acknowledges and understands that the Neighborhood Association, its Board of Directors and committees, the Venture, the Developer, the Master Association, its Board of Directors and committees, or any successor of the Venture or the Developer are not insurers and that each Member and occupant of a Unit assumes all risks for loss or damage to Persons, to Units and to the contents of Units and further acknowledges that the Master Association, its Board of Directors and committees, the Neighborhood Association, its Board of Directors and committees, the Venture, the Developer, or any successor of the Developer have made no representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire and/or burglar alarm systems or other security systems recommended or installed or any security measures undertaken within the Properties.

Section 13. Notice of Transfer of Lot/Unit. In the event that any Owner desires to sell or otherwise transfer title of his or her Lot/Unit, such Owner shall give the Board of Directors at least fourteen (14) days prior written notice of the name and address of the purchaser or transferee, the date on which such transfer of title is to take place, and such other information as the Board of Directors may reasonably require. Until such written notice is received by the Board of Directors and any overdue Annual Club Dues and Assessments are paid in full, the transferor shall remain jointly and severally liable with the transferee for all obligations of the Owner of the Lot/Unit, including payment of all Annual Club Dues and Assessments, notwithstanding the transfer of title to the Lot/Unit. The Owner of a Lot/Unit shall be

responsible for providing this Declaration, Supplemental Declaration, Amendment to the same; Articles of Incorporation, the Bylaws and Rules and Regulations of the Neighborhood Association to any transferee.

Section 14. Non-Condominium/Non-Cooperative. The Neighborhood Association created pursuant to this Declaration and the Articles of Incorporation of the Neighborhood Association do not and are not intended to constitute a condominium association or a cooperative association. The Neighborhood is not intended to be a condominium property, or cooperative property under applicable law. This Declaration is not part of the common elements of any condominium or cooperative.

Section 15. Restriction on Mortgaging Common Property. The Venture or the Board of Directors prior to the Turnover Date may without the vote of a majority of the Class "A" members mortgage some or all of the Common Property. After the Turnover Date, the Board of Directors of the Neighborhood Association may not mortgage the Common Property unless approved by a majority of the votes of the Members.

Section 16. Conflict Between the Declaration and Neighborhood Documents. In the event of any conflict between the terms of the Master Declaration or any policies, guidelines or standards promulgated thereunder, and this Declaration, the Master Declaration and its policies, guidelines and standards shall control except to the extent otherwise required by law.

Section 17. Approved Builders. The Properties are a master planned community being developed by the Developer. Only builders approved by the Developer shall be allowed to build homes within the Subdivision. A list of said approved builders shall be maintained by the Developer and provided to prospective lot purchasers upon request.

Section 18. Construction. The provisions of this Declaration shall be liberally interpreted and construed to provide maximum flexibility consistent with Developer's general plan for development of the Properties and the purposes set forth herein.

ARTICLE XVII

Mortgagee Provisions

The following provisions are for the benefit of holders of first Mortgages on Lots/Units within the Properties. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Neighborhood Association (such request to state the name and address of such holder, insurer, or guarantor and the Unit number, therefore becoming an "eligible holder"), will be entitled to timely written notice of :

(a) any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Lot/Unit on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;

(b) any delinquency in the payment of Annual Club Dues and/or Assessments or charges owed by an Owner of a Lot/Unit subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Neighborhood Association of any default in the performance by an Owner of a Lot/Unit of any obligation under the Declaration or Bylaws of the Neighborhood Association which is not cured within sixty (60) days;

(c) any lapse, cancellation, or material modification of any insurance policy maintained by the Neighborhood Association; or

(d) any proposed action which would require the consent of a specified percentage of eligible holders.

Section 2. Special FFLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing provisions of the Declaration. Unless at least sixty-seven percent (67%) of the first Mortgagees or at least sixty-seven percent (67%) of the voting interests consent, the Neighborhood Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Property which the Neighborhood Association owns, directly or indirectly (the granting of easements as hereinbefore provided shall not be deemed a transfer within the meaning of this subsection);

(b) change the method of determining the obligations, Annual Club Dues, Assessments, or other changes which may be levied against an Owner of a Lot/Unit (a decision, including contracts, by the Board of provisions of any declaration subsequently recorded on any portion of the Properties regarding Annual Club Dues or Assessments for such property shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Lots/Units and of the Common Property (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this Provision);

(d) fail to maintain insurance or fidelity bonds, as required by this Declaration; or

(e) use hazard insurance proceeds for any Common Property losses for other than the repair, replacement, or reconstruction of such Common Property in accordance with this Declaration.

First Mortgagees may, jointly and singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Property, and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of a Neighborhood Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Neighborhood Association.

Section 3. No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Member or other party priority over any rights of the first Mortgagee of any Lot/Unit in the case of distribution to such Member of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 4. Notice to Neighborhood Association. Upon request, each Owner shall be obligated to furnish the Neighborhood Association the name and address of the holder of any Mortgage encumbering such Owner's Lot/Unit.

Section 5. Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the revision of this Article or make any such requirements less stringent, the Board, without approval of the Members, may cause an amendment to this Article to be recorded to reflect such changes.

Section 6. Applicability. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws, or Florida law for any of the acts set out in this Article.

Section 7. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Neighborhood Association does not receive a written response from the Mortgagee within thirty (30) days of the date of mailing of the Neighborhood Association's request.

ARTICLE XVIII

Developer's and Venture's Rights

Any or all of the special rights and obligations of the Developer or the Venture may be transferred to other Persons, provided that the transfer shall not reduce any obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Developer or Venture and duly recorded in the public records of Sarasota County, Florida. Nothing in this Declaration shall be construed to require the Developer or any successor to develop any of the property set forth in Exhibit "B" to the Master Declaration in any manner whatsoever.

Notwithstanding any provisions contained in the Declaration to the contrary, it shall be expressly permissible for the Developer and Venture to maintain and carry on upon any portion of the Properties or Units owned by the Developer or Venture such facilities and activities as, in the sole opinion of the Developer or Venture, may be reasonably required, convenient, or incidental to the construction, sale or resale of Lots/Units, including, but not limited to, construction and use of business offices, signs, model units, and sales and resales offices, and the Developer and Venture shall have an easement for access to such facilities for its employees, agents, invitees and guests. The right to maintain and carry on such facilities and activities shall specifically include the right to place signs on the Common Property.

The Developer shall have the right to use and promote the Common Property, including the Club Facilities, in connection with its sale of Lots/Units in the Properties without compensation to any Neighborhood Association, except as otherwise provided below. Prior to the Turnover Date, the Developer shall have the right, without compensation to the Neighborhood Association, to hold promotional events at the Club Facilities for purposes of promoting Venetia and shall have the right to designate employees and other individuals who shall have the right to use Common Property, including the Club Facilities, without compensation to the Neighborhood Association. Prior to and after the Turnover Date, the Developer shall have the right to use the Common Property, including the Club Facilities for the purpose of entertaining new and resale purchasers of Lots/Units within Venetia. After the Turnover Date, the Developer shall reimburse the Master Association for its actual costs incurred in connection with the Developer's promotional use of the Club Facilities.

Developer and Venture reserve the right to grant, modify or enter into easements, dedications, agreements, licenses, restrictions, reservations, covenants and rights of way to modify the boundary lines and to plat or replat portions of the Properties for development of Venetia. The Master Association, any Neighborhood Association, each Owner, the Venture, and Merchant Builders agree to execute and deliver any and all agreements, documents, plats and instruments which are necessary or desirable to accomplish the same.

This Article may not be amended without the express written consent of the Developer and the Venture.

IN WITNESS WHEREOF, the undersigned Venture has executed this Declaration this 30th day of May, 2003.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

WITNESSES:

Pat Wagnerspack
Print Name PAT WAGUESPACK

Dena Giorgianni
Print Name Dena Giorgianni

VILLAS AT VENETIA JOINT VENTURE,
a Florida general partnership

By: Waterford Construction, Inc., a
General Partner

By Michael W. Miller
Michael W. Miller, as President of
Waterford Construction, Inc.

"Venture"

STATE OF FLORIDA
COUNTY OF SARASOTA

I HEREBY CERTIFY that the foregoing instrument was acknowledged before me this
30 day of May, 2003, by Michael W. Miller, as President of Waterford
Construction, Inc., a Partner in VILLAS AT VENETIA JOINT VENTURE, a Florida general
partnership, on behalf of the corporation and the partnership, who is personally known to me.

NOTARY PUBLIC

Sign Jo Ann Putman
Print _____

(SEAL)

My Commission Expires:



Jo Ann Putman
My Commission DD141168
Expires November 19, 2006

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EXHIBIT "A"

Lots 601 through 642, inclusive, and Tract 425, at VENETIA PHASE V, recorded in Plat Book 43, Pages 42 through 42G, inclusive, of the Public Records of Sarasota County, Florida.

**ARTICLES OF INCORPORATION
OF
VILLA PARADISO NEIGHBORHOOD ASSOCIATION, INC.**

The undersigned natural persons of legal age, all of whom are citizens of the State of Florida, for the purpose of forming a corporation under the Florida Not For Profit Corporation Act, hereby adopt the following Articles of Incorporation.

**ARTICLE ONE
NAME**

The name of the Corporation (called the Association) is **VILLA PARADISO NEIGHBORHOOD ASSOCIATION, INC.**

**ARTICLE TWO
PRINCIPAL OFFICE**

The address of the principal office of the Association is 333 South Tamiami Trail, Suite 101, Venice, Florida 34285. The mailing address of the Association is the same.

**ARTICLE THREE
PURPOSE**

(A) The specific primary purposes for which the Association is organized is to provide an entity pursuant to Chapter 617, F.S., for the maintenance and preservation of the residential lots and common areas within the Villa Paradiso Neighborhood of VENETIA, a sub-division located in Sarasota County, Florida, and to promote the health, safety, and welfare of the residents within the above-described Neighborhood and such additions thereto as may hereafter be brought within the jurisdiction of the Association for such purpose.

(B) The activities of the Association shall be financed by assessments on members as provided in the Declaration of Covenants, Conditions and Restrictions for Villa Paradiso Neighborhood applicable to the Neighborhood, to be recorded in the public records of Sarasota County, Florida, and the Master Declaration.

**ARTICLE FOUR
POWERS**

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(A) The Association shall have all of the common-law and statutory powers of a corporation not in conflict with the terms of these Articles of Incorporation or Chapters 617 and 720, F.S.

(B) The Association shall have all of the powers and duties set forth in Chapters 617 and 720, F.S., and all of the powers and duties reasonably necessary to maintain, manage and operate the Neighborhood property pursuant to these Articles, the Association's Bylaws, the Master Declaration, and the Declaration of Covenants, Conditions and Restrictions for Villa Paradiso Neighborhood (the "Declaration"), as they may be amended from time to time.

The Association is organized and shall be operated exclusively for the aforementioned purposes. The activities of the Association shall be financed by assessments on members as provided in the Declaration, and no part of any net earnings shall inure to the benefit of any member.

**ARTICLE FIVE
REGISTERED AGENT**

The street address of the initial registered office of the Association is 333 South Tamiami Trail, Suite 101, Venice, Florida 34285, and the name of its initial registered agent at such address is Michael W. Miller.

**ARTICLE SIX
MEMBERS**

Membership, and the voting rights of members, shall be as directed by the Declaration and the Association's Bylaws.

**ARTICLE SEVEN
DIRECTORS**

The number of directors constituting the initial board of directors of the Association is three (3), and the names and addresses of the persons who are to serve as the initial directors until their successors are elected and qualified are:

Name

Address

Michael W. Miller .

333 South Tamiami Trail, Suite 101, Venice, Florida 34285

N. Berry Taylor

401 Commercial Court, Venice, Florida 34292

Jayne E. Parrish

395 Commercial Court, Suite A, Venice, Florida 34292

Subsequent election of directors shall be as provided in the Association's Bylaws.

**ARTICLE EIGHT
DISTRIBUTION OF ASSETS ON DISSOLUTION**

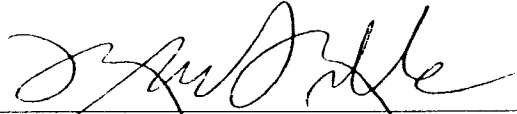
On dissolution, the assets of the Association shall be distributed to the Master Association.

**ARTICLE NINE
INCORPORATOR**

The name and street address of the incorporator are as follows:

Michael W. Miller
333 South Tamiami Trail, Suite 101
Venice, Florida 34285

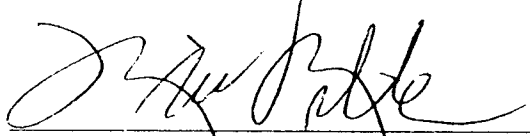
The undersigned has executed these Articles of Incorporation at Venice, Florida, this
30th day of MAY, 2003.



Michael W. Miller, Incorporator

ACCEPTANCE OF REGISTERED AGENT

The undersigned, who has been designated registered agent and to accept service of process for the above corporation, affirms that his name is Michael W. Miller, and the address for the registered office of the corporation is 333 South Tamiami Trail, Suite 101, Venice, Florida 34285. I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

A handwritten signature in black ink, appearing to read "Michael W. Miller", written over a horizontal line.

Michael W. Miller, as Registered Agent

**BYLAWS OF
VILLA PARADISO NEIGHBORHOOD
ASSOCIATION, INC.**

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**ARTICLE I
Identity**

Section 1. Name. The name of the corporation is Villa Paradiso Neighborhood Association, Inc. (the "Neighborhood Association").

Section 2. Principal Office. The initial principal office of the Neighborhood Association is at 333 South Tamiami Trail, Suite 101, Venice, Florida 34285.

Section 3. Adoption. These Bylaws have been adopted as the Bylaws of the Association.

Section 4. Definitions. Terms used in these Bylaws which are defined in the Declaration of Covenants, Conditions and Restrictions for Villa Paradiso Neighborhood (the "Declaration") shall have the same meaning in these Bylaws as in the Declaration.

**ARTICLE II
Powers and Duties of the Neighborhood Association**

The Neighborhood Association shall have all powers granted to it by Florida law, the Master Declaration, the Declaration, the Articles of Incorporation, and these Bylaws, all of which shall be exercised by its Board of Directors unless the exercise thereof is otherwise restricted in the Master Declaration, the Declaration, the Articles, these Bylaws or Florida law.

**ARTICLE III
Membership**

The Neighborhood Association shall have the following two (2) classes of membership: Class "A" Members and Class "B" Members, as described in the Declaration. Each Owner of a Lot other than the Venture shall be a Class "A" Member of the Neighborhood Association. Class "A" Members shall have the right to vote only on Neighborhood Association matters requiring a Membership vote pursuant to the Master Declaration, the Declaration, the Articles of Incorporation, these Bylaws, or Florida law. The Class "B" Membership shall exist prior to Turnover and shall be held by the Venture for Lots which it owns.

**ARTICLE IV
Meetings of the Members**

Section 1. Date and Place of Meetings. Meetings of the Members shall be held on the date and at the place designated by the Board of Directors.

Section 2. Annual Meeting of Members. An annual meeting of the Members shall be held each year in May, or such other time as the Board of Directors may set by resolution. Subject to Article V, at each annual meeting, the Members shall elect the Board of Directors of the Neighborhood Association and may conduct such other business as may be properly brought before the meeting.

Section 3. Special Meetings. The President of the Neighborhood Association may call special meetings of the Members. In addition, it shall be the duty of the President to call a special meeting of the Members if so directed by resolution of a majority of the Board of Directors or, if after the Turnover, upon a petition signed by at least ten percent (10%) of the voting interests. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member, not more than fifty (50) nor less than fourteen (14) days before the date of such meeting, by or at the direction of the President or the Secretary. In addition, such notice shall be posted in a conspicuous place within the Neighborhood on the date of its mailing to the Members.

Section 5. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of the voting interests representing thirty percent (30%) of the total votes in the Neighborhood Association shall constitute a quorum at all meetings of the Neighborhood Association.

Section 6. Adjournment of Meetings. If any meeting of Members cannot be held because a quorum is not present, a majority of the voting interests who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time or place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed in Section 4.

Section 7. Vote Required. When a quorum is present at any meeting, a majority of the voting interests represented (in person or by proxy) at such meeting shall decide any question brought before the meeting, unless the Master Declaration, the Declaration, the Articles of Incorporation, these Bylaws, or any applicable law provides otherwise.

Section 8. Proxies. Members may vote by proxy; provided the form of proxy is subject to the reasonable approval by the Board of Directors. In lieu of proxies, sealed ballots may be utilized for election of directors.

Section 9. Conduct of Meetings. The President shall preside over all meetings of the Neighborhood Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions which occurred at the meeting.

ARTICLE V

Election of Board of Directors

Section 1. Number of Directors. The governance and administration of the affairs of the Neighborhood Association shall be vested in a Board of Directors. The number of directors of the Neighborhood Association shall be not less than three (3) nor more than nine (9). The initial Board shall consist of the three (3) persons named in the Articles of Incorporation.

Section 2. Election or Appointment of Directors. Until the first annual meeting of Members after the conveyance of ninety percent (90%) of the Lots in the Neighborhood to Owners (other than Merchant Builders), or at such earlier date as determined in the sole discretion of the Venture (the "Turnover Date"), the Venture shall have the right to appoint all of the members of the Board of Directors. At the first annual meeting of Members to occur after the Turnover Date, the Board shall be established at an odd number equal to the number of directors to be elected by the Members, which number shall be no more than nine (9). The Venture shall call a meeting within sixty (60) days of the Turnover at which the following shall occur: (a) the existing directors shall resign; (b) the Members shall elect the directors as described in Section 4; and (c) the Class "B" Membership shall terminate and be converted to a Class "A" Membership. The Venture may, in its sole and absolute discretion, permit the Members to elect a portion of the directors earlier than the Turnover Date.

Directors elected by the Members at the Turnover meeting and each annual meeting thereafter shall serve for annual terms and shall be elected by the Members at large.

In addition to any directors elected by the Members, the Venture shall have the right to appoint one (1) director until such time as ninety-five percent (95%) of the Lots in the Neighborhood are conveyed to persons other than Merchant Builders.

Section 3. Qualifications for Election. Except with respect to directors appointed by the Ventures, all directors shall be Members or the spouse of a Member.

Section 4. Directors Election. Prior to the Turnover, the Venture shall appoint all directors. After Turnover all of the directors shall be elected by the Class "A" Members, except for the director appointed by the Venture.

Section 5. Nomination of Directors. Immediately prior to the Turnover meeting and prior to each annual meeting thereafter, the Members may nominate Members for election by filing a petition signed by a minimum of ten (10) Owners in good standing.

The names of any nominees, after having been certified by the Secretary or any other officer, that they are qualified for election and have been nominated in accordance with the provisions of these Bylaws, shall be included in any proxy mailing to the Members. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Nominations may also be made from the floor at the annual meeting of Members.

Section 6. Removal of Directors and Vacancies. Any director appointed by the Venture may be removed, with or without cause, only by the Venture. Any director elected by the Members may be removed, with or without cause, by the majority vote of the voting interests who were entitled to elect such director. Upon removal of a director, a successor shall be elected by the party entitled to elect or appoint the director so removed to fill the vacancy for the remainder of the term of such director.

Any director who has three (3) consecutive unexcused absences from Board meetings, as determined by the Board, or any elected director who is delinquent in the payment of any Assessment or other charges due the Master Association or the Neighborhood Association for more than thirty (30) days, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the remaining directors. In the event of the death, disability, or resignation of a director elected by the Members, the members of the Board may elect a successor to fill the vacancy for the remainder of the term of such director. The Venture shall replace its appointed directors upon death, disability, removal or resignation.

Section 7. Compensation. No director shall receive a salary or any other compensation whatsoever from the Neighborhood Association for acting as such, but shall be entitled to be reimbursed for expenses reasonably incurred on behalf of the Neighborhood Association.

Section 8. Fiduciary Duty. The directors shall act in good faith in a manner they reasonably believe to be in the best interests of the development of the Neighborhood and the purpose of the Neighborhood Association.

ARTICLE VI

Meetings of the Board of Directors

Section 1. Organizational Meeting. The organizational meeting of the Board of Directors shall be held within ten (10) days after the first annual meeting of the Members following Turnover at such time and place as shall be fixed by the Board of Directors.

Section 2. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but commencing with the Turnover, at least four (4) regular meetings shall be held during each fiscal year, with at least one (1) per quarter; provided, however, that the annual meeting shall constitute

a regular meeting. Notice of the time and place of any meeting shall be posted in a conspicuous place within the Neighborhood at least forty-eight (48) hours prior to the time of the meeting, unless the meeting is an emergency special meeting. In the alternative, notice of the meeting may be mailed or delivered to all Members at least seven (7) days in advance of the meeting. At such time as the Neighborhood Association has 100 or more members, notice of meetings of the Board of Directors may be published, or in the alternative, the Board may provide Members with a pre-arranged schedule of meetings of the Board.

Section 3. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by any three (3) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The giving of notice of any special meeting shall comply with the notice provisions set forth in Section 2 of this Article VI.

Section 4. Meetings Concerning Assessments. An Assessment may not be levied at a Board meeting unless the notice of the meeting includes a statement that Assessments will be considered and the nature of the Assessments.

Section 5. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted provided that notice of such reconvened meeting shall comply with the notice provisions set forth in Section 2 of this Article VI.

Section 6. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book containing written records of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings as well as a notation as to any Director who abstained from voting or voted contrary to the prevailing opinion. No votes at any Board of Directors meeting may be by proxy or secret ballot, except that secret ballots may be utilized in the election of officers.

Section 7. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director and granted by the President. In such case, the President may limit the time any Member may speak.

Section 8. Telephone Meetings. Any regular or special meeting of the Board of Directors may be held by telephone conference, at which each participating director and any member in attendance can hear and be heard by all other participating directors.

ARTICLE VII

Officers

Section 1. Officers. The officers of the Neighborhood Association shall be a President and Vice President and a Secretary and Treasurer to be elected from among the members of the Board. The Board of Directors may appoint such other officers, including one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary, or President and Treasurer.

Section 2. Election, Term of Office and Vacancies. The officers of the Neighborhood Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors during a fiscal year. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by a majority vote of the Board of Directors in the sole discretion of the Board and the removal of a director who also is an officer shall automatically act as a removal from such director's position as an officer.

Section 4. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at a later time specified in the notice and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

ARTICLE VIII

Duties of Officers

The officers of the Neighborhood Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as are from time to time specifically conferred or imposed by the Board of Directors.

Section 1. President. The President shall be the chief executive officer of the Neighborhood Association and shall:

- (a) Act as presiding officer at all meetings of the Members and the Board of Directors.
- (b) Call special meetings of the Members and the Board of Directors.
- (c) Sign, with the Secretary or Treasurer, if the Board of Directors so requires, all checks, contracts, promissory notes, leases, subleases and other

instruments on behalf of the Neighborhood Association, except those which the Board of Directors specifies may be signed by other persons.

- (d) Perform all acts and duties usually required of a chief executive to ensure that all orders and resolutions of the Board of Directors are carried out.
- (e) Act as an ex-officio member of all committees and render an annual report at the annual meeting of Members.

Section 2. Vice President. The Vice President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. The Vice President also shall assist the President generally, and exercise other powers and perform other duties as shall be prescribed by the directors.

Section 3. Secretary. The Secretary shall have the following duties and responsibilities:

- (a) Attend all regular and special meetings of the Members and the Board of Directors and keep all records and minutes of proceedings thereof or cause the same to be done.
- (b) Have custody of the corporate seal, if any, and affix the same when necessary or required.
- (c) Attend to all correspondence on behalf of the Board of Directors, prepare and serve notice of meetings and keep membership books.
- (d) Have custody of the minute book of the meetings of the Board of Directors and Members and act as agent for the transfer of the corporate books.

Section 4. Treasurer. The Treasurer shall:

- (a) Receive monies as shall be paid into the Treasurer's hands for the account of the Neighborhood Association and disburse funds as may be ordered by the Board of Directors, taking proper vouchers for disbursements and be custodian of all contracts, leases, and other important documents of the Neighborhood Association which shall be kept or caused to be kept safely deposited.
- (b) Supervise the keeping of accounts of all financial transactions of the Neighborhood Association in books belonging to the Neighborhood Association, and deliver the books to the Treasurer's successor; prepare and distribute to all of the members of the Board of Directors prior to each annual meeting, and whenever else required, a summary of the financial transactions and condition of the Neighborhood Association from the

preceding year; make a full and accurate report on matters and business pertaining to the office of Treasurer to the Members at the annual meeting and make all reports required by law.

- (c) The Treasurer may have the assistance of an accountant or auditor, who shall be employed by the Neighborhood Association. In the event the Neighborhood Association enters into a management agreement, it shall be proper to delegate any or all of the Treasurer's functions to the management agent as is deemed appropriate by the Board of Directors.

ARTICLE IX

Committees

Section 1. Standing Committees. Each year after the Turnover, the President, subject to the approval of the Board of Directors, shall designate the chairman and members of each of the following committees:

- (a) Grounds Committee. The Grounds Committee shall advise the Board of Directors on matters concerning maintenance of the Common Property. No live trees shall be moved from the Common Property nor shall any alteration or improvement be made to the Common Property except with the approval of the Board of Directors.
- (b) Newsletter Committee. The Newsletter Committee shall supervise and control the preparation of a periodic newsletter for distribution to all Members.
- (c) Legal and Bylaws Committee. The Legal and Bylaws Committee shall be charged with the publication and interpretation of the Rules and Regulations, Bylaws, and Declaration, and generally with all matters of a legal nature pertaining to the Neighborhood Association.

Section 2. Ad Hoc Committees. The President, subject to the approval of the Board of Directors, may from time to time appoint such ad hoc committees, with such powers and composition as the President, with the approval of the Board of Directors shall determine.

Section 3. Powers of Committees. The several committees shall act only as committees, and the individual members thereof shall have no power or authority to act on behalf of the Board of Directors or the Neighborhood Association. All committees shall be advisory only, and shall report to and be under the supervision of the Board of Directors. Committee members may be removed, with or without cause, upon majority vote of the Board of Directors.

Section 4. Committee Meetings. All meetings of any committee of the Neighborhood Association shall be open to all Members. Notice of the time and place of any committee meeting shall be posted in a conspicuous place within the Neighborhood at least forty-eight (48)

hours prior to the time of the meeting. In the alternative, notice of the meeting may be mailed or delivered to all Members at least seven (7) days in advance of the meeting. At such time as the Association has one hundred (100) or more Members, notice of committee meetings may be published or in the alternative each committee may provide Members with a pre-arranged schedule of meetings.

ARTICLE X

The Neighborhood Committee

Section 1. The Neighborhood Committee. The Neighborhood Committee shall be comprised of the Board of Directors. The Neighborhood Committee shall advise the Board of Directors of the Master Association on matters affecting the Neighborhood. The Neighborhood Committee shall be advisory only and shall have no power to act on behalf of the Master Association, the Members of the Master Association, or the Owners of the Units within the Neighborhood.

Section 2. Neighborhood Budget. Each year, the Neighborhood Committee shall, a minimum of ninety (90) days prior to the beginning of the Master Association's fiscal year, submit a budget for Neighborhood Expenses to the Board of Directors of the Master Association detailing Neighborhood Expenses.

ARTICLE XI

Discipline

Section 1. Enforcement. The Board of Directors shall have the power to impose reasonable fines, not to exceed Fifty Dollars (\$50.00) per violation, which shall constitute an automatic and continuing lien upon the Lot of the violating Owner, to preclude contractors, subcontractors, agents and other invitees of an Owner or occupant from the Neighborhood for violation of any duty imposed under the Declaration, these Bylaws or the Rules and Regulations; provided, however, nothing herein shall authorize the Neighborhood Association or the Board of Directors to limit an Owner's or occupant's ingress and egress to or from the Owner's Lot. In the event that any occupant of a Lot violates the Declaration, these Bylaws, or the Rules and Regulations, and a fine is imposed, the fine shall first be assessed against the occupant residing therein; provided, however, if the fine is not paid by the occupant within the time period set by the Board of Directors, the Owner shall pay the fine upon notice from the Neighborhood Association. Fines are considered User Assessments. The failure of the Board of Directors to enforce any provision of the Declaration or Bylaws shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

Section 2. Notice. Prior to imposition of any sanction hereunder, the Board of Directors or its delegate shall serve the accused with written notice describing (a) the nature of the alleged violation, (b) the proposed sanction to be imposed, (c) a period of not less than fourteen (14) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (d) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge has been requested within ten (10) days of the notice.

Section 3. Hearing. If a hearing is requested within the allotted fourteen (14) day period, the hearing shall be held before a committee comprised of at least three (3) members appointed by the Board of Directors who are not officers, directors or employees of the Neighborhood Association, or the spouse, parent, child, brother or sister or an officer, director or employee. If the committee, by majority vote, does not approve a proposed fine or suspension, it may not be imposed. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the accused appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 4. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association may elect to enforce any provisions of the Declaration, these Bylaws, or the Rules and Regulations by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the violator shall pay all costs, including reasonable attorneys' and paralegals' fees actually incurred by the Neighborhood Association.

ARTICLE XII

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Neighborhood Association shall commence upon the first (1st) day of January and conclude on the thirty-first (31st) day of December.

Section 2. Depositories. The funds of the Neighborhood Association shall be deposited in such accounts as may be selected by the Board of Directors, including without limitation checking and savings accounts in one (1) or more banks and/or savings and loan associations, Certificates of Deposit, U.S. Treasury Bills, and money market accounts with an investment firm or firms, all in accordance with resolutions approved by the Board of Directors. The funds shall be used only for lawful purposes of the Neighborhood Association.

Section 3. Expenses. The receipts and expenditures of the Neighborhood Association may be credited and charged to accounts as the Board of Directors may determine, in accordance with good accounting practices as set forth in Section 7 below.

Section 4. Reserve Accounts. The Neighborhood Association may, but shall not be required to, establish and maintain an adequate reserve account for the periodic maintenance, repair and replacement of the Common Property, including the Exclusive Common Area.

Section 5. Budget. The Board of Directors shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the expenses of the Neighborhood

Association for the fiscal year and to provide and maintain funds for the accounts established by the Board of Directors, in accordance with good accounting practices as set forth in Section 7 below. The Neighborhood Association shall provide each Member with a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the Member. The copy of the annual budget or notice regarding availability must be provided within fifteen (15) days prior to the beginning of the fiscal year.

Section 6. Fidelity Bonds. The Neighborhood Association shall, if available at a reasonable cost, purchase blanket fidelity bonds for all directors, officers and employees of the Neighborhood Association and for any management agent who controls or disburses funds of the Neighborhood Association and any contractor handling or responsible for Neighborhood Association funds. The following provisions shall govern the Neighborhood Association's purchase of the bonds.

- (a) Each fidelity bond purchased by the Neighborhood Association shall name the Neighborhood Association as an obligee of the bond.
- (b) The premiums for bonds shall be paid by the Neighborhood Association.
- (c) The fidelity bonds shall cover the maximum funds that will be in the custody of directors, officers or employees of the Neighborhood Association, or a management agent, at any time while the bonds are in force.
- (d) Each bond shall include a provision requiring ten (10) days' written notice to the Neighborhood Association before the bond can be canceled or substantially modified for any reason.

Section 7. Accounts and Reports. The following management standards of performance will be followed unless the Board of Directors by resolution specifically determines otherwise:

- (a) accrual accounting (exclusive of depreciation and amortization), as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Neighborhood Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by a manager from vendors, independent contractors, or others providing goods or services to the Neighborhood Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise;

- (e) any financial or other interest which a manager may have in any firm providing goods or services to the Neighborhood Association shall be disclosed promptly to the Board of Directors;
- (f) commencing at the end of the month in which the first Lot is sold, financial reports shall be prepared for the Neighborhood Association at least annually containing:
 - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis (excluding depreciation and amortization);
 - (ii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (iii) a balance sheet as of the last day of the preceding period; and
 - (iv) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent (an Assessment shall be considered delinquent fifteen (15) days after the date due unless otherwise determined by the Board of Directors).
- (g) an annual report consisting of at least the following shall be distributed to all Members within sixty (60) days after the close of the fiscal year; (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year;
- (h) accounting records of the Neighborhood Association shall be maintained for at least seven (7) years after the date of the records.

Section 8. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Neighborhood Association shall be executed by the President and Secretary or by such other members of the Board of Directors or officers of the Neighborhood Association as may be designated by resolution of the Board of Directors.

Section 9. Books and Records.

- (a) Inspection by Owners and Mortgagees. The Declaration, Articles of Incorporation, Bylaws, Rules and Regulations, Supplements, Amendments to the Declaration, minutes of meetings of the Members, the Board of Directors, and committees; current insurance policies, Neighborhood Association contracts, and copies of plans, permits, warranties, and other

items provided by the Developer, shall be made available for inspection and copying by any Mortgagee, Owner, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as an Owner, at the office of the Neighborhood Association. Such records shall include a record of receipts and expenditures and accounts for each Owner, which accounts shall designate the names and addresses of the Owners, the due dates and amount of each Assessment, the amounts paid upon the account and the balance due. Accounts of Owners shall only be available for inspection by the Board of Directors, the officers and the Owner or such Owner's Mortgagee, unless otherwise required by law. Minutes of grievance hearings will not be released to any Person other than the Person subject to the disciplinary action. Books and records of the Neighborhood Association may be kept at the Neighborhood Association office at the Properties or off-site at the office designated by the Developer. Books and records of the Neighborhood Association shall be maintained for a period of at least seven (7) years after the date of the books and records.

- (b) Rules for Inspection. The Neighborhood Association shall make the foregoing records available for inspection and/or copying within ten (10) business days after written request for inspection. The Board of Directors may establish reasonable rules with respect to:
 - (i) notice to be given to the custodian of the records;
 - (ii) hours and days of the week when an inspection may be made; and
 - (iii) payment of the cost of reproducing copies of documents requested.
- (c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Neighborhood Association and the physical properties owned or controlled by the Neighborhood Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Neighborhood Association.

Section 10. Insurance. The Neighborhood Association shall procure, maintain and keep in full force and effect insurance as may be required by the Declaration to protect the interests of the Neighborhood Association and the Owners.

Record 1/20
Doc Stamp 70

This Instrument Prepared By:
Margaret S. Frook, Esquire
BOONE, BOONE, BOONE, KODA & FROOK, P.A.
P O Box 1596
Venice, Florida 34284

RECORDED IN OFFICIAL RECORDS
INSTRUMENT # 2006092453 1 PG
2006 MAY 17 03:39 PM
KAREN E. RUSHING
CLERK OF THE CIRCUIT COURT
SARASOTA COUNTY, FLORIDA
KONESS Receipt #786872

Doc Stamp-Deed: 0.70

QUIT CLAIM DEED

RECORDED IN OFFICIAL RECORDS
2006092453

THIS QUIT CLAIM DEED is made this 1st day of May, 2006, by and between VILLAS AT VENETIA JOINT VENTURE, a Florida general partnership, of the County of Sarasota, State of Florida, **Grantor**, and VILLA PARADISO NEIGHBORHOOD ASSOCIATION, INC., a Florida corporation, as to an undivided 21% percent interest, and CASA DI AMICI CONDOMINIUM ASSOCIATION, INC., a Florida corporation, as to an undivided 79% percent interest, whose address is c/o Lighthouse Management, 16 Church Street, Osprey, Florida 34229, of the County of Sarasota, State of Florida, **Grantee**.

WITNESSETH, That **Grantor**, in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt whereof is hereby acknowledged, hereby remises, releases and quitclaims unto the **Grantee**, Grantee's heirs, legal representatives and assigns, all the right, title, interest, claim and demand which the **Grantor** has in and to the following described real property in Sarasota County, Florida:

Tract 425, VENETIA, PHASE V, according to the plat thereof recorded in Plat Book 43, Page 42, of the public records of Sarasota County, Florida.

Subject to restrictions, reservations and easements of record, if any, and taxes for the year 2006 and thereafter

To Have and to Hold the same together with all and singular the appurtenances thereunto belonging or in anywise appertaining, and all the estate, right, title, lien, equity and claim whatsoever of Grantor, either in law or equity, for the use, benefit and profit of the said Grantee forever.

IN WITNESS WHEREOF, the Grantor has hereunto set its hand and seal the day and year first above written.

Signed, sealed and delivered
in our presence.

Sign Tammy O. Lindemuth
Print Tammy O. Lindemuth

Sign Laureen Medvar
Print Laureen Medvar

VILLAS AT VENETIA JOINT VENTURE,
a Florida general partnership
By: Waterford Construction, Inc., a
Florida corporation, as joint venturer
By Michael W. Miller
Michael W. Miller,
as President

STATE OF FLORIDA
COUNTY OF SARASOTA

I HEREBY CERTIFY that the foregoing instrument was acknowledged before me this 1 day of May, 2006, by Michael W. Miller, as President of Waterford Construction, Inc., a Florida corporation, which corporation is a joint venturer in VILLAS AT VENETIA JOINT VENTURE, a Florida general partnership, on behalf of the corporation and the joint venture. He is personally known to me or produced power as identification.

NOTARY PUBLIC

Sign Tammy O. Lindemuth
Stamp/Seal

Tammy O. Lindemuth
Commission #00146195
Expires Aug 29, 2006
Notary Public
Atlantic Bonding Co., Inc.

ARTICLE XIII
Miscellaneous

Section 1. Parliamentary Rules. *Robert's Rules of Order* (then current edition) shall govern the conduct of Neighborhood Association proceedings when not in conflict with Florida law, the Articles of Incorporation, the Master Declaration, the Declaration, or these Bylaws.

Section 2. Construction. If there are conflicts between the provisions of Florida law, the Articles of Incorporation, the Master Declaration, the Declaration, and/or these Bylaws, the provisions of Florida law, the Master Declaration, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 3. Validity. If any Bylaw or Rule or Regulation is adjudicated to be invalid, such fact shall not affect the validity of any other Bylaw or Rule or Regulation.

Section 4. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

- (a) if to an Owner or Member, at the address which the Owner or Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of the Owner or Member; or
- (b) if to the Neighborhood Association, the Board of Directors, or the Manager, at the principal office of the Neighborhood Association or the Manager, if any, or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

Section 5. Amendments. Until Turnover, the Venture may amend these Bylaws in its sole and absolute discretion. Prior to Turnover, the Class "A" Members shall have no right to amend these Bylaws. After Turnover, amendments to these Bylaws shall require the affirmative vote of a majority of the Board of Directors. However, the percentage of votes necessary to amend a specific clause shall be not less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment may remove, revoke, or modify any right or privilege of the Venture without the written consent of the Venture or the assignee of such right or privilege. Amendments to the Bylaws shall be recorded in the Public Records of Sarasota County, Florida.

Section 6. Rules and Regulations. The Neighborhood Association, through the Board of Directors, may adopt Rules and Regulations consistent with the rights and duties established by the Master Declaration and the Declaration. The Rules and Regulations as amended, duly adopted by the Board of Directors, shall by reference be incorporated herein.

A RESOLUTION FOR THE BOARD OF DIRECTORS FOR VILLA PARADISO NEIGHBORHOOD ASSOCIATION, INC., ESTABLISHING AN INSURANCE CERTIFICATE RULE.

WHEREAS, Article VI, Section 2, of the Declaration of Covenants, Conditions and Restrictions of Villa Paradiso Neighborhood Association, Inc. require that each unit owner insure their property, in accordance with said Article; and

WHEREAS, the Board of Directors are responsible for the enforcement of the provisions of the Declaration.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of VILLA PARADISO NEIGHBORHOOD ASSOCIATION, INC. as follows:

1. Each owner, is required to supply the Association proof of insurance by way of a Certificate of Insurance and said Certificate is to be supplied on the renewal of the policy each year.
2. Within twenty (20) days of the Board's mailing the notice of the adoption of this Resolution, each owner shall provide Lighthouse Property Management, Inc. at 16 Church St. Osprey, Florida 34229, a copy of a current Certificate of Insurance for their Unit.
3. Within ten (10) days of the renewal of the insurance policy each year a copy of the then current Certificate Insurance shall be provided to Lighthouse Property Management at 16 Church St. Osprey, Florida 34229.
4. Any owner failing to provide the Association with a copy of the Certificate of Insurance as required in this Resolution will be subject to a fine as set forth in the Declaration of Covenants, Articles of Incorporation or Bylaws, until the Certificate of Insurance is received by the Association.

ADOPTED by the Board of Directors this 14 day of Sept. 2011

VILLA PARADISO
NEIGHBORHOOD ASSOCIATION, INC

By: *Lorena Schep*
Secretary of the Association