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COVER LETTER

TO: Amendment Section
Division of Corporations

NAME OF CORPORATION: LAKEWOOD VILLAS VII HOMEOWNERS ASSOCIATION, INC.

DOCUMENT NUMBER: 750214

The enclosed *Articles of Amendment* and fee are submitted for filing.

Please return all correspondence concerning this matter to the following.

LEE-ANNE BOSCH

(Name of Contact Person)

GOEDE, ADAMCZYK, DEBOEST & CROSS, PLLC

(Firm/ Company)

6609 WILLOW PARK DRIVE, SECOND FLOOR

(Address)

NAPLES, FL 34120

(City/ State and Zip Code)

LBOSCH@GADCLAW.COM

E-mail address: (to be used for future annual report notification)

For further information concerning this matter, please call:

LEE-ANNE BOSCH

239

331-5100

at

(Name of Contact Person)

(Area Code)

(Daytime Telephone Number)

Enclosed is a check for the following amount made payable to the Florida Department of State:

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| <input checked="" type="checkbox"/> \$35 Filing Fee | <input type="checkbox"/> \$43.75 Filing Fee &
Certificate of Status | <input type="checkbox"/> \$43.75 Filing Fee &
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Mailing Address

Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

Street Address

Amendment Section
Division of Corporations
The Centre of Tallahassee
2415 N. Monroe Street, Suite 810
Tallahassee, FL 32303



621A00013096

JUN 25 PM 3:47

FLORIDA DEPARTMENT OF STATE
Division of Corporations

June 13, 2021

LEE-ANNE BOSCH
GOEDE, ADAMCZYK ET AL
6609 WILLOW PARK DRIVE - SECOND FLOOR
NAPLES, FL 34120

SUBJECT: LAKEWOOD VILLAS VII HOMEOWNERS ASSOCIATION, INC.
Ref. Number: 750214

We have received your document for LAKEWOOD VILLAS VII HOMEOWNERS ASSOCIATION, INC. and your check(s) totaling \$35.00. However, the enclosed document has not been filed and is being returned for the following correction(s):

Please file the document as either Articles of Amendment or Restated Articles of Incorporation pursuant to applicable Florida Statutes.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 245-6050.

Irene Albritton
Regulatory Specialist II

Letter Number: 621A00013096

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CLERK OF THE CIRCUIT COURT
COLLIER COUNTY FLORIDA

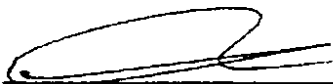
Prepared by and return to:
Lee-Anne Bosch, Esq.
Goede, Adamczyk, DeBoest & Cross, PLLC
6609 Willow Park Drive, Second Floor
Naples, Florida 34109
(239) 331-5100

**CERTIFICATE OF AMENDMENT
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR LAKEWOOD VILLAS VII
AND
ARTICLES OF INCORPORATION
OF LAKEWOOD VILLAS VII HOMEOWNERS ASSOCIATION, INC.
AND
BYLAWS OF LAKEWOOD VILLAS VII HOMEOWNERS ASSOCIATION, INC.**

I HEREBY CERTIFY that the following amendments to the Declaration of Covenants, Conditions and Restrictions for Lakewood Villas VII, the Articles of Incorporation of Lakewood Villas VII Homeowners Association, Inc., and the Bylaws of Lakewood Villas VII Homeowners Association, Inc., were duly adopted by the Association membership at the duly noticed meeting called for that purpose and held on the 22nd day of October 2020. Said amendments were approved by a proper percentage of voting interests of the Association.

The original Declaration of Covenants, Conditions and Restrictions for Lakewood Villas VII and the original Articles of Incorporation and Bylaws of Lakewood Villas VII Homeowners Association, Inc., were recorded at Official Records Book 845, Page 1730 of the Public Records of Collier County, Florida.

WITNESSES



Signature of First Witness

Lee Anne Bosch

Printed Name of First Witness



Signature of Second Witness

Norma C Melachuk

Printed Name of Second Witness

**LAKEWOOD VILLAS VII
HOMEOWNERS ASSOCIATION, INC.,**
A Florida not for profit corporation



By: Vernon Bennett

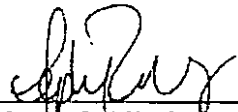
Title: President

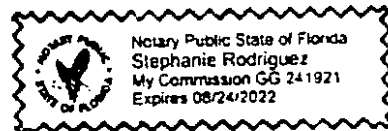
STATE OF FLORIDA
COUNTY OF COLLIER

The foregoing instrument was acknowledged [or if an affidavit "sworn to and subscribed"]
before me, by means of ☒ physical presence or ☐ online notarization, this 22nd day of October,
2020, by Vernon Bennett, who ☒ is personally known to me, or [] has produced
_____ as identification.

WITNESS my hand and official seal in the County and State last aforesaid this 22nd day of
October, 2020.

(NOTARY STAMP/SEAL)

 (SEAL)
Notary Public for the State of Florida
Print Name: Stephanie Rodriguez
My Commission Expires: 8/24/2022



The date of each amendment(s) adoption: 10-22-2020 if other than the date this document was signed

Effective date if applicable: _____
(no more than 90 days after amendment file date)

Note: If the date inserted in this block does not meet the applicable statutory filing requirements, this date will not be listed as the document's effective date on the Department of State's records

Adoption of Amendment(s) (CHECK ONE)

☒ The amendment(s) was/were adopted by the members and the number of votes cast for the amendment(s) was/were sufficient for approval.

☐ There are no members or members entitled to vote on the amendment(s). The amendment(s) was/were adopted by the board of directors.

Dated 3-25-2021

Signature 

(By the chairman or vice chairman of the board, president or other officer-if directors have not been selected, by an incorporator - if in the hands of a receiver, trustee, or other court appointed fiduciary by that fiduciary)

VERNON BENNETT

(Typed or printed name of person signing)

PRESIDENT

(Title of person signing)

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JULIA A. HARRIS

AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
LAKEWOOD VILLAS VII

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NOTE: SUBSTANTIAL REWORDING OF ENTIRE DECLARATION. FOR ORIGINAL TEXT SEE ORIGINAL DECLARATION AND AMENDMENTS THERETO.

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
LAKEWOOD VILLAS VII**

KNOW ALL PERSONS BY THESE PRESENTS that on December 7, 1979, the original Declaration of Covenants, Conditions and Restrictions was recorded in Official Record Book 845, at Page 1730, *et seq.*, of the Public Records of Collier County, Florida. That Declaration, as it has previously been amended, is hereby further amended and is restated in its entirety.

The land subject to this Declaration (hereinafter the "Property") is legally described in Exhibit "A" hereto. No additional land is being added by this instrument and no land is being removed by this instrument. The covenants, conditions, and restrictions contained in this Declaration shall run with the land and be binding upon and inure to the benefit of all present and future Owners. The acquisition of title to a Lot or any other ownership interest in the Property, or the lease, occupancy, or use of any portion of a Lot or the Property, constitutes an acceptance and ratification of all provisions of this Declaration, as amended from time to time, and an agreement to be bound by its terms.

1. **DEFINITIONS.** The following words and terms used in this Declaration or any of the Governing Documents (unless the context shall clearly indicate otherwise) shall have the following meanings:

1.1 "Articles" and "Bylaws" as used herein, means the Amended and Restated Articles of Incorporation and Bylaws of Lakewood Villas VII Homeowners Association, Inc., as amended from time to time. A copy of the Amended and Restated Articles and Bylaws are attached hereto as Exhibits "B" and "C", respectively.

1.2 "Assessments" means a share of the funds required for the payment of Common Expenses and individual expenses which from time to time are assessed by the Association against an Owner, including individual assessments, special assessments, and any other assessments and monetary fines and charges which are or may be levied by the Association in accordance with the Governing Documents.

1.3 "Association" means Lakewood Villas VII Homeowners Association, Inc., a Florida not for profit corporation.

1.4 "Board" means the Board of Directors of the Association.

1.5 "Common Areas" means and shall refer to all real property located within the Property, except the individual Lots. The Common Areas have been deeded to the Association for the common use and enjoyment of the Owners, subject to the terms and conditions of this Amended and Restated Declaration.

1.6 "Common Expenses" means the expenses incurred by the Association in the course of performing its duties under the Governing Documents and the law. Common Expenses of the Association include the costs of operating the Association, the costs of administration, maintenance, operation, repair, and replacement of the Common Areas, other expenses declared by the Governing Documents to be

Common Expenses, and any other valid expenses or debts of the Property as a whole which are assessed against the Lot Owners.

1.7 "Common Surplus" means the excess of all receipts of the Association, including, but not limited to, assessments, rents, profits, and revenues over the Common Expenses.

1.8 "Community Association" shall mean and refer to Lakewood Community Services Association, Inc., a Florida corporation not for profit, having responsibility for the operation of the Lakewood Project.

1.9 "Community", "Lakewood Villas VII", or "Property" shall mean and refer to all land and all improvements thereto as may be, from time to time, subject to this Declaration.

1.10 "Declaration" means this Declaration, as it may be amended from time to time.

1.11 "Family" or "Single Family" shall refer to any one of the following:

(A) One natural person.

(B) Two or more natural persons who commonly reside together as a single housekeeping and economic unit.

1.12 "Governing Documents" means and includes the Master Covenants, this Declaration, the Articles, the Bylaws, the Architectural Guidelines, and the rules and regulations, and all recorded exhibits thereto, as they all may be amended from time to time.

1.13 "Guest" means any person who is not the Owner or a lessee of a Lot or a member of the Owner's or lessee's family, who is physically present in, or occupies a Villa on a temporary basis at the invitation of the Owner or other legally permitted occupant, without the payment of consideration. Unless otherwise determined by the Board of Directors of the Association, a person occupying a Villa for more than one (1) month shall not be deemed a guest but shall rather be deemed a tenant for purposes of this Declaration, regardless of whether a lease exists or consideration is paid, and shall be subject to the provisions of this Declaration applying to tenants.

1.14 "Improvement" means all structures or artificially created conditions and appurtenances thereto of every type and kind, including, but not limited to, buildings, walkways, recreation areas and facilities, parking areas, berms, fountains, sprinkler systems, gatehouses, streets, drives, roads, driveways, stairs, landscaping, trees, hedges, plantings, poles, swings, gym sets and play structures, swimming pools, covered patios, screen enclosures, paths, mailboxes, and signs.

1.15 "Lease" means the grant by an Owner of a temporary right of use of the Owner's Villa and Lot with or without valuable consideration. The term "lease" and all its derivations as used herein applies to any type of occupancy for which the occupant has paid consideration to the Owner, including, but not limited to, occupancy pursuant to a license.

1.16 "Lot" means the lots of land located within the real property according to the Plat and Exhibit "A" to the original Declaration of Covenants, Conditions and Restrictions. That description is hereby incorporated by reference. The Lakewood Villas VII subdivision employs the "zero lot" concept that is characteristic of cluster homes subdivision design; that is, the individual Lot owner's exterior foundation perimeter will, in most cases, be congruent and coextensive with the Lot perimeter (subject to

the rights of unintentional and non-negligent encroachments provided elsewhere in this Declaration). Thus, each Lot Owner in the Community holds fee simple title to his Lot and the improvement thereon and this ownership interest extends to, but not beyond, the exterior surfaces of said improvements. No Lot shall include the Common Areas. No Lot may be subdivided or joined together without the consent of the Association.

1.17 "Master Covenants" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for the Lakewood Project, originally recorded in Official Records Book 581, Page 692 of the Public Records of Collier County, Florida, as amended. Unless the context prohibits, "Master Covenants" shall also refer to the Articles of Incorporation, Bylaws, and Rules and Regulations of the Community Association, all as now or hereafter are further amended, modified, or supplemented.

1.18 "Members" means and refers to those persons who are entitled to membership in the Association as provided herein and in the Articles and Bylaws.

1.19 "Occupy" when used in connection with a Villa, means the act of staying overnight in a Villa. "Occupant" is a person who occupies a Villa.

1.20 "Owner" or "Lot Owner" means the record owner of legal title to a Lot.

1.21 "Plat" means that certain plat of Lakewood Villas VII as recorded in the Public Records of Collier County, Florida and shall include any amendment or replat of all or any portion thereof.

1.22 "Primary Occupant" means the natural person approved for occupancy of a Villa when title to the Lot is held in the name of two or more persons who are not a married couple, or by a trustee or a corporation or other entity which is not a natural person. When used in reference to a Lot owned in one of the forms listed above, the term "Primary Occupant" shall be synonymous with the term "Owner".

1.23 "Rules and Regulations" means the administrative rules and regulations governing the use of the Common Areas, the Lots, and the Units and all facilities at any time situated thereon.

1.24 "Structure" means that which is built or constructed, or any piece of work artificially built up or composed of parts joined together in some definite manner, the use of which requires a more or less permanent location on the ground. The term shall be construed as if followed by the words "or part thereof". The term includes, without limitation, swimming pools, fences, flagpoles, antennas, playground equipment, and storage sheds.

1.25 "Unit" or "Villa" means any or all of the forty-four (44) residences constructed on the Lots for use and occupancy as Single-Family residences. Whenever either term is used, it shall be interpreted as though it were followed by the words "and the Lot on which it is constructed", unless the context clearly requires another meaning.

1.26 "Villas VII Governing Documents" means this Declaration, all recorded exhibits hereto, and all Rules and Regulations, as they all may be amended from time to time.

1.27 "Voting Interests" means the voting rights distributed to the Association Members pursuant to the Bylaws. There are forty-four (44) Lots, so the total number of voting interests in the Association is forty-four (44).

2. ASSOCIATION.

2.1 Membership. Every Owner of a Lot shall be a Member of the Association, and by acceptance of a deed or other instrument evidencing his or her ownership interest, each Owner accepts his or her membership in the Association, acknowledges the authority of the Association as herein stated, and agrees to abide by and be bound by the provisions of the Governing Documents, as amended from time to time. Notwithstanding anything else to the contrary set forth in this Section 2, any person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member of the Association.

2.2 Voting Rights. Voting rights are set forth in the Bylaws of the Association.

2.3 Delegation of Management. The Association may contract for the management and maintenance of those portions of the Property it is required to maintain, and may authorize a licensed management agent to assist the Association in carrying out its powers and duties by performing functions which may include, but are not limited to, the submission of proposals, collection of assessments, keeping of records, enforcement of rules, and maintenance, repair, and replacement of the Property with funds made available by the Association for such purposes.

2.4 Acts of the Association. Unless the approval or affirmative vote of the Lot Owners is specifically made necessary by some provision of the law or the Governing Documents, all approvals or actions permitted or required to be given or taken by the Association may be given or taken by its Board of Directors, without a vote of the Owners. The officers and Directors of the Association have a fiduciary relationship to the Owners. An Owner does not have the authority to act for or bind the Association by reason of being an Owner.

2.5 Powers and Duties. The powers and duties of the Association include those set forth in Chapters 617 and 720, Florida Statutes, and in the Governing Documents. The Association may contract, sue, or be sued with respect to the exercise or non-exercise of its powers and duties. For these purposes, the powers of the Association include, but are not limited to, the maintenance, management, and operation of the Common Areas. The Association has the power to enter into agreements to acquire leaseholds, memberships, and other ownership, possessory, easement, or use interests in lands or facilities for the use and enjoyment of the Owners.

2.6 Official Records. The Association shall maintain its official records as required by law. The records shall be open to inspection by Members or their authorized representatives at all reasonable times. The right to inspect the records includes a right to make or obtain photocopies at the reasonable expense of the Member seeking copies.

2.7 Purchase of Lots. The Association has the power to purchase Lots in the Community in connection with the foreclosure of an Association lien for assessments, charges, or fines, or any other foreclosure of an interest that affects the Association's lien and to hold, lease, mortgage, encumber, or convey them with such power to be exercised by the Board of Directors, without prior approval of the Owners.

2.8 Interests in Real Property. The Association has the power to acquire property, both real and personal. The power to acquire personal property shall be exercised by the Board of Directors. Except as otherwise provided in Section 2.7 above and Section 4 below, the power to acquire, encumber, or convey ownership interests in real property, including recreational facilities, whether or not contiguous with the Property, shall be exercised by the Board of Directors only after approval by at least a majority

of the Voting Interests of the Association.

2.9 Disposition of Personal Property. Any personal property owned by the Association may be mortgaged, sold, or otherwise encumbered or disposed of by the affirmative vote of a majority of the entire Board of Directors, without authorization of the Owners.

2.10 Roster. The Association shall maintain a current roster of names and mailing addresses of Owners, based upon information supplied by the Owners. Owners are responsible for notifying the Association of any change in their mailing address. All such notices shall be in writing. A copy of the roster shall be made available to any Member upon request.

2.11 Common Areas. The Common Areas are dedicated non-exclusively to the joint and several use, in common, of the Owners of all Lots that may from time to time constitute part of the Property, and their family members, guests, invitees, and tenants, all as provided and regulated herein or otherwise by the Association and the Community Association. All costs associated with operating, maintaining, repairing, and replacing the Common Areas shall be the obligation of the Association. For the term of this Declaration, the Common Areas, except as otherwise provided in this Declaration, are not for the use and enjoyment of the public, but are expressly reserved for the private use and enjoyment of the Association and the Owners and their family members, guests, invitees, and tenants, for recreational and social purposes as well as other proper purposes in accordance with the Governing Documents. Common Areas may not be altered, modified, removed, or replaced by the Owners or their family members, guests, invitees, or tenants.

3. ASSESSMENTS. The provisions of this Section 3 shall govern assessments payable by all Owners of Lots, for the Common Expenses of the Association not directly attributable to one of the Lots.

3.1 Covenant to Pay Assessments. Each Owner of a Lot by the act of becoming an Owner covenants and agrees, and each subsequent Owner of any Lot (including any purchaser at a judicial sale), by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Association:

(A) The Lot's pro-rata share of annual assessments based on the annual budget adopted by the Board of Directors of the Association;

(B) The Lot's pro rata share of special assessments for capital improvements or other Association expenditures not provided for by annual assessments; and

(C) Any charges properly levied against individual Lot Owner(s) ("individual assessments") without participation from other Owners;

(D) The resale assessment upon conveyance as described in Section 10.2(E) of this Declaration.

3.2 Liability for Assessments. Assessments and charges shall be established and collected as provided herein and elsewhere in the Governing Documents. The Owner of each Lot, regardless of how title was acquired, is liable for all assessments or installments thereon coming due while he is the Owner. Multiple Owners are jointly and severally liable. Except as provided in Section 3.12 below, whenever title to a Lot is transferred for any reason, the transferee is jointly and severally liable with the transferor for all unpaid assessments and charges against the transferor, regardless of when incurred, without prejudice to any right the transferee may have to recover from the transferor any amounts paid by the transferee. No

Owner may waive or otherwise escape liability for the assessments and charges provided for herein by waiver or non-use of the Common Areas, by abandonment, or otherwise. Except as provided elsewhere in the Governing Documents as to institutional mortgagees, no Owner may be excused from the payment of assessments unless all Owners are similarly excused. Assessments and other funds collected by or on behalf of the Association become the property of the Association. No Lot Owner has the right to claim, assign, or transfer any interest therein except as an appurtenance to his Lot. No Owner can withdraw or receive distribution of his prior payments to the common surplus or Association reserves, except as otherwise provided herein or by law. Unless assumed by the Community Association, it shall be the legal duty and responsibility of the Association to enforce payment of the assessment hereunder. Failure of a collecting entity to send or deliver bills or notices of assessments shall not relieve Owners from their obligations hereunder. All assessments, late charges, interest, penalties, fines, attorney's fees, and other sums provided for herein shall accrue to the benefit of the Association.

3.3 Purpose of Assessments. The assessments levied by the Association shall be used for the purposes of promoting the general welfare of the Owners and residents; to operate, maintain, repair, improve, construct, and preserve (on a non-profit basis) the Common Areas for the benefit of its Members and their guests, tenants, and invitees; to pay the pro-rata charges which the Community Association may from time to time assess against the Property in accord with the Master Covenants; and to perform all other duties and responsibilities of the Association as provided in the Governing Documents.

3.4 Individual Assessments. All monetary fines assessed against an Owner pursuant to the Governing Documents, or any expense or charge of the Association attributable to or on behalf of an individual Owner pursuant to the Governing Documents, shall be an individual assessment and shall become a lien against such Owner's Lot, to the extent permitted by law, which may be foreclosed or otherwise collected as provided herein.

3.5 Lien. The Association has a lien on each Lot for unpaid past due assessments and charges, together with interest, late payment penalties, costs, and reasonable attorney's fees incurred by the Association in enforcing the lien. The lien is perfected by recording a Claim of Lien in the public records of the County, which Claim of Lien shall state the description of the property encumbered thereby, the name of the record Owner, the amounts then due and the dates when due. The Claim of Lien must be signed and acknowledged by an officer or agent of the Association. The lien shall continue in effect until all sums secured by said lien have been fully paid, and the lien satisfied or discharged. The Claim of Lien shall secure all unpaid assessments, fines and charges, interests, late fees, costs, and attorney fees which are due, and which may accrue or come due after the recording of the Claim of Lien and before the entry of a final judgment of foreclosure. Upon full payment, the person making payment is entitled to a satisfaction of the lien.

3.6 Foreclosure of Lien. The Association may bring an action in its name to foreclose its lien for unpaid assessments or charges by the procedures and in the same manner as is provided in Section 720.3085 of the Florida Statutes, as it may be amended from time to time hereafter, for the foreclosure of a lien upon a Lot for unpaid assessments. All unpaid assessments and charges also constitute a personal obligation of the Owners, and the Association may, in addition to any other remedy herein provided, bring an action at law against any Owner liable for unpaid charges or assessments. If a final judgment is obtained, such judgment shall include interest on the assessments as above provided and reasonable attorney's fees to be fixed by the Court, together with the costs of the action, and the Association shall be entitled to recover reasonable attorney's fees in connection with any appeal of such action.

3.7 Priority of Liens. The Association's lien for unpaid charges, assessments, and all other amounts shall be subordinate and inferior to any recorded institutional first mortgage, unless the

Association's Claim of Lien was recorded before the mortgage but shall relate back to the date the original Declaration was recorded in the Public Records and be superior to, and take priority over, any other mortgage, lien, or interest recorded after that date. Any lease of a Lot shall be subordinate and inferior to the lien of the Association, regardless of when the lease was executed.

3.8 Application of Payments; Failure to Pay; Interest. Assessments, charges, and installments thereon paid on or before ten (10) days after the date due shall not bear interest, but all sums not so paid shall bear interest at the highest rate allowed by law, calculated from the date due until paid. In addition to interest, the Association may also charge an administrative late payment fee in an amount not to exceed the maximum amount allowed by law. Assessments, charges, and installments thereon shall become due, and the Lot Owner shall become liable for said assessments or installments, on the date established in the Bylaws or otherwise set by the Board of Directors for payment. Any restrictive endorsement on or accompanying a payment notwithstanding, all payments made to the Association by or on behalf of a Lot Owner shall be applied first to interest, then to late fees, then to costs (including, but not limited to, collection charges imposed by the management company, attorney, and court) then to attorney's fees, then to fines (if permitted by law), then to other charges, and then to the oldest outstanding unpaid regular, special, or individual assessments. No payment by check is deemed received until the check has cleared. The Association shall also have the right to require any tenant occupying the Lot during any period in which assessments for the Lot are due but have not been paid to the Association to pay the rent to the Association. Further, any and all persons acquiring title to or an interest in a Lot as to which the assessments are delinquent, including, without limitation, persons acquiring title by operation of law and by judicial sales, shall not be entitled to the occupancy of such Lot or the enjoyment of the Common Areas until such time as all unpaid and delinquent assessments due and owing from the selling owner have been fully paid; provided, however, that the provisions of this sentence shall not be applicable to the mortgages and purchasers contemplated by Sections 3.6 and 3.12.

3.9 Acceleration. If any special assessment or installment of a regular assessment as to a Lot becomes more than thirty (30) days past due and a Claim of Lien is recorded, the Association shall have the right to accelerate the due date of the entire unpaid balance of the Lot's assessments for that fiscal year. The due date for all accelerated amounts shall be the date the Claim of Lien was recorded in the public records. The Association's Claim of Lien shall secure payment of the entire accelerated obligation, together with interest on the entire balance, attorney's fees, and costs as provided by law; and said Claim of Lien shall not be satisfied or released until all sums secured by it have been paid. The right to accelerate shall be exercised by sending to the delinquent Owner a notice of the exercise, which notice shall be sent by certified or registered mail to the Owner's last known address and shall be deemed given upon mailing of the notice, postpaid.

3.10 Removal of Property. After the Association successfully performs a foreclosure on the Lot, if the Owner does not remove personal property from the foreclosed premises, such property will be deemed forfeited to the Association, and the Association may authorize removal and may sell such forfeited property after ten (10) days' written notice by certified mail addressed to the Owner at the last known address or at such address on record as provided to the Association by the Owner. Such remedy shall be in addition to all other remedies available to the Association under applicable laws, rules, and regulations, including the right to compel removal of the property and right to impose any and all fines.

3.11 Certificate as to Assessments; Mortgagee Questionnaires. Within ten (10) working days after request by a Lot Owner or mortgagee, the Association shall provide a certificate stating whether all assessments and other monies owed to the Association by the Lot Owner with respect to the Lot have been paid. Any person other than the Lot Owner who relies upon such certificate shall be protected thereby. The Association may charge up to the maximum amount allowed by law to issue an estoppel

certificate. The Association may but is not obligated to respond to mortgagee questionnaires. If the Association chooses to respond to a mortgagee questionnaire, the Association may charge up to \$150.00 (in addition to any charge for an estoppel certificate) plus attorney's fees for doing so.

3.12 Mortgage Foreclosure. Unless otherwise provided by law, if the mortgagee of a first mortgage of an institutional mortgage of record acquires title to a Lot as a result of foreclosure of the mortgage, or as the result of a deed given in lieu of foreclosure, such acquirer of title shall be liable for the share of Common Expenses or assessments attributable to the Lot, or to the former Owner of the Lot, which came due prior to the mortgagee's acquisition of title as required by Section 720.3085, Florida Statutes, as it may be amended from time to time. Any unpaid share of Common Expenses for which such acquirer is exempt from liability becomes a Common Expense collectible from all Owners, including such acquirer and his successors and assigns. All other persons or entities acquiring title to a Lot as the result of a foreclosure or other court-ordered sale shall be obligated to pay all past due assessments due and owing at the time of sale, regardless of whether or not the Association has recorded a lien. No Owner or acquirer of title to a Lot by foreclosure, or by a deed in lieu of foreclosure, may be excused from the payment of any assessments coming due during the period of his ownership.

3.13 Community Systems Services. The Association shall have the right to enter into one or more agreement(s) ("Bundled Service Agreements") for receipt of television (via cable, satellite or otherwise), entertainment, telecommunication, internet, monitored alarm and/or other services (collectively, "Bundled Services") for the Lots. Any and all costs and expenses incurred by the Association under or pursuant to any Bundled Service Agreements entered into by the Association for Bundled Services will be assessed against all Lot Owners. Notwithstanding anything to the contrary contained in this Declaration, the costs and expenses charged to the Association under the Bundled Services Agreements shall be apportioned equally, but only amongst those Lots with respect to which the Association is being charged under or pursuant to the Bundled Services Agreement, except to the extent, if any, that any Owner elects to receive an optional service (being a service not automatically received by all Owners entitled to receive Bundled Services pursuant to the Bundled Services Agreements). Each Owner who receives an optional service, if any, shall be responsible for paying for the costs of such Optional Services and for any hook-up costs, any converter boxes, and remote-control units, and the charge therefor shall be billed directly to Owner. The foregoing shall in no way obligate the Association to enter into any Bundled Services Agreement.

3.14 Determining Amount of Assessments. The total anticipated operating expenses for each calendar year shall be set forth in an estimated operating budget ("Budget") prepared by the Board as required under the Governing Documents. Each Lot shall be assessed its pro rata portion of the total anticipated operating expenses, which shall be the individual assessment as to each Lot. Operating expenses for the Common Areas shall be divided by the number of Lots.

3.15 Assessment Payments. Regular assessments for operating expenses shall be payable quarterly, in advance, on the first day of January, April, July, and October of each year, provided, however, at the Association's option, regular assessments may be payable monthly. Regular assessments, and the quarterly or monthly installments thereof, may be adjusted from time to time by the Board to reflect changes in the Budget or in the event the Board determines that an assessment or any installment thereof is either less than or more than the amount actually required. In the event no notice of the general assessment for a new period is given, the amount payable shall continue to be the same as the amount payable for the previous period, until changed in the manner provided for herein.

3.16 Special Assessments. Special assessments may be imposed by the Board of Directors when necessary to meet unusual, unexpected, unbudgeted, or non-recurring expenses, pursuant to the

procedure set forth in the Bylaws. Special assessments shall be paid in installments or in a lump sum, as the Board may determine from time to time.

4. EASEMENTS.

4.1 Members Easements. Each Member and their family members, tenants, guests, and invitees shall have a non-exclusive permanent and perpetual easement over and upon the Common Areas for the intended use and enjoyment thereof in common with all other such Members and Members' family members, tenants, agents, and invitees, in such manner as may be regulated by the Association. The easements provided in this Section 4.1 shall be appurtenant to and shall pass with the title to each Lot but shall not be deemed to grant or convey any ownership interest in the Common Area subject thereto.

4.2 Parking Areas. Easements in parking areas are reserved for ingress, egress, and free entry for pedestrian and vehicular traffic over, through, on, and across all driveways and parking areas as from time to time may be established on the Property; and for the construction and maintenance thereon of all types of utility services.

4.3 Utility Easements. Utility easements are hereby reserved throughout the Property as may be required for utility services to adequately serve the Property. Within these easements, no structure, planting, or other material may be placed or permitted to remain that will interfere with or prevent the maintenance of utilities.

4.4 Drainage Easements. Easements for drainage are reserved as shown on the recorded plats covering the Property and as provided herein. No Owner shall install any plantings, landscaping, levees, and/or other improvements whatsoever in, on, over, or across any drainage easement. No change in the elevations of land shall be made which will interfere with the drainage or otherwise cause undue hardship to the adjoining property.

4.5 Easement to Enter Upon Lots. An easement or easements for ingress and egress in favor of the Association, including the Board or the designee of the Board, to enter upon the Lots for the purposes of fulfilling its duties and responsibilities of ownership, maintenance, and/or repair in accordance with the Governing Documents, including, by way of example, the making of such repairs, maintenance, or reconstruction as are necessary for the Common Areas and to maintain any Lot in the event the Owner thereof fails to do so.

4.6 Public Easements. Fire, police, health and sanitation, park maintenance, and other public service personnel and vehicles shall have a permanent and perpetual easement for ingress and egress over and across the Common Areas in the performance of their respective duties.

4.7 Easements for Unintentional and Non-negligent Encroachments. Any Owner of a Lot which contains a structure which encroaches upon another Lot or the Common Areas, by reason of original construction, shall have a valid easement for the encroachment and maintenance of same, as long as it stands and exists.

4.8 Platted Easements. All other easements as shown on the Plat, as amended, for the purposes stated therein.

4.9 Assignments; Additional Easements. The easements reserved hereunder may be assigned by the Association in whole or in part to any city, county, or state government or agency thereof, or any duly licensed or franchised public utility. The Association shall have and hereby reserves the right to

modify, relocate, or grant and/or reserve additional easements over, under, and upon the Property or portions thereof (including the portion of Lots where no physical structure of the Villa is located) which may be necessary or desirable by the Association. The Owners hereby authorize the Association to execute, on their behalf and without any further authorization, such modifications, relocations, and grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Property or portions thereof in accordance with the provisions of this Declaration. Such easements, or the relocation of existing easements, may not prevent or unreasonably interfere with the use of the Lots.

4.10 Subordination. Notwithstanding any of the foregoing to the contrary, it is understood that these covenants and restrictions are subordinate and will be subordinate without the necessity of any other instrument, to any existing easement or easements to any public or quasi-public utility for the installation and maintenance of service lines on the Common Areas.

4.11 Extent of Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(A) the right of the Association, in accordance with the Villas VII Governing Documents, to borrow money for the purpose of improving and/or maintaining the Common Areas and providing the services herein, and, in aid thereof, to mortgage said properties;

(B) the right of the Association to a non-exclusive easement over, across, and through each Lot as necessary to meet the Association's maintenance responsibilities;

(C) The right and duty of the Association to levy assessments against each Lot for the purpose of maintaining the Common Areas and facilities in compliance with the provisions of this Declaration;

(D) The right of the Association to suspend the Members' (and the Members' family members, tenants, guests, and invitees') right to use the recreational facilities for any period during which any assessment against the Lot remains unpaid;

(E) The right of the Association to charge reasonable admission and other fees for the use of recreational facilities situated on the Property;

(F) The right of the Association and the Community Association to adopt at any time and from time to time and enforce rules and regulations governing the use of the Common Areas, the Lots, and the Units, and all facilities at any time situated thereon, including the right to fine Members. Any rule or regulation so adopted by the Association or the Community Association shall apply until rescinded or modified as if originally set forth at length in this Declaration;

(G) The right of the Association to have, grant, and use general ("blanket") and specific easements over, under, and through the Common Areas;

(H) The rights of the Community Association provided for herein, in the Master Covenants, or as may otherwise exist as law or by agreement.

5. MAINTENANCE.

5.1 Association Maintenance. The Association's maintenance, repair, and replacement responsibilities shall include the following:

5.1.1 Common Areas. The Association shall, in addition to other maintenance obligations contained elsewhere herein, have the maintenance, repair, and replacement responsibility for the Common Areas and all improvements and facilities located over, through, and upon the Common Areas, including, to the extent not otherwise provided for by the Community Association or other parties, all landscaping, irrigation systems, drainage structures, utility lines (except public utilities, to the extent they have not been made Common Areas), streets, driveways, parking areas, sidewalks, mailboxes, and other structures situated on the Common Areas, if any, all such work to be done as ordered by the Board of Directors. Maintenance of street lighting fixtures shall include and extend to payment for all electricity consumed in their illumination. The Association has the power to make material alterations, improvements, and additions to the Common Areas, and the power shall be exercised by the Board of Directors.

5.1.2 Other Properties. To the extent permitted by the appropriate governmental authority, the Association may, but shall not be obligated to, also provide maintenance of all City, County, district, or municipal properties, which are located within or in a reasonable proximity of the Property to the extent that their deterioration or unkempt appearance would adversely affect the appearance of the Property, including the right to enhance the landscaping in any public right of way.

5.1.3 Cost of Maintenance. All work pursuant to this Section 5.1 and all expenses incurred or allocated to the Association pursuant to this Declaration shall be paid for by the Association through assessments (either general or specific) imposed in accordance herewith.

5.1.4 Association's Right of Entry. The Association has a reasonable right of entry upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Community.

5.1.5 Incidental Damages. Should any incidental damage be caused to any Lot by virtue of any work which may be performed or caused to be performed by the Association in the maintenance, repair, or replacement of the Common Areas, the Association shall, at its expense, repair such incidental damage. The Association shall not, however, be responsible for any loss of use, hardship, Owner's time, or any other consequential or punitive damages.

5.1.6 Negligence or Misuse by Owner. Should the maintenance, repair, replacement, and other obligations provided for above be caused by the negligence of or misuse by an Owner or such Owner's family, guests, invitees, or tenants, such Owner shall be responsible therefor, and the Association shall have the right to levy an assessment against such Owner's Lot, and said assessment shall constitute a lien upon the Lot.

5.2 Lot Owner Maintenance. The Owner's maintenance, repair, and replacement responsibilities shall include the following:

5.2.1 The Lot and the Villa. Each Owner shall maintain in good repair the Lot and all structures, including the Villa, in a neat, orderly, and attractive manner and consistent with the general appearance of the Property and the Community as a whole. The minimum, though not sole, standard for the foregoing shall be consistent with the general appearance of the Property and the Community as initially constructed. The Lot Owners shall keep and maintain the Villa, Lot, and the other improvements on the Lot, including equipment and appurtenances, in good order, condition, and repair, and must perform promptly all maintenance and repair work within, upon, and outside the Villa which, if omitted, could adversely affect the Community, other Owners, or the Association and its Members. The Owner's responsibility shall include, but not be limited to:

(i) Maintenance of all structural components, including courtyard walks, entry doors, garage doors, and roof components, gutters, windows, glass, sliding glass doors, screens, screen doors, and their hardware, frameworks, and locks serving the Villa;

(ii) Maintenance of the complete interior of the Villa, including all interior walls, floors, ceilings, partitions, cabinets, plumbing, and all other interior components;

(iii) Maintenance of the interior and exterior electrical meters, electrical lines and hookups, all air conditioning components, appliances, TV cables and connections, telephone, and other similar lines and connections and sewer pipes and septic systems serving the individual Lot;

(iv) Painting, caulking, and maintenance of the exterior surface of all walls, doors, windows, and roof of the physical structure of the Villa, and the exterior surface of such walls, doors, windows, and roof. The Association has adopted guidelines and standards for exterior paint color and roof style and color.

(v) Insect and pest control within the Villa, except to the extent that the Association elects to contract for such services.

(vi) Maintenance of appropriate climate control, keeping the Villa clean, promptly repairing any leaks, and taking necessary measures to retard and prevent mold, fungi, mildew, and mycotoxins from accumulating in the Villa.

(vii) Cleaning of the roofs and exterior of the Villa structure on a regular basis to remove and discourage mold growth.

(viii) Maintenance, repair, and replacement as necessary of all the physical structures constructed in, upon, above, or below the Lots, and the physical items attached or connected to such structures that run beyond the boundary line of the Lot which exclusively service or benefit the Lot and Villa, including the driveway and any extension thereof. The Owner of a Lot further agrees to pay for all utilities, such as telephone, cable, or satellite television, water, sewer, sanitation, electric, etc., that may be separately billed or charged to each Villa.

5.2.2 Party Walls. Any wall built as part of the original construction of any Villa subject to this Declaration and placed on the dividing line between adjoining Villas and Lots, including like kind replacements thereof, shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Section 5.2.2, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply.

(i) Cost of Repairs. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners who share the wall.

(ii) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who uses the wall may restore it but shall not construct or extend same to any greater dimension than that existing prior to such fire or other casualty, without the prior written consent of the adjacent Owner. If the other Owner thereafter makes use of the wall, such Owner shall contribute to the cost of restoration in proportion to such use, without prejudice, however, subject to the right of any such Owners to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions. This paragraph shall be deemed to be in

addition to, and not in lieu of or to the exclusion of, the repair obligations of the Association as further provided elsewhere herein.

(iii) Weatherproofing. Notwithstanding any other provision in this Section 5.2.2, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(iv) Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section 5.2.2 shall be appurtenant to and run with the land and shall pass to such Owner's successors in title.

(v) Binding Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Section 5.2.2, each party shall choose one arbiter, and such arbiters shall choose one additional arbiter, and the decision of a majority of all the arbiters shall be final and conclusive of the question involved. If a panel cannot be designated pursuant hereto, the matter shall be arbitrated pursuant to the rules of the American Arbitration Association, or its successors in function, then obtaining. Any decision made pursuant to this Section shall be conclusive and may be entered in any court of competent jurisdiction in accordance with the Florida Arbitration Code.

5.2.3 Modifications and Alterations. The Lot Owner shall be responsible for insurance, maintenance, repair, and replacement of all modifications, alterations, installations, or additions to the Lot or Common Areas made by the Lot Owner or his predecessors in title with approval, and the cost of removing and replacing or reinstalling such modifications if their removal by the Association becomes necessary in order to maintain, repair, replace, or protect other parts of the properties for which the Association is responsible.

5.2.4 Liability for Damages Caused by Failure to Maintain Lot; Negligence. The Owner of each Lot shall be responsible for any damages caused by a failure to so maintain the Lot and the Villa, and any other improvements thereon. Each Lot Owner shall be liable for the expenses of any maintenance, repair, or replacement of Common Areas, other Lots or Villas, or personal property made necessary by his act or negligence or by that of any member of his family or his guests, employees, agents, or lessees.

5.2.5 Enforcement of Maintenance. If the Owner of a Lot fails to maintain his Lot, including all structures, as required herein or as required by the Association or the Community Association, the Association shall have the right to institute legal proceedings to enforce compliance, or may take any and all other steps necessary to remedy such violation, including, but not limited to, entering the Lot and remedying the violation, with or without consent of the Lot Owner, but only after ten (10) days' written notice of intent to do so. The Association may repair, replace, or maintain any item which constitutes a hazard to other property or residents, prevents the Association from fulfilling its maintenance responsibilities, or which has a materially adverse effect on the appearance of the Property. Any expenses so incurred by the Association shall be billed directly to the Owner of the Lot to which such services are provided and shall be an individual assessment charged against the Lot, secured by a lien against the Lot as provided in Section 3 above. Further, if the failure to comply relates to the Owner's obligations to maintain insurance, the Association shall be entitled, although not obligated, to obtain the required coverage itself and to levy on the offending Owner an assessment equal to the cost of premiums, and any such assessment shall constitute a lien upon the applicable Lot and Villa with the same force and effect as a lien for assessments. The determination of whether an Owner is failing to properly maintain and care for the property for which he has the maintenance responsibility under the Governing Documents shall be determined in the sole discretion of the Association.

6. ARCHITECTURAL CONTROL TO PRESERVE THE BEAUTY, QUALITY, AND VALUE OF THE COMMUNITY.

6.1 Improvements Requiring Approval. All Owners shall at all times comply with the architectural review provisions of the Governing Documents. No building, structure, enclosure, or other improvement shall be erected or altered, nor shall any grading, excavation, landscaping, change of exterior color, or other work which in any way alters the exterior appearance of any structure, Villa, or Lot occur unless and until the plans, specifications, and location of same shall have been submitted to, and approved in writing by, the Association. This function shall be performed by the Board or an Architectural Review Board (hereinafter "ARB") appointed by the Board. All plans and specifications shall be evaluated as to harmony of external design and location in relation to surrounding structures and topography. Approval of such plans and specifications shall be implied by the failure of the Board or the ARB to approve or disapprove them within thirty (30) days after they have been submitted for review. No Owner shall undertake to paint any exterior portion of his Villa without first obtaining the written approval of the Board or the ARB, as applicable, and of all other adjoining Owners whose Villas are a part of the same structure containing his or her Villa.

6.2 Powers and Duties of the Architectural Review Board. If appointed, the ARB shall have the following powers and duties:

(A) To recommend, from time to time, to the Board of Directors of the Association the creation or modification and/or amendments to the architectural control guidelines, performance criteria, and application and review procedures ("Architectural Guidelines"). Any Architectural Guidelines or modifications or amendments thereto shall be consistent with the provisions of this Declaration and shall not be effective until adopted by a majority of the members of the Board of Directors of the Association at a meeting duly called and noticed and at which a quorum is present. Notice of the adoption, modification, or amendment to the Architectural Guidelines, including a verbatim copy of such adoption, change, or modification, shall be delivered to each Member of the Association. However, receipt of notice of a Board meeting concerning the Architectural Guidelines or a copy of any adoption of or modification or amendment to the Architectural Guidelines shall not affect the validity of such change or modification.

(B) To require submission to the ARB of one (1) complete set of all plans and specifications for any improvement, structure of any kind, or any other work which in any way alters the exterior appearance of any structure or Lot, including, without limitation, any building, fence, well, swimming pool, tennis court, enclosure, sewer, drain, disposal system, decorative building, or landscape devise, object, or other improvement, the construction or placement of which is proposed upon the Property. The ARB may also require submission of samples of building materials proposed for use on or as part of any Villa and may require such additional information as may reasonably be necessary to completely evaluate the proposed structure or improvement in accordance with this Declaration and the Architectural Guidelines.

(C) To approve or disapprove any improvement or structure of any kind, including, without limitation, any building, fence, wall, screen enclosure, drain or disposal system, or other improvement or change or modification thereto, the construction, erection, performance, or placement of which is proposed upon the Property and which is visible from the outside of any Villa. The ARB shall approve proposed plans and specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated will not be detrimental to the appearance of the surrounding area of the Property as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures and is otherwise desirable. The ARB shall also adhere to

all guidelines, rules and regulations promulgated by the Board with respect to any and all additions and alterations within the Property and all such rules and regulations are incorporated herein by reference. If the proposed construction, alterations, or additions are to a portion of the improvements which the Association is obligated to maintain, said approval shall also be subject to approval by the Board. The ARB may condition its approval of proposed plans and specifications in such a manner as it deems appropriate and may require the submission of additional information prior to approving or disapproving such plans.

(D) Evidence of approval by the ARB may be made by a certificate executed by the chairman of the ARB. Any party aggrieved by a decision of the ARB or Board of Directors shall have the right to make a written request to the Board of Directors of the Association within thirty (30) days of the decision, for a re-review thereof. The determination of the Board upon re-reviewing any such decision shall in all events be dispositive.

(E) To adopt a procedure for inspecting approved changes during and after construction to insure conformity with approved plans. If it is determined by the ARB that the improvement or work is not in compliance with the approved plans and specifications, then upon written demand from the ARB, the work shall be suspended until such time as the ARB authorizes the work to be recommenced.

(F) Notwithstanding anything to the contrary contained herein, if an Owner is delinquent in the payment of assessments, fines, or other charges or has failed to correct a violation of the Governing Documents for which they have been given notice, the approval of the ARB may be denied or withheld pending payment of the assessments, fines, or other charges or correction of the violation.

7. **USE RESTRICTIONS.** All of the Property shall be held, used, and enjoyed subject to the following limitations and restrictions and the Governing Documents, which may, from time to time, be amended.

7.1 **Villa.** Each Villa shall be occupied by only one family at any time. Each Villa shall be used as a home and for no other purpose. However, "no impact" or "low impact" home-based business in and from a Villa are allowed. Such uses are expressly declared customarily incident to residential use. Examples of businesses which are prohibited and are considered "impact" businesses are businesses or commercial activity or ventures that create customer traffic to and from the Villa, create noise audible from outside the Villa, or generate fumes or odors noticeable outside the Villa, including but not limited to, a home daycare, beauty salon/barber, and animal breeding. This provision is intended to be and shall be retroactive to and effective from the date of recording of the original Declaration, however, any persons in violation of this amended provision on the date it is recorded in the Public Records shall be given a grace period of up to ninety (90) days to comply before enforcement action shall be commenced. In order to avoid undue hardship, the Board of Directors may, in its sole discretion, extend the grace period once for up to an additional ninety (90) days.

7.2 **Animals.** No animals of any kind, including reptiles, monkeys, rodents, amphibians, poultry, swine, rabbits, ferrets, horses, wildlife, livestock, and poultry, shall be raised, bred, or kept on any Lot, except household pets in reasonable numbers may be kept, provided they are not kept, bred, or maintained for any commercial purpose, and provided that they do not become a nuisance or annoyance to any neighbor by reason of barking or otherwise. No dogs or other pets shall be permitted to have excretions on any Common Areas, except areas designated by the Association, and Owners shall be responsible to clean-up any such improper excretions. For purposes hereof, "household pets" shall mean dogs, cats, and other animals expressly permitted by the Association, if any. Pets shall also be subject to

all applicable rules and regulations. Nothing contained herein shall prohibit the keeping of fish or domestic (household-type) birds, as long as the latter are kept indoors and do not become a source of annoyance to neighbors. Animals must be leashed at all times when outside the Owner's Villa. An Owner shall immediately pick up and remove any solid animal waste deposited by the Owner's pet on the Property. Keeping of animals is a privilege, not a right, and the Board of Directors is empowered to fine an Owner and/or order and enforce the removal of any animal that becomes a source of unreasonable annoyance or a danger to the health, safety, and welfare of other residents. No pet shall be kept tied up outside of a Villa or in any screened porch or patio, unless someone is present inside the Villa. An Owner is responsible for the cost of repair or replacement of any Common Areas damaged by such Owner's pet. No commercial breeding or boarding of animals of any type is allowed. Each Owner who determines to keep a pet hereby agrees to indemnify the Association and hold the Association harmless against any loss or liability of any kind or character whatsoever arising from or growing out of such Owner having any animal on the Property.

7.3 Nuisances. No Owner shall use his Villa or Lot, or permit it to be used, in any manner which constitutes or causes an unreasonable amount of annoyance or nuisance to the occupant of another Villa, or which would not be consistent with the maintenance of the highest standards for a first-class residential community nor permit the premises to be used in a disorderly or unlawful way. No use or practice shall be allowed in or around the Villas or Lots which interferes with the peaceful possession or proper use of the Villas or the surrounding areas. No loud noises or noxious odors as determined by the Board shall be permitted in any improvements, Villas, or Lots. Without limiting the generality of any of the foregoing provisions, no horns, whistles, bells, or other sound devices (other than security devices used exclusively for security purposes), noisy, or smoky vehicles, unlicensed off-road motor vehicles, or any items which may unreasonably interfere with television or radio reception of any Owner, shall be located, used, or placed on any Lot, or exposed to the view of other Owners without the prior written approval of the Board. The use of each Villa shall be consistent with existing laws and the Governing Documents, and occupants shall at all times conduct themselves in a peaceful and orderly manner. No solicitation will be allowed at any time within the community. The Board of Directors' determination as to what constitutes a nuisance or annoyance shall be dispositive and shall control without regard to any legal definition of such terms.

7.4 No Improper Use. No improper, offensive, hazardous, or unlawful use shall be made of any Villa or Lot nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Property. All valid laws, zoning ordinances, orders, rules, regulations, codes, and other requirements of all governmental bodies having jurisdiction thereover shall be observed. Violations of laws, ordinances, orders, rules, regulations, codes, or other requirements of any governmental agency having jurisdiction thereover relating to any Villa or Lot shall be corrected by, and at the sole expense of, the Owner of said Villa and/or Lot.

7.5 Signs. No sign of any kind shall be displayed to the public view on the Property, except as previously approved by the Association in accordance with the Architectural Guidelines.

7.6 Trash and Other Materials. No rubbish, trash, garbage, refuse, or other waste material shall be kept or permitted on the Lots and/or Common Areas, or other portions of the Property, except in sanitary, self-locking containers approved by applicable waste management authority and located in appropriate areas (must be stored in the garage and not visible from the street or any other Lot other than at times of scheduled trash pick-up), and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, offensive, detrimental, or a nuisance to Owners or to any other property in the vicinity thereof or to its occupants. Recycle and trash receptacles shall not be put on the curb for pick-up prior to 6:00 p.m. the night before the scheduled pick-up and shall be removed from the

curb no later than 6:00 p.m. the day of pick-up. No stripped vehicles, lumber, or other building materials, grass, tree clippings, metals, scrap, automobile pieces or parts, refuse, or trash shall be stored or allowed to accumulate on any portion of the Property (except when accumulated during construction approved by the ARB or when accumulated by the Association for imminent pick-up and discard).

7.7 Temporary Structures. No tent, shack, barn, garage, shed, or other temporary building or improvement shall be placed upon any portion of the Property, either temporarily or permanently. No trailer, motor home, or recreational vehicle shall be: (a) used as a residence, either temporarily or permanently, or (b) parked upon the Property.

7.8 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, boring, or mining operations of any kind shall be permitted upon or on any Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any Lot. No gas tank, gas container, or gas cylinder shall be permitted to be placed on a Lot, except for one (1) gas cylinder, not to exceed 20 lbs., connected to a barbecue grill.

7.9 Sewage Disposal. No individual sewage disposal system shall be permitted on any of the Property, provided that a central sewage disposal system is being operated in accordance with the requirements of the governmental regulatory body having jurisdiction over said central system.

7.10 Water Supply. No individual water supply system shall be permitted on any of the Property, provided that one or more central water supply systems are being operated in accordance with requirements of the governmental body having jurisdiction over said central system.

7.11 Increase in Insurance Rates. No Owner or other person may engage in any action which may reasonably be expected to result in an increase in the rate of any insurance policy or policies covering the Property or with respect to any portion of the Property not owned by such Owner.

7.12 Commercial Trucks, Trailers, Campers and Boats.

(i) No commercial vehicles, or campers, mobile homes, motorhomes, trailers, or trailers of every other description, recreational vehicles, boats, boat trailers, horse trailers, or vans, shall be permitted to be parked or to be stored at any place on the Property, nor in dedicated areas, except in (a) enclosed garages and (b) spaces for some or all of the above specifically designated by the Association, if any. For purposes of this Section, "commercial vehicles" shall mean those which are not designed and used for customary, personal/family purposes. The absence of commercial-type lettering or graphics on a vehicle shall not be dispositive as to whether it is a commercial vehicle. The prohibitions on parking contained in this Section shall not apply to temporary parking of commercial trucks and other commercial vehicles, such as for pick-up and delivery and other commercial services, nor to passenger-type vans for personal use which are in acceptable condition.

(ii) Subject to applicable laws and ordinances, the Association is authorized to tow or place a disabling "boot" on any vehicle parked in violation of these or other restrictions contained herein or in the Rules and Regulations now or hereafter adopted, if such vehicle remains in violation for a period of twenty four (24) hours from the time a notice of violation is placed on the vehicle, and the cost of towing and/or booting shall be the obligation of the owner of the vehicle. The Association shall not be liable to the owner of such vehicle for trespass, conversion, or otherwise, nor guilty of any criminal act, by reason of such towing and once the notice is posted, neither its removal, nor failure of the owner to receive it for any other reason, shall be grounds for relief of any kind. For purposes of this paragraph,

"vehicle" shall also mean campers, mobile homes, and trailers. And affidavit of the person posting the aforesaid notice stating that it was properly posted shall be conclusive evidence of proper posting.

7.13 Parking and Vehicular Restrictions. Parking upon the Property shall be restricted to the driveway and garage located upon each Lot and designated parking areas within the Common Areas. No storage of any items, materials, or other personal property in the garage of the Villa is permitted to the extent such storage would limit or prohibit the use of the garage for the parking of vehicles. Parking on the streets, grass, or swales is strictly prohibited. No person shall park any vehicle in such a manner as to cover the sidewalk in whole or in part. No vehicle shall be kept on any Lot which is deemed to be a nuisance by the Board. No repairs shall be conducted taking more than twenty-four (24) hours (except in an emergency or except within the garage of the Villa with the garage door closed) or restorations of any motor vehicle, boat, trailer, golf cart, or other vehicle upon any Lot.

7.14 Garage Doors. Garage doors shall be kept closed at all times except to permit ingress or egress.

7.15 Drying. No clothing, laundry, or wash shall be aired or dried on any portion of the Property except on a portion of a Lot which is completely screened from the view of all persons other than those on the Lot itself. No towels, garments, rugs, etc., may be hung from windows or other parts of the Villas.

7.16 Air Conditioning Units and Reflective Materials. No window or wall air conditioning units shall be permitted on any Lot. Compressors and fans for central air conditioning or heat pump systems which are located outside the exterior of a building shall be adequately screened to prevent their being viewed from any street. No building shall have any aluminum foil placed in any window or glass door or any reflective substance or other materials (except standard window treatments) placed on any glass, except such as may be approved by the ARB or its equivalent for energy conservation purposes.

7.17 Fireworks; Firearms. The discharge of any type of firearm or any type of fireworks on the Property is prohibited.

8. INSURANCE. In order to adequately protect the Association and its Members, insurance shall be carried and kept in force at all times in accordance with the following provisions.

8.1 Insurance Maintained by Owners. Each Lot Owner shall at all times maintain casualty insurance on his or her Villa in an amount equal to the full insurable replacement value thereof. In the event that an Owner fails or refuses to procure or maintain insurance as provided herein, the Association may purchase such insurance for the Owner and charge the premium to the Owner, which charge may be collected in the same manner as assessments, in accordance with Section 3. Owners shall provide evidence of said coverage annually and failure to provide proof of coverage shall be deemed a violation of this Section. The Association shall not be deemed to have assumed any duty to guarantee that all Owners maintain the coverages set forth in this Section or as required by law or otherwise.

8.2 Duty to Reconstruct. If any Villa or other improvements located on any Lot are destroyed or damaged as a result of fire, windstorm, flood, tornado, hurricane or other casualty, the Owner of such improvements shall cause repair or replacement to be commenced within ninety (90) days from the date that such damage or destruction occurred, and to complete the repair or replacement within nine (9) months thereafter. All such repairs or replacements must restore the improvements to substantially their original character, design and condition, shall utilize and conform with the original foundation and appearance of the original improvements except as otherwise approved by the Board of Directors. The

Board of Directors may, in its sole and unfettered discretion, extend the time periods for reconstructions contained herein.

8.3 Failure to Reconstruct. If the Owner of any Lot fails to commence or complete construction to repair or replace any damaged or destroyed improvements within the time periods provided for above, the Association shall give written notice to the Owner of his default. If the Owner has not notified the Association of satisfactory arrangements to meet his obligations within thirty (30) days after the Association delivered such notice, the Association shall be deemed to have been granted the right by the Owner, as such Owner's attorney-in-fact, to remove all debris and damaged improvements, and additionally to commence and/or complete the repairs sufficient to substantially restore the improvements to their original condition, according to the plans and specifications of the original improvements. It is the purpose of this Section that the Association be enable to protect property values and maintain the Community's appearance by preventing the existence of partially or completely destroyed buildings for unreasonably long periods of time, and be able to protect all Owners from the negligence and imprudence of the Owners of adjoining Villas. If the Association exercises the rights afforded to it by this Section, which shall be in the sole discretion of the Board of Directors, the Owner of the Lot shall be deemed to have assigned to the Association any right he may have to insurance proceeds that may be available because of the damage or destruction of the improvements. The Association shall have the right to recover from the Owner any costs not paid by insurance and shall have a lien on the Lot and Villa to secure payment. For the purpose of performing the duties authorized by this Section, the Association, through its duly authorized agents and employees, shall have the right, after reasonable notice to the Owner, to enter upon the Lot at reasonable hours.

8.4 Insurance Maintained by Association. The Board of Directors shall obtain and keep in force at all times the insurance coverage which it is required to carry and may obtain and keep in force any or all of such other or additional insurance coverage as it may deem necessary. The premiums shall be a common expense. The name of the insured shall be the Association as agent for the Owners without naming them, and their mortgagees.

8.4.1 Required Coverage

(A) Property. Loss or damage by fire, extended coverage (including windstorm), vandalism, and malicious mischief, and other hazards covered by what is commonly referred to as an "all risk" property contract.

(B) Liability. Premises and operations liability for bodily injury and property damage in such limits of protection and with such coverage as shall be required by the Board of Directors, with cross liability endorsement to cover liabilities of the Owners as a group to any single Owner.

(C) Fidelity. Adequate fidelity bond coverage for all individuals having control of or access to Association funds.

(D) Directors and Officers Liability.

8.4.2 Optional Coverage. The Association may purchase and carry such other insurance coverage as the Board of Directors may determine from time to time to be in the best interest of the Association and Owners. Some common examples are:

(A) Flood insurance

(B) Broad Form Comprehensive General Liability Endorsement

(C) Automobile liability for bodily injury and property damage for owned and/or non-owned motor vehicles, in such limits of protection and with such coverage as shall be required by the Board of Directors.

(D) Medical Payments

(E) Worker's Compensation

8.4.3 Waiver of Subrogation. If available and where applicable, the Board of Directors shall endeavor to obtain insurance policies which provide that the insurer waives its right to subrogate as to any claim against Owners, the Association, or their respective servants, agents or guests, except for any claim based primarily upon gross negligence evidencing reckless, willful, or wanton disregard for life or property.

8.4.4 Insurance Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association, and all proceeds shall be payable to the Association.

8.4.5 Distribution of Proceeds. Proceeds of insurance policies received by the Association shall be used to defray the cost of repair or reconstruction. Any proceeds remaining after defraying costs shall become part of the Association's common surplus.

8.4.6 Association as Agent. The Association is hereby irrevocably appointed agent for each Owner to adjust all claims arising under insurance policies purchased by the Association for damage or loss to the Villas.

8.5 Damage to Common Areas. Where loss or damage occurs to the Common Areas, it shall be mandatory for the Association to repair, restore, and rebuild the damage caused by the loss, unless within one hundred and eighty (180) days of the loss or damage a majority of the Voting Interests of the Association vote not to repair, restore, and rebuild the damage, and the following procedures shall apply:

(A) The Board of Directors shall promptly obtain reliable and detailed estimates for the cost of repair and restoration and shall negotiate and contract for repair and reconstruction.

(B) If the proceeds of insurance and available reserves are insufficient to pay for the cost of repair and reconstruction of the Common Areas, the Association shall promptly, upon determination of the deficiency, levy a special assessment against all Lot Owners for the deficiency. Such special assessment need not be approved by the Lot Owners. The special assessment shall be added to the funds available for repair and restoration of the Property.

8.6 Condemnation. In the event the Association receives any award or payment arising from the taking of any Common Areas or any part thereof as a result of the exercise of the right of condemnation or eminent domain, the net proceeds thereof shall first be applied to the restoration of such taken areas and improvements thereon to the extent deemed advisable by the Board and approved by at least two-thirds (2/3) of the total Voting Interests, and the remaining balance thereof, if any, shall then be distributed pro rata to Owners and mortgagees of Lots, as their respective interests may appear.

9. LEASING OF VILLAS. The leasing restrictions herein apply to any type of occupancy for which consideration has been paid to the Owner, including, but not limited to, a license. In order to foster

a stable residential community and prevent a motel-like atmosphere, the leasing of Villas by their Owners shall be restricted as provided in this Section 9. All leases of Villas must be in writing. An Owner may lease only his or her entire Villa, and then only in accordance with this Section 9, after receiving the approval of the Association. The lessee must be a natural person as opposed to an artificial entity such as a corporation, partnership, trust, etc. The following also applies to any new occupant that was not approved under the existing lease.

9.1 Procedures.

(A) Notice by the Owner. An Owner intending to lease his Villa shall give to the Board of Directors or its designee written notice of such intention at least twenty (20) days prior to the first day of occupancy under the lease together with the name and address of the proposed lessee, a fully executed copy of the proposed lease, and such other information as the Board may reasonably require, including, but not limited to, a credit report, background check, and proof of lawful residency. The Board may require a personal interview with any lessee, proposed occupant, and his or her spouse, if any, as a pre-condition to approval. The applicant must sign for having received copies of the Rules and Regulations of the Association.

(B) Board Action. After the required notice and all information or interviews requested have been provided, the Board shall have twenty (20) days in which to approve or disapprove the proposed lease. If the Board neither approves nor disapproves within that time, its failure to act shall be deemed the equivalent of approval, and on demand the Board shall issue a written letter of approval to the lessee. The Board may delegate its authority to approve or disapprove a lease to a committee, a single officer, or the community association manager.

(C) Disapproval. Unless the authority has been delegated as provided in (B) above, a proposed lease shall be disapproved only if a majority of the whole Board so votes, and in such case the lease shall not be made. When determining good cause to disapprove a lease, the Board shall consider mitigating factors, including, but not limited to, the recency of events and the detrimental effect on the Community. Appropriate grounds for disapproval shall include, but not be limited to, the following:

(i) the Owner is delinquent in the payment of assessments, fines, or other charges at the time the application is considered;

(ii) the Owner has a history of leasing his or her Villa without obtaining approval, or leasing to troublesome lessees, and/or refusing to control or accept responsibility for the occupancy of his or her Villa;

(iii) the real estate company or rental agent handling the leasing transaction on behalf of the Owner has a history of screening lessee applicants inadequately, recommending undesirable lessees, or entering into leases without prior Association approval;

(iv) the application on its face indicates that the person seeking approval or any of the proposed occupants intends to himself or herself in a manner inconsistent with the covenants and restrictions applicable to the Association;

(v) the prospective lessee or any of the proposed occupants have been convicted of a crime involving violence to persons or property, a crime involving sale or possession of a controlled substance, or a crime demonstrating dishonesty or moral turpitude;

(vi) the prospective lessee or any of the proposed occupants has a history of conduct which evidences disregard for the rights and property of others.

(vii) the prospective lessee evidences a strong possibility of financial irresponsibility;

(viii) the prospective lessee or any of the proposed occupants, during previous occupancy, has evidenced an attitude of disregard for the Association's restrictions;

(ix) the prospective lessee or any of the proposed occupants gives false or incomplete information to the Board as part of the application procedure, or the required transfer fees and/or security deposit is not paid;

(x) the Owner fails to give proper notice to the Board of Directors of his or her intention to lease the Villa.

9.2 Term of Lease and Frequency of Leasing. No Villa may be leased more often than one (1) time in any calendar year, with the minimum lease term being six (6) months. For purposes of this restriction, the first day of occupancy under the lease shall conclusively determine in which year the lease occurs. No lease may be for a period of more than one (1) year, and no option for the lessee to extend or renew the lease for any additional period shall be permitted. However, the Board may, in its discretion, approve the same lease from year to year. No subleasing or assignment of lease rights by the lessee is allowed. The Owners acknowledge that short term transient accommodations and similar short term leasing in violation of this Section 9.2, such as Airbnb, VRBO, FlipKey, and HomeAway, are prohibited, and it shall be a violation of this Section to enter into a lease or to advertise a Unit for lease in any manner inconsistent with this Section 9.2 or any provision of the Governing Documents, the same to be enforced and remedied in the same manner as any violation of the Governing Documents.

9.3 Exceptions. Upon written request of an Owner, the Board of Directors may approve one additional lease of the Villa within the same calendar year, but only under unusual circumstances to avoid undue hardship and inequity.

9.4 Guest Occupancy During Lease Term. Guests may occupy leased Villas when the lessee is also in residence. The total number of house guests in a leased Villa is limited to two (2) persons and their children if any. Such guests may stay for a period not to exceed ten (10) days, and the number of occasions for this type of guest occupancy shall be limited to once during the lease term.

9.5 Occupancy in Absence of Lessee. If a lessee absents himself from the Villa for any period of time during the lease term, his family authorized to occupy the Villa who are already in residence may continue to occupy the Villa and may have house guests subject to all the restrictions in Section 9.4 above. If the lessee and all of the family members mentioned in the foregoing sentence are absent, no other person may occupy the Villa.

9.6 Use of Common Areas. To prevent overtaxing of the facilities, an Owner whose Villa is leased may not use the recreation or parking facilities during the lease term.

9.7 Regulation by Association. All of the provisions of the Governing Documents of the Association shall be applicable and enforceable against any person occupying a Villa as a lessee or guest to the same extent as against the Owner. A covenant on the part of each occupant to abide by the Governing Documents, designating the Association as the Owner's agent with the authority to terminate

any lease agreement and evict the tenants in the event of breach of such covenant, shall be deemed to be included in every lease agreement, whether oral or written, and whether specifically expressed in such agreement or not.

9.8 Fees and Deposits for the Lease of Villas. Whenever herein the Board's approval is required to allow the lease of a Villa, the Association may charge the Owner a preset fee for processing the application, such fee not to exceed the maximum amount allowed by law. A separate fee may be charged for each person intending to occupy the Villa, except only one fee may be charged for a husband and wife and minor children. No fee may be charged for approval of a renewal or extension of a lease with the same lessee. The Association may also require a security deposit to protect against damage to the Common Areas.

9.9 Unapproved Leases. Any lease of a Villa not approved pursuant to this Section 9 shall be void and unenforceable unless subsequently approved by the Board.

9.10 No Discrimination. The Association is an equal opportunity provider of housing and shall not disapprove a lease for an illegal discriminatory reason.

10. TRANSFER OF OWNERSHIP OF LOTS. In order to maintain a community of congenial, financially responsible residents with the objectives of protecting the value of the Lots, inhibiting transiency, and facilitating the development of a stable, quiet community and peace of mind for all residents, the transfer of ownership of a Lot shall be subject to the following provisions. Any person who was not approved as part of the conveyance to the present Owner must be approved in advance of taking occupancy as provided herein, and for good cause may be disapproved, regardless of whether or not said person shall be obtaining an ownership interest in the Lot. If a transfer is disapproved for good cause, the Association shall have no obligation to purchase the Villa or provide an alternate purchaser.

10.1 Forms of Ownership.

(A) One Natural Person. A Lot may be owned by one natural person who has qualified and been approved as elsewhere provided herein.

(B) Co-Ownership. Co-ownership of Lots is permitted. If the co-Owners are to be other than a married couple, the Board shall condition its approval upon the designation by the proposed new Owners of one (1) natural person as Primary Occupant. The use of the Lot by other persons shall be as if the Primary Occupant were the only actual Owner. Any subsequent change in the Primary Occupant shall be treated as a transfer of ownership by sale or gift subject to the provisions of this Section 10. No more than one such change will be approved in any 12-month period. The intent of this provision is to allow flexibility in estate, financial, or tax planning, and to prohibit circumstances in which the Lot may be used as short-term transient accommodations for several individuals or families or in the manner of fractional ownership or a vacation club.

(C) Ownership by Corporations, Partnerships or Trusts. A Lot may be owned in trust or by a corporation, partnership or other entity which is not a natural person, if approved in the manner provided elsewhere herein. The approval of a trust, corporation, partnership, or other entity as a Lot Owner shall be conditioned upon designation by the Owner of not more than one (1) natural person to be the Primary Occupant. The use of the Lot by other persons shall be as if the Primary Occupant were the only actual Owner. Any subsequent change in the Primary Occupant shall be treated as a transfer of ownership by sale or gift subject to the provisions of this Section 10. No more than one such change will be approved in any 12-month period. The intent of this provision is to allow flexibility in estate, financial,

or tax planning, and to prohibit circumstances in which the Lot may be used as short-term transient accommodations for several individuals or families or in the manner of fractional ownership or vacation club.

(D) Designation of Primary Occupant. If any Lot Owner fails to designate a Primary Occupant when required to do so, the Board of Directors may make the initial designation for the Owner and shall notify the Owner in writing of its action.

(E) Life Estate. A Lot may be subject to a life estate, either by operation of law or by a voluntary conveyance approved under Section 10.2 below. In that event, the life tenant shall be the only Association Member from such Lot, and occupancy of the Lot shall be as if the life tenant was the only Owner. Upon termination of the life estate, the holders of the remainder interest shall have no occupancy rights unless separately approved by the Association. The life tenant shall be liable for all assessments and charges against the Lot. Any consent or approval required of Association Members may be given by the life tenant alone, and the consent or approval of the holders of the remainder interest shall not be required. If there is more than one life tenant, they shall be treated as co-Owners for purposes of determining voting and occupancy rights.

10.2 Transfers.

(A) Sale or Gift. No Lot Owner may transfer a Lot or any ownership interest in a Lot by sale or gift (including agreement for deed) without prior written approval of the Board of Directors.

(B) Devise or Inheritance. If any Lot Owner acquires his title by devise or inheritance, his or her right to occupy or use the Lot shall be subject to the approval of the Board of Directors under Section 10.3 below. The approval shall not be denied to any devise or heir who was the prior Owner's lawful spouse at the time of death or was related to the Owner by blood or adoption within the first degree.

(C) Other Transfers. If any person acquires title in any manner not considered in the foregoing subsections, that person shall have no right to occupy or use the Lot before being approved by the Board of Directors under the procedures outlined in Section 10.3 below.

(D) Delegation of Authority. To facilitate transfers proposed during times when many of its members are not in residence, the Board of Directors may, by resolution, delegate its approval powers to an ad hoc committee, to the President, Vice President, Treasurer, or community association manager, any of whom may execute a Certificate of Approval.

(E) Resale Assessment; Replacement Reserve Account. A resale or "capital" assessment, referred to herein as the "resale assessment", shall be due and payable to the Association upon the conveyance of a Lot. The amount of the resale assessment shall be as determined by resolution of the Board of Directors from time to time, provided that (a) the amount shall not exceed the pro-rata equivalent of three (3) months of assessments; (b) the amount is calculated or applied at a uniform rate against all Lots; and (c) amounts derived from the resale assessment shall be used to fund a voluntary deferred expenditure account for the purpose of major repairs and replacement of existing assets in accordance with the Bylaws. Payment of the resale assessment shall be the legal obligation of the transferee and shall be secured by a continuing lien as provided for in this Declaration. The resale assessment will be added to the first month's account statement which the new Owner receives after conveyance but may be paid at closing. For purposes of this Subsection (E), the term "conveyance" shall mean the transfer of record legal title to a Lot by deed or other authorized means of conveyance, with or

without valuable consideration, including, without limitation, as a result of the issuance of a certificate of title or deed in lieu of foreclosure or a transfer of possession and beneficial ownership by means of an agreement for deed. The following conveyances shall be exempt from payment of the resale assessment: (a) by a co-Owner to any person who was a co-Owner immediately prior to such conveyance; (b) to the Owner's estate, surviving spouse, or other heirs resulting from the death of the Owner; (c) to a trustee or the Owner's spouse, without a change in occupancy, solely for estate planning or for tax reasons; (d) to the Association pursuant to a final judgment of foreclosure or deed in lieu of foreclosure; and (e) to a first mortgage holder pursuant to a final judgment of foreclosure or deed in lieu of foreclosure; provided, however, that upon a resale that occurs following an exempt resale described in (a) through (e) above, the resale assessment shall be due and payable.

10.3 Procedures.

(A) Notice to Association.

(i) Sale or Gift. An Owner intending to make a sale or gift of his Lot or any interest therein shall give to the Board of Directors or its designee written notice of such intention at least twenty (20) days before the intended closing date, together with the name and address of the proposed purchaser or donee, a copy of the executed sales contract, if any, and such other information as the Board may reasonably require. The Board may require a personal interview with any purchaser or donee and his spouse, if any, as a pre-condition to approval.

(ii) Devise, Inheritance, or Other Transfers. The transferee must notify the Board of Directors of his ownership and submit a certified copy of the instrument evidencing his ownership and such other information as the Board may reasonably require. The transferee shall have no occupancy or use rights until and unless approved by the Board but may sell or lease the Lot following the procedures in this Declaration.

(iii) Failure to Give Notice. If no notice is given, the Board of Directors, at its election may approve or disapprove at the time it learns of the transfer. If any Owner fails to obtain the Association's approval prior to selling an interest in a Lot, such failure shall create a rebuttable presumption that the seller and the purchaser intend to violate the covenants of this Declaration and shall constitute good cause for Association disapproval.

(B) Board Action. Within twenty (20) days after receipt of the required notice and all information or interviews requested, or not later than sixty (60) days after the notice required by paragraph (A) above is received, whichever occurs first, the Board shall approve or disapprove the transfer. If a transfer is approved, the approval shall be stated in a Certificate of Approval executed by the President or Vice-President of the Association in recordable form and delivered to the transferee. If the Board neither approves nor disapproves within the time limits as set forth above, such failure to act shall be deemed the equivalent of approval and on demand the Board shall issue a Certificate of Approval to the transferee.

(C) Disapproval.

(i) Approval of the Association shall be withheld for good cause only if a majority of the whole Board so votes. When determining good cause to disapprove a sale, the Board shall consider mitigating factors, including, but not limited to, the recency of events and the detrimental effect on the Community. Good cause for disapproval shall include, but not be limited to, the following:

(1) The person seeking approval or any of the proposed occupants has been convicted of a crime involving violence to persons or property, a crime involving possession or sale of a controlled substance, or a crime demonstrating dishonesty or moral turpitude;

(2) The person seeking approval has a record of financial irresponsibility, including, without limitation, prior bankruptcies, foreclosures, or bad debts;

(3) The application on its face gives the Board reasonable cause to believe that the applicant or any of the proposed occupants intends to conduct himself or herself in a manner inconsistent with the covenants and restrictions applicable to the Association;

(4) The person seeking approval or any of the proposed occupants has a history of disruptive behavior or disregard for the rights or property of others;

(5) The person seeking approval or any of the proposed occupants has evidenced an attitude of disregard for Association's restrictions by his or her conduct in this Community as a tenant, Owner, or occupant of a Villa;

(6) The person seeking approval or any of the proposed occupants has failed to provide the information, fees, or interviews required to process the application in a timely manner or has provided false information during the application process;

(7) The transaction, if a sale or gift, was concluded by the parties without having sought and obtained the prior approval required herein.

10.4 Exception. The provisions of Sections 10.2 and 10.3 are not applicable to the acquisition of title by a first mortgagee who acquires title through the mortgage, whether by foreclosure or deed in lieu of foreclosure; however, Association approval is required for a purchaser from such mortgagee.

10.5 Unapproved Transfers. Any sale or transfer which is not approved, or which is disapproved pursuant to the terms of this Declaration, shall be void unless subsequently approved in writing by the Board.

10.6 Fees and Deposits Related to the Sale of Lots. Whenever herein the Board's approval is required to allow the sale or other transfer of an interest in a Lot, the Association may charge the Owner a preset fee for processing the application, such fee not to exceed the maximum amount allowed by law. A separate fee may be charged for each person who is obtaining an interest in the Lot, except if such persons are a married couple.

10.7 No Discrimination. The Association is an equal opportunity provider of housing and shall not disapprove a sale for an illegal discriminatory reason.

11. AMENDMENTS; TERMINATION.

11.1 Amendments by Members. Except as otherwise provided herein or by law, this Declaration may be amended at any time by the affirmative vote of at least two thirds (2/3) of the Voting Interests present and voting, in person or by proxy, at a duly called meeting of the members of the Association. A copy of each adopted amendment shall be attached to a certificate that the amendment was duly adopted as an amendment to the Declaration, which certificate shall identify the Book and Page of the Public Records where the Declaration is recorded and shall be executed by the President of the

Association with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the Public Records of Collier County, Florida. Any proposed amendment to the Declaration which would affect the surface water management system (including the water management portions of the Common Areas), shall be submitted to the Water Management District and any other governmental or quasi-governmental agency having jurisdiction over the surface water management system for a determination of whether the proposed amendment necessitates a modification of the Water Management District Permit for the Property.

11.2 Duration of Covenants. The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Association and any Owner or their respective legal representatives, heirs, successors, and assigns, for an initial period that expires on the ninety-ninth (99th) anniversary of the date of recordation of the Declaration of Covenants, Restrictions and Easements for Lakewood Villas VII. Upon the expiration of said initial period, this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration if during the last year of the initial period, or during the last year of any subsequent ten (10) year renewal period, at least three-fourths (3/4ths) of the votes cast at a duly held meeting of Members of the Association vote in favor of terminating this Declaration at the end of its then current term. Written notice of any meeting at which such a proposal will be considered shall be given at least forty-five (45) days before the meeting. If the Members vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination so adopted, the date of the meeting of the Association, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. The certificate shall be recorded in the Public Records of Collier County, Florida, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

12. ENFORCEMENT; GENERAL PROVISIONS.

12.1 Enforcement. Enforcement of these covenant, conditions and restrictions may be by a proceeding at law or in equity and may be instituted by the Association, its successors, or assigns, or by any Owner, against any person or persons violating or attempting to violate or circumvent any covenant, condition, or restriction, either to restrain violation or to recover damages, and against any Lot to enforce any lien created by these covenants. Failure of the Association or any Owner to enforce any covenants, condition, or restriction herein contained for any period of time shall not be deemed a waiver or estoppel of the right to enforce same thereafter. Without limiting the generality of the foregoing, an Owner shall also be responsible for the payment of any and all legal fees incurred by the Association in connection with the enforcement of the Governing Documents, whether or not an action is actually begun. Any such legal fees shall be paid not later than thirty (30) days after written notice thereof and if not paid within such thirty (30) day period, shall constitute a lien upon the applicable Lot and Villa with the same force and effect as a lien for annual assessments.

12.2 Owner and Member Compliance. The protective covenants, conditions, restrictions, and other provisions of the Governing Documents shall apply to Members and all persons to whom a Member has delegated his or her right of use in and to the Common Areas, as well as to any other person occupying any Villa under lease from the Owner or by permission or invitation of the Owner or his tenants (express or implied), and their licensees, invitees, or guests. Failure of any Owner to notify any person of the existence of the rules, or the covenants, conditions, restrictions, and other provisions of the Governing Documents shall not in any way act to limit or divest the Association of the power to enforce

these provisions. Each Lot Owner shall be responsible for any and all violations by his tenants, licensees, invitees, or guests and by the guests, licensees, and invitees of his tenants, at any time.

12.3 Litigation. Enforcement actions for damages, or for injunctive relief, or both, on account of any alleged violation of law, or of the Governing Documents, may be brought by any Owner or the Association against:

- (A) the Association;
- (B) the Lot Owner;
- (C) anyone who occupies or is a tenant or guest of a Lot; or
- (D) any officer or Director of the Association who willfully and knowingly fails to comply with these provisions.

12.4 Attorney Fees. In any legal proceeding arising out of an alleged failure of a guest, tenant, residential Lot Owner, officer, Director, or the Association to comply with the requirements of the law or the Governing Documents, as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such attorney's fees as may be awarded by the court.

12.5 No Election of Remedies. All rights, remedies, and privileges granted to the Association or the Owners under the law and the Governing Documents shall be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party from exercising any other rights, remedies, or privileges that may be available.

12.6 Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the last known address of the Owner appearing in the records of the Association, or to the address of the Member's Villa. Notice to one of two or more co-Owners of a Lot shall constitute notice to all co-Owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address.

12.7 Severability. Should any covenant, condition, or restriction herein contained, or any section, subsection, sentence, clause, phrase, or term of this Declaration or its recorded exhibits be declared to be void, invalid, illegal, or unenforceable, for any reason, by any court having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect. Nothing contained in this Declaration is intended to affect vested rights. If any provision contained herein is deemed by a competent court of law to have such affect, then such provision will be deemed null and void but have no effect on the remaining provisions herein.

12.8 Interpretation; Disputes. The Board of Directors is responsible for interpreting the provisions of this Declaration and its exhibits and the other Governing Documents of the Association. Such interpretation shall be binding upon all parties unless wholly unreasonable. A written opinion rendered by legal counsel retained by the Board that an interpretation adopted by the Board is not unreasonable shall conclusively establish the validity of such interpretation. In the event there is any dispute as to whether the use of the Property complies with the covenants and restrictions contained in the Governing Documents, the matter shall be referred to the Board and the determination of the Board with respect to such dispute shall be dispositive on the issue and binding on all parties.

12.9 Non-Profit Status. Notwithstanding anything contained herein to the contrary, the Association will perform no act nor undertake any activity inconsistent with its non-profit status under applicable state or federal law.

12.10 Use of Singular and Plural and Gender. Whenever the context so permits, the use of the singular shall include the plural and the plural shall include the singular, and the use of any gender shall be deemed to include all genders.

12.11 Headings. The headings used in the Governing Documents are for reference purposes only and do not constitute substantive matter to be considered in construing the terms and provisions of the documents.

13. **DISCLAIMER OF LIABILITY OF ASSOCIATION.** NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN THE ARTICLES OF INCORPORATION, BYLAWS, OR ANY RULES AND REGULATIONS OF THE ASSOCIATION OR ANY OTHER DOCUMENT GOVERNING, BINDING ON, OR ADMINISTERED BY THE ASSOCIATION (COLLECTIVELY THE "ASSOCIATION DOCUMENTS"). THE ASSOCIATION SHALL NOT BE LIABLE OR RESPONSIBLE FOR, OR IN ANY MANNER A GUARANTOR OR INSURER OF, THE HEALTH, SAFETY, OR WELFARE OF ANY OWNER, OCCUPANT, OR USER OF ANY PORTION OF THE PROPERTIES INCLUDING, WITHOUT LIMITATION, RESIDENTS AND THEIR FAMILIES, GUESTS, INVITEES, AGENTS, SERVANTS, CONTRACTORS, OR SUBCONTRACTORS OR FOR ANY PROPERTY OR ANY SUCH PERSONS, WITHOUT LIMITING THE FOREGOING:

13.1 IT IS THE EXPRESS INTENT OF THE ASSOCIATION DOCUMENTS THAT THE VARIOUS PROVISIONS THEREOF WHICH ARE ENFORCEABLE BY THE ASSOCIATION AND WHICH GOVERN OR REGULATE THE USES OF THE PROPERTIES HAVE BEEN WRITTEN, AND ARE TO BE INTERPRETED AND ENFORCED, FOR THE SOLE PURPOSE OF ENHANCING AND MAINTAINING THE ENJOYMENT OF THE PROPERTIES AND THE VALUE THEREOF.

13.2 THE ASSOCIATION IS NOT EMPOWERED, AND HAS NOT BEEN CREATED, TO ACT AS AN ENTITY WHICH ENFORCES OR ENSURES THE COMPLIANCE WITH THE LAWS OF THE UNITED STATES, STATE OF FLORIDA, COLLIER COUNTY, AND/OR ANY OTHER JURISDICTION OR THE PREVENTION OF TORTUOUS ACTIVITIES.

13.3 ANY PROVISIONS OF THE ASSOCIATION DOCUMENTS SETTING FORTH THE USES OF ASSESSMENTS WHICH RELATE TO THE HEALTH, SAFETY, AND/OR WELFARE SHALL BE INTERPRETED AND APPLIED ONLY AS LIMITATIONS ON THE USES OF ASSESSMENT FUNDS AND NOT AS CREATING A DUTY OF THE ASSOCIATION TO PROTECT OR FURTHER THE HEALTH, SAFETY, OR WELFARE OF ANY PERSON(S), EVEN IF ASSESSMENT FUNDS ARE CHOSEN TO BE USED FOR ANY SUCH REASON.

13.4 EACH OWNER AND EACH OTHER PERSON HAVING AN INTEREST IN OR LIEN UPON ANY PORTION OF THE PROPERTIES SHALL BE BOUND BY THESE DISCLAIMERS AND SHALL BE DEEMED TO HAVE AUTOMATICALLY WAIVED ANY AND ALL RIGHTS, CLAIMS, DEMANDS, AND CAUSES OF ACTION AGAINST THE ASSOCIATION ARISING FROM OR CONNECT WITH ANY MATTER FOR WHICH THE LIABILITY OF THE ASSOCIATION HAS BEEN DISCLAIMED HEREIN.

13.5 AS USED HEREIN, "ASSOCIATION" SHALL INCLUDE WITH ITS MEANING ALL OF THE ASSOCIATION'S DIRECTORS, OFFICERS, COMMITTEE MEMBERS, EMPLOYEES,

AGENTS, CONTRACTORS (INCLUDING MANAGEMENT COMPANIES), SUBCONTRACTORS, SUCCESSORS, AND ASSIGNS.

EXHIBITS

Exhibit "A" – Legal Description, as attached to the original Declaration, recorded at Official Record Book 845, at Page 1730, *et seq.*, of the Public Records of Collier County, Florida, as amended. Incorporated herein by reference only, but not attached.

Exhibit "B" – Amended and Restated Articles of Incorporation.

Exhibit "C" - Amended and Restated Bylaws.

NOTE: SUBSTANTIAL REWORDING OF ENTIRE ARTICLES OF INCORPORATION. FOR ORIGINAL TEXT SEE ORIGINAL ARTICLES OF INCORPORATION.

**AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
LAKEWOOD VILLAS VII HOMEOWNERS ASSOCIATION, INC.**

Pursuant to Section 617.1007, Florida Statutes, these Articles of Incorporation of Lakewood Villa VII Homeowners Association, Inc., a Florida corporation not for profit, which was originally incorporated under the same name on December 14, 1979, are hereby amended and restated in their entirety. All amendments included herein have been adopted pursuant to Section 617.1002, Florida Statutes, and there is no discrepancy between the corporation's Articles of Incorporation as heretofore amended and the provisions of these Amended and Restated Articles other than the inclusion of amendments, adopted pursuant to Section 617.1002, Florida Statutes, and the omission of matters of historical interest. The Amended and Restated Articles of Incorporation of Lakewood Villas VII Homeowners Association, Inc., shall henceforth be as follows.

ARTICLE I

NAME: The name of the corporation is Lakewood Villa VII Homeowners Association, Inc., sometimes hereinafter referred to as the "Association".

ARTICLE II

DEFINITIONS: Unless the context expressly requires otherwise, the terms used herein shall have the meanings set forth in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Lakewood Villas VII ("Declaration").

ARTICLE III

PRINCIPAL OFFICE: The principal office of the corporation shall be as listed with the Florida Department of State Division of Corporations.

ARTICLE IV

PURPOSE AND POWERS: This Association will not permit pecuniary gain or profit nor distribution of its income to its Members, officers, or Directors. It is a nonprofit corporation formed for the purpose of establishing a corporate residential community homeowners association which, subject to the Declaration of Covenants, Conditions and Restrictions, originally recorded in the Public Records of Collier County, Florida, at O.R. Book 845 at Page 1730, *et seq.*, and as amended, has the powers described herein. The Association shall have all of the common law and statutory powers of a Florida corporation not for profit consistent with these Articles, the Bylaws of the corporation, and with said Declaration and shall have all of the powers and authority reasonably necessary or appropriate for the operation and regulation of a residential community, subject to said recorded Declaration, as it may from time to time be amended, including, but not limited to, the power:

(A) to fix, levy, collect, and enforce payment by any lawful means all charges, assessments, or liens pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the corporation, including all license fees, taxes, or governmental charges levied or imposed against the property or the corporation;

(B) to make, amend, and enforce reasonable rules and regulations governing the use of the Common Areas and the operation of the Association;

(C) to sue and be sued, and to enforce the provisions of the Declaration, the Articles, the Bylaws, and the reasonable rules of the Association;

(D) to contract for the management and maintenance of the Common Areas and to delegate any powers and duties of the Association in connection therewith except such as are specifically required by the Declaration to be exercised by the Board of Directors or the membership of the Association;

(E) to employ accountants, attorneys, architects, and other professional personnel to perform the services required for proper operation of the properties;

(F) to dedicate, sell, or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication, sale, or transfer shall be effective unless first approved by two-thirds (2/3rds) of the Voting Interests, present and voting, in person or by proxy at a duly called meeting of the membership;

(G) to borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred if first approved by the Board;

(H) to maintain, repair, replace, and provide insurance for the Common Areas;

(I) to acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, or otherwise dispose of real or personal property in connection with the affairs of the corporation;

(J) to grant, rescind, modify, or move easements;

(K) to exercise any and all powers, rights and privileges which a corporation organized under Chapters 617 and 720 of Florida Statutes may now or hereafter have or exercise, subject always to the Declaration as amended from time to time;

(L) To assist, cooperatively with the Lakewood Community Services Association, Inc., as to the property described above, in the administration and enforcement of the Declaration of Covenants, Conditions and Restrictions for the Lakewood Project, as the same is more particularly set forth in O.R. Book 581, at Page 692, *et seq.*, in the Public Records of Collier County, Florida, as it may be amended from time to time.

All funds and the title to all property acquired by the Association shall be held for the benefit of the Members in accordance with the provisions of the Declaration, these Articles of Incorporation, and the Bylaws.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS: Membership and voting rights shall be as set forth in the Bylaws of the Association.

ARTICLE VI

TERM; DISSOLUTION: The term of the Association shall be perpetual. The Association may be dissolved with the consent given in writing and signed by not less than two-thirds (2/3rds) of the total Voting Interests of the Association. Upon dissolution of the Association, other than incident to a merger or consolidation, its assets, both real and personal, shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was formed. In the event there is a refusal to accept such dedication, then such assets shall be granted, conveyed, and assigned to any non-profit corporation, association, trust, or other organization which is devoted to purposes similar to those of this Association.

ARTICLE VII

BYLAWS: The Bylaws of the Association may be altered, amended, or rescinded in the manner provided therein.

ARTICLE VIII

AMENDMENTS: Amendments to these Articles shall be proposed and adopted in the following manner:

(A) Proposal. Amendments to these Articles may be proposed by a majority of the Board of Directors or upon a petition of twenty-five percent (25%) of the Voting Interests at any regular or specially called meeting of the Members and shall be submitted to a vote of the Members not later than the next annual meeting.

(B) Vote Required. Except as otherwise required by Florida law or as provided elsewhere in these Articles, these Articles of Incorporation may be amended if the proposed amendment is approved by the affirmative vote of at least two thirds (2/3rds) of the Voting Interests who are present and voting, in person or by proxy, at a duly called meeting of the Members of the Association.

(C) Effective Date. An amendment shall become effective upon filing with the Secretary of State and recording a certified copy in the Public Records of Collier County, Florida with the same formalities as are required in the Declaration for recording amendments to the Declaration.

ARTICLE IX

DIRECTORS AND OFFICERS:

(A) The affairs of the Association will be administered by a Board of Directors consisting of the number of Directors determined by the Bylaws but shall not be less than three (3) Directors. Directors are required to be Members of the Association, except that if a Lot is owned by an entity, such entity may only appoint a partner, shareholder, member, manager, director, or officer of such entity on its behalf to be eligible to serve on the Board.

(B) Directors of the Association shall be elected by the Members in the manner determined by the Bylaws. Directors may be removed and vacancies on the Board of Directors shall be filled in the manner provided by the Bylaws.

(C) The business of the Association shall be conducted by the officers designated in the Bylaws. The officers shall be elected by the Board of Directors at its first meeting following the annual meeting of the Members of the Association and shall serve at the pleasure of the Board.

ARTICLE X

INDEMNIFICATION:

(A) Indemnity. The Association shall indemnify any officer, Director, or committee member who was or is a party or is threatened to be made a party to any threatened, pending, or contemplated action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a Director, officer, or committee member of the Association, against expenses (including attorney's fees and appellate attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, unless (i) a court of competent jurisdiction finally determines, after all appeals have been exhausted or not pursued by the proposed indemnitee, that he or she did not act in good faith or in a manner he reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, that he or she had reasonable cause to believe his or her conduct was unlawful, and (ii) such court also determines specifically that indemnification should be denied. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. It is the intent of the membership of the Association, by the adoption of this provision, to provide the most comprehensive indemnification possible to their officers, Directors, and committee members as permitted by Florida law.

(B) Defense. To the extent that a Director, officer, or committee member of the Association has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section (A) above, or in defense of any claim, issue, or matter therein, he or she shall be indemnified against expenses (including attorney's fees and appellate attorney's fees) actually and reasonably incurred by him or her in connection therewith.

(C) Advances. Expenses incurred in defending a civil or criminal action, suit, or proceeding shall be paid by the Association in advance of the final disposition of such action, suit, or proceeding on behalf of the affected Director, officer, or committee member. The Director, officer or committee member shall repay such amount if it shall ultimately be determined that said Director, officer or committee member is not entitled to be indemnified by the Association as authorized by this Article X.

(D) Miscellaneous. The indemnification provided by this Article X shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of Members, or otherwise, and shall continue as to a person who has ceased to be a Director, officer, or committee member and shall inure to the benefit of the heirs and personal

representatives of such person.

(E) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, committee member, employee, or agent of the Association, or a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article.

(F) Amendment. Anything to the contrary herein notwithstanding, the provisions of this Article X may not be amended without the approval in writing of all persons whose interest would be adversely affected by such amendment.

NOTE: SUBSTANTIAL REWORDING OF ENTIRE BYLAWS. FOR ORIGINAL TEXT SEE ORIGINAL BYLAWS.

**AMENDED AND RESTATED BYLAWS
OF
LAKEWOOD VILLAS VII HOMEOWNERS ASSOCIATION, INC.**

1. **GENERAL.** These are the Bylaws of Lakewood Villa VII Homeowners Association, Inc., a Florida corporation not for profit, which was originally incorporated under the same name on December 14, 1979, hereinafter the "Association". The corporation is organized under the laws of Florida as a community association for the purpose of operating a residential community. All prior Bylaws, if any, are hereby revoked and superseded in their entirety.

1.1 **Principal Office.** The principal office of the Association shall be as listed with the Florida Department of State Division of Corporations, unless otherwise changed by the Board of Directors.

1.2 **Seal.** The seal of the Association shall be inscribed with the name of the Association, the year of its organization, and the words "Florida" and "corporation not for profit". The seal may be used by causing it, or a facsimile of it, to be impressed, affixed, reproduced, or otherwise placed upon any document or writing of the corporation where a seal may be required.

1.3 **Definitions.** Unless the context expressly requires otherwise, the terms used herein shall have the meanings set forth in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Lakewood Villas VII ("Declaration").

2. **MEMBERS.** The Members of the Association are the record owners of legal title to the Lots. In the case of a Lot subject to an agreement for deed, the purchaser in possession shall be deemed the Owner of the Lot solely for purposes of determining use rights.

2.1 **Change of Membership.** A change of membership shall become effective after all the following events have occurred.

(A) Recording in the Public Records of a deed or other instrument evidencing legal title to the Lot in the Member.

(B) Delivery to the Association of a copy of the recorded deed or other instrument evidencing title.

(C) Designation, in writing, of a Primary Occupant, which is required when title to a Lot is held in the name of two (2) or more persons who are not husband and wife, or by a trustee or a corporation or other entity which is not a natural person.

2.2 **Voting Interests.** The Members of the Association are entitled to one (1) vote for each residential Lot owned by them. The total number of possible votes (the "Voting Interests") of the Association is the total number of residential Lots in Lakewood Villas VII, which is forty-four (44). The

vote of a Lot is not divisible. The right to vote may be suspended for non-payment of any monetary amounts that are delinquent in excess of ninety (90) days. If a Lot is owned by one (1) natural person, the right to vote shall be established by the record title to the Lot. If a Lot is owned jointly by two (2) or more natural persons, that Lot's vote may be cast by any one (1) of the record Owners. If two (2) or more Owners of a Lot do not agree among themselves how their one (1) vote shall be cast on any issue, that vote shall not be counted for any purpose. If the Owner of a Lot is other than a natural person, the vote of that Lot shall be cast by the Lot's Primary Occupant. All votes must be cast by an Owner or Primary Occupant.

2.3 Approval or Disapproval of Matters. Whenever the decision or approval of a Lot Owner is required upon any matter, whether or not the subject of an Association meeting, the decision or other response may be expressed by any person authorized to cast the vote of the Lot at an Association meeting, as stated in Section 2.2 above, unless the joinder of all record Owners is specifically required.

2.4 Change of Membership. A change of membership in the Association shall be established by the new Member's membership becoming effective as provided for in Section 2.1 above. At that time, the membership of the prior Owner shall be terminated automatically.

2.5 Termination of Membership. The termination of membership in the Association does not relieve or release any former Member from liability or obligation incurred under or in any way connected with the Association during the period of his membership, nor does it impair any rights or remedies the Association may have against any former Owner or Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto.

3. MEMBERS' MEETINGS; VOTING.

3.1 Annual Meeting. There shall be an annual meeting of the Members in each calendar year. The annual meeting shall be held in Collier County, Florida, at a time and place designated by the Board of Directors, for the purpose of electing Directors and transacting any other business duly authorized to be transacted by the Members.

3.2 Special Members' Meetings. Special Members' meetings must be held whenever called by the President, or in his absence, the Vice-President, or by a majority of the Directors, and may also be called by Members having at least twenty-five percent (25%) of the Voting Interests. The business at any special meeting shall be limited to the items specified in the notice of meeting.

3.3 Notice Meetings; Waiver of Notice. Notices of all Members' meetings must state the date, time, and place of the meeting. Notice of special meetings must include a description of the purpose or purposes for which the meeting is called. The notice must be mailed to each Member at the Member's address as it appears on the books of the Association or may be furnished by personal delivery or electronic transmission. The Members are responsible for providing the Association with any change of address. The notice must be mailed, electronically transmitted, or hand delivered at least fourteen (14) days prior to the date of the meeting. If ownership of a Lot is transferred after notice has been mailed or transmitted, no separate notice to the new Owner is required. Attendance at any meeting by a Member constitutes waiver of notice by that Member, unless the Member objects to the lack of notice at the beginning of the meeting. A Member may also waive notice of any meeting at any time by written waiver.

3.4 Quorum. A quorum at Members' meetings shall be attained by the presence, either in person or by proxy, of persons entitled to cast at least thirty percent (30%) of the votes of the total Voting Interests. After a quorum has been established at a Members' meeting, the subsequent withdrawal of any Members, so as to reduce the number of Voting Interests represented below the number required for a quorum, shall not affect the validity of any action taken at the meeting before or after such persons leave.

3.5 Vote Required. The acts approved by a majority of the votes cast by eligible voters at a meeting of the Members at which a quorum has been attained shall be binding upon all Lot Owners for all purposes, except where a different number of votes is expressly required by law or by any provision of the Governing Documents.

3.6 Proxy Voting. Members may cast their votes at a meeting in person or by proxy. A proxy shall be valid only for the specific meeting for which originally given and any lawful adjournment of that meeting. No proxy shall be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at the pleasure of the person executing it. To be valid, a proxy must be in writing, dated, signed by the person authorized to cast the vote for the Lot, specify the date, time, and place of the meeting for which it is given, and the original or a copy must be delivered to the Association by the appointed time of the meeting or adjournment thereof. A photostatic, facsimile, or equivalent reproduction of a proxy is a sufficient proxy. No proxy shall be valid if it names more than one (1) person as the holder of the proxy, but the holder shall have the right, if the proxy so provides, to substitute another person to hold the proxy. Holders of proxies need not be Members. A Limited Proxy shall be used for membership votes on substantive matters, including, without limitation, amendments to the Governing Documents. A General Proxy may be used only when there is no substantive business to be voted on at a Members' meeting and for purposes of establishing a quorum, correcting typographical errors with respect to matters being voted on by the Members, and voting on parliamentary matters, including, without limitation, a motion to approve minutes or to adjourn the meeting. Notwithstanding the foregoing, Members may vote in person at Members' meetings.

3.7 Electronic Voting. The Association may conduct elections and other Owner votes through an internet-based online system if an Owner consents, in writing, to online voting. The Association must comply with the requirements for electronic voting as set forth in Chapter 720.317, Florida Statutes, as it may be amended, including any requirement for Board approval of electronic voting by written resolution.

3.8 Adjourned Meetings. Any duly called meeting of the Members may be adjourned to be reconvened at a later time by vote of the majority of the Voting Interests present, regardless of whether a quorum has been attained. When a meeting is so adjourned it shall not be necessary to give further notice of the time and place of its continuance if such are announced at the meeting being adjourned. Any business which might have been conducted at the meeting as originally scheduled may instead be conducted when the meeting is reconvened, but only if a quorum is present.

3.9 Order of Business. The order of business at Members' meetings shall be substantially as follows:

- (A) Call of the roll or determination of quorum
- (B) Reading or disposal of minutes of last Members' meeting
- (C) Reports of Officers
- (D) Reports of Committees
- (E) Election of Directors (annual meeting only)

- (F) Unfinished Business
- (G) New Business
- (H) Adjournment

3.10 Minutes. Minutes of all meetings of the Members and of the Board of Directors shall be kept in a businesslike manner, available for inspection by Members or their authorized representatives at all reasonable times. Minutes must be reduced to written form within a reasonable time after the meeting. A vote or abstention from voting on each matter voted upon for each Director present at a Board meeting must be recorded in the minutes.

3.11 Parliamentary Rules. Roberts' Rules of Order (latest edition) shall guide the conduct of the Association meetings when not in conflict with the law, the Declaration, the Articles, or the Bylaws. The presiding officer may appoint a Parliamentarian whose decision on questions of parliamentary procedure shall be final. Any question or point of order not raised at the meeting to which it relates shall be deemed waived.

3.12 Action by Members Without Meeting. Except for the holding of the annual meeting and annual election of Directors, any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if written consents or other instruments expressing approval of the action proposed to be taken are signed and returned by Members having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all of the Voting Interests were present and voting. If the requisite number of written consents are received by the Association within sixty (60) days after the earliest date which appears on any of the consent forms received, the proposed action so authorized shall be of full force and effect as if the action had been approved by vote of the Members at a meeting of the Members held on the sixtieth (60th) day. Within ten (10) days thereafter, the Board shall send written notice of the action taken to all Members who have not consented in writing. Nothing in this paragraph affects the rights of Members to call a special meeting of the membership, as provided for by Section 3.2 above, or by law. If the vote is taken by the method described in this Section 3.12, the list of Owners on record with the Association at the time of mailing the voting material shall be the list of qualified voters. The written consents used to authorize an action without a meeting shall become part of the Association's records.

4. BOARD OF DIRECTORS. The administration of the affairs of the Association shall be by a Board of Directors. All powers and duties granted to the Association by law, as modified and explained in the Declaration, Articles, and Bylaws, shall be exercised by the Board, subject to approval or consent of the Owners only when such is specifically required.

4.1 Number and Terms of Office. The number of Directors which shall constitute the whole Board of Directors shall be five (5), unless otherwise determined by the Board by resolution. In order to create a system of staggered terms at the first annual meeting following the recording of these Bylaws in the public records, the four (3) Directors receiving the greatest number of votes at the election shall serve terms of two (2) years each, and the remaining three (2) Directors shall serve a term of one (1) year each. If the election is uncontested or there is a tie, the Directors shall decide who will serve the longer terms and who will serve the shorter terms by unanimous consent. If the decision is not unanimous, then the terms shall be decided by the drawing of straws or the equivalent. Thereafter, all Directors shall be elected for a term of two (2) years each. A Director's term will end at the annual election at which his successor is to be duly elected, unless he sooner resigns or is recalled as provided for in Section 4.5 below. Directors shall be elected by the Members as described in Section 4.3 below, or in the case of a vacancy, as provided for in Section 4.4 below.

4.2 Qualifications. Each Director must be a Lot Owner or Primary Occupant or the spouse of a Lot Owner or Primary Occupant. In the case of a Lot owned by a corporation, any officer is eligible for election to the Board of Directors. If a Lot is owned by a partnership, any partner is eligible to be a Director. If a Lot is held in trust, the trustee, grantor, or settlor of the trust, or any one of the beneficial Owners residing in the Lot is eligible to be elected to the Board of Directors. No two individuals from the same Lot shall be eligible to serve on the Board at the same time. Any Director who misses three (3) consecutive regular monthly meetings of the Board of Directors may be removed from his position on the Board if so determined and approved by a majority vote of the remaining Directors. Any vacancy shall be filled in accordance with Section 4.4. below.

4.3 Nominations and Elections. Election to the Board of Directors shall be in accordance with the procedures established by the Board from time to time and may include voting by proxy or by secret ballot, as determined by the Board. Nominations for election to the Board of Directors shall be made in writing in advance of the day of election in accordance with the procedures established by the Board. Nominations from the floor are prohibited. There shall be appurtenant to each Lot as many votes for Directors as there are Directors to be elected, but no Lot may cast more than one (1) vote for any candidate, it being the intent hereof that voting for Directors shall be non-cumulative. At such election, the Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and these Bylaws. The persons receiving the largest number of votes shall be elected, except that a run-off election shall be held to break a tie vote.

The Board of Directors may not appoint a committee for the purpose of nominating candidates for the election of Directors. However, the Board of Directors may appoint a search committee to encourage qualified persons to become candidates. If the number of candidates does not exceed the number of vacancies, then no election shall be required, and the candidates become members of the Board of Directors effective upon the adjournment of the annual meeting. Any remaining vacancies shall be filled by the affirmative vote of the majority of the directors making up the newly constituted Board even if the Directors constitute less than a quorum or there is only one (1) Director. Any challenge to the election process must be commenced within sixty (60) days after the election results are announced.

4.4 Resignation; Vacancies on the Board. Any Director may resign at any time by giving written notice to the Association, and unless otherwise specified therein, the resignation shall become effective upon receipt. If the office of any Director becomes vacant for any reason, a successor shall be appointed by the Board at a special meeting of the Board of Directors of the Association. The successor so appointed shall fill the term of the Director being replaced. If for any reason there shall arise circumstances in which no Directors are serving and the entire Board is vacant, the Members shall elect successors at a special meeting or any Member may apply to the Circuit Court for the appointment of a receiver to manage the Association's affairs, in the manner provided by the Act.

4.5 Removal of Directors. Any Director may be removed, with or without cause, by a majority vote of the total Voting Interests, either by a written agreement or at a meeting called for that purpose. An Officer may also be removed at any time by a majority vote of the Board of Directors. If a special meeting is called by ten percent (10%) of the Voting Interests for the purpose of recall, the notice of the meeting must be accompanied by a dated copy of the signature list, stating the purpose of the signatures. The meeting must be held not less than fourteen (14) days nor more than sixty (60) days from the date that notice of the meeting is given. If removal is effected by written agreement, the vacancy or vacancies shall be filled as provided by law. If removal is effected at a meeting, any vacancies created thereby shall be filled by the Members at the same meeting. Any Director who is removed from office is not eligible to stand again for election to the Board until the next annual election and must turn over to the

Association within seventy-two (72) hours any and all records and other property of the corporation in his possession. If a Director who is removed does not relinquish his office or turn over records as required, the circuit court in the county where the Association has its principal office may summarily order the Director to relinquish his office and turn over corporate records upon application of any Member. In any such action, the prevailing party shall be entitled to recover its attorney fees and costs.

4.6 Organizational Meeting. The organizational meeting of a new Board of Directors shall be held within ten (10) days after the election of new Directors, at such place and time as may be fixed and announced by the Directors at the annual meeting at which they were elected. The organizational meeting may be held immediately after the adjournment of the annual Association meeting.

4.7 Other Meetings. Meetings of the Board may be held at such time and place as shall be determined from time to time by the President, or in his or her absence, a Vice-President, or by a majority of the Directors at any time. It shall be the duty of the Directors, the President, or a Vice-President, to call such a meeting whenever so requested by the Association Members constituting at least twenty percent (20%) or more of the total Voting Interests. Notice of meetings shall be given to each Director by the Secretary at least forty-eight (48) hours prior to the time fixed for the meeting.

4.8 Notice to Owners. Meetings of the Board of Directors shall be open to Members except for meetings in regards to personnel discussions and meetings between the Board and its attorney with respect to proposed or pending litigation where the discussion would otherwise be governed by the attorney-client privilege, and notices of all Board meetings, together, shall be posted conspicuously in the community at least forty-eight (48) continuous hours in advance of each Board meeting, except in an emergency. Notice of any Board meeting at which rules affecting the use of a Lot or Special Assessments are to be considered shall specifically contain a statement that rules or Special Assessments will be considered and the nature of the rule or Assessments and shall be mailed, delivered or electronically transmitted and posted at least fourteen (14) days in advance.

Members have the right to speak, for at least three (3) minutes, on any matter that is placed on the Board meeting agenda by petition of the membership pursuant to Section 720.303(2)(d), Florida Statutes. The Association may adopt reasonable, written Rules and Regulations expanding the rights of Members to speak and governing the frequency, duration, and other manner of Member statements, (including a sign-up sheet requirement), which Rules and Regulations must be consistent with the minimum requirements of Section 720.303(2)(b), Florida Statutes. Tape recording and videotaping of Board of Directors meetings shall be governed by the Rules and Regulations.

4.9 Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting, and such waiver is deemed equivalent to the giving of notice. If all Directors are present at a meeting, no notice to Directors shall be required.

4.10 Quorum of Directors. A quorum at a Board meeting shall be attained by the presence in person of a majority of all Directors. Directors may participate in any meeting of the Board, or meeting of an executive or other committee, by means of a conference telephone call or similar communicative arrangement whereby all persons present can hear and speak to all other persons. Participation by such means shall be deemed equivalent to presence in person at a meeting.

4.11 Vote Required. The acts approved by a majority of those Directors present and voting at a meeting at which a quorum has been attained shall constitute the acts of the Board of Directors, except when approval by a greater number of Directors is required by the Governing Documents or by applicable

statutes. Directors may not vote by proxy or secret ballot at Board meetings, except that secret ballots may be used in the election or removal of officers.

4.12 Adjourned Meetings. A majority of the Directors present at any meeting of the Board of Directors, regardless of whether a quorum exists, may adjourn the meeting to be reconvened at a specified later time. When the meeting is reconvened, provided a quorum is present, any business that might have been transacted at the meeting originally called may be transacted.

4.13 The Presiding Officer. The President of the Association, or in his absence, the Vice-President, is the presiding officer at all meetings of the Board. If neither officer is present, the presiding officer shall be selected by majority vote of the Directors present.

4.14 Directors' Fees and Reimbursement of Expenses. Neither Directors nor officers shall receive compensation for their services as such. Directors and officers may be reimbursed for all actual and proper out-of-pocket expenses related to the proper discharge of their respective duties.

4.15 Committees. The Board of Directors may appoint from time to time such standing or temporary committees, including a search committee, as the Board may deem necessary and convenient for the efficient and effective operation of the Association. Any such committee shall have the powers and duties assigned to it in the resolution creating the committee. If required by the Act, as the same may be amended from time to time, committee meetings shall be open to attendance by any Member, and notice of committee meetings shall be posted in the same manner as required in Section 4.8 above for Board meetings, except for such committee meetings between the committee and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege; personnel matters; or other meetings permitted to be closed under the Act. As of the effective date of these Bylaws, Section 4.8 also applies to the meetings of any committee or other similar body, when a final decision will be made regarding the expenditure of Association funds and to the Architectural Review Committee, if one has been established pursuant to the Declaration. Committees vested with the power to approve or disapprove architectural decisions with respect to a specified parcel of residential property owned by a Member of the community may not vote by proxy or secret ballot.

4.16 Emergency Powers. The Board of Directors may exercise the emergency powers authorized by Sections 617.0207, 617.0303, and 720.316, Florida Statutes, as amended from time to time hereafter.

5. OFFICERS.

5.1 Officers and Elections. The executive officers of the Association shall be a President and a Vice-President, who must be Directors, a Treasurer, and a Secretary, all of whom shall be elected annually by a majority vote of the Board of Directors. Any officer may be removed with or without cause at any meeting by vote of a majority of the Directors. Any officer so removed shall return all books, records, and property of the Association to the Association within seventy-two (72) hours of their removal. Any person except the President may hold two (2) or more offices. The Board may, from time to time, appoint such other officers, and designate their powers and duties, as the Board shall find to be required to manage the affairs of the Association. If the Board so determines, there may be more than one (1) Vice-President, assistant secretaries, or assistant treasurers and such other officers and agents as may be deemed necessary.

5.2 President. The President shall be the chief executive officer of the Association; shall

preside at all meetings of the Members and Directors; shall be *ex-officio* a member of all standing committees; shall have general and active management of the business of the Association; and shall see that all orders and resolutions of the Board are carried into effect. The President shall execute bonds, mortgages, and other contracts and documents requiring the seal of the Association, except where such are permitted by law to be otherwise signed and executed, and the power to execute is delegated by the Board of Directors to some other officer or agent of the Association.

5.3 Vice-Presidents. The Vice-Presidents, in the order of their seniority shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and they shall perform such other duties as the Board of Directors shall assign.

5.4 Secretary. The Secretary shall attend meetings of the Board of Directors and all meetings of the Members and shall cause all votes and the minutes of all proceedings to be recorded in a book or books to be kept for the purpose, and shall perform like duties for standing committees when required. The Secretary shall give, or cause to be given, proper notice of all meetings of the Members, and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board or the President. The Secretary shall keep in safe custody the seal of the Association and, when authorized by the Board, affix the same to any instrument requiring it. The Secretary shall be responsible for the proper recording of all duly adopted amendments to the Governing Documents. Any of the foregoing duties may be performed by an Assistant Secretary, if one has been designated.

5.5 Treasurer. The Treasurer shall have the custody of Association funds and securities and be responsible for the keeping of full and accurate accounts of receipts and disbursements in books belonging to the Association. The Treasurer is responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as are selected by the Board of Directors. The Treasurer shall oversee the disbursement of Association funds, keeping proper vouchers for such disbursements, and shall render to the President and Directors, at meetings of the Board, or whenever they may require it, a full accounting of all transactions and of the financial condition of the Association. The Treasurer shall prepare an annual budget of estimated revenues and expenses to present to the Board of Directors for approval. Any of the foregoing duties may be performed by an Assistant Treasurer, if one is elected.

5.6 Compensation of Officers. No compensation shall be paid to any office for services as an officer of the Association. This provision does not preclude the Board of Directors from employing officers as employees of the Association but only in compliance with all conflict of interest laws.

6. FISCAL MATTERS. The provisions for fiscal management of the Association set forth in the Declaration shall be supplemented by the following provisions.

6.1 Depository. The Association shall maintain its funds in such federally insured accounts at financial institutions in the State of Florida as shall be designated from time to time by the Board. Withdrawal of monies from such accounts shall be only by such persons as are authorized by the Board. The foregoing notwithstanding, the Board may invest Association funds in interest-bearing accounts, money market funds, certificates of deposit, U.S. Government securities and other similar investment vehicles.

6.2 Accounts of the Association. The Association shall maintain its accounting books and records according to generally accepted accounting principles. There shall be an account for each Lot. Such accounts shall designate the name and mailing address of each Lot, the amount and due date of each

assessment or charge against the Lot, amounts paid, date of payment and the balance due.

6.3 Budget. The Board of Directors shall adopt in advance an annual budget of common expenses for each fiscal year. The proposed budget must reflect the estimated revenues and expenses for the next fiscal year, and the estimated surplus or deficit as of the end of the current year. The budget must set out separately all fees or charges for recreational amenities. A copy of the proposed budget and a notice stating the time, date and place of the meeting of the Board at which the budget will be considered shall be mailed or delivered to each Member not less than fourteen (14) days prior to that meeting. The copy and notice described in this subsection may be provided electronically to those Members who previously consented to receive notice electronically. The proposed budget shall be detailed and shall show the amounts budgeted by income accounts and expense classifications. The minutes of the Association shall reflect the adoption of the budget, and a copy of the proposed and adopted budgets shall be maintained as part of the financial records of the Association. If an annual budget has not been adopted at the time the first monthly installment for a fiscal year is due, it shall be presumed that the amount of such installment is the same as the last monthly payment, and payments shall be continued at such rate until a budget is adopted and new monthly installments are calculated, at which time an appropriate adjustment shall be added to or subtracted from each Lot's next due monthly installment.

6.4 Reserves. The Board of Directors may establish in the budget one (1) or more reserve accounts for capital expenditures, deferred maintenance, or contingency reserves for unanticipated operating expenses. Board adopted reserve funds are not controlled by Chapter 720, Florida Statutes, and therefore may be spent, waived, or used as approved by the Board. Membership adopted reserves are restricted by Chapter 720, Florida Statutes, and therefore membership adopted reserves may only be used, waived, or reduced on a yearly basis according to Chapter 720, Florida Statutes. The purpose of reserves is to provide financial stability and to avoid the need for Special Assessments. The annual amounts proposed to be so reserved shall be shown in the annual budget.

6.5 Assessments; Installments. The regular annual Assessment based on an adopted budget shall be paid in quarterly installments, in advance, due on the first day of the quarter of each year. Written notice of the annual Assessment shall be sent to the Owners of each Lot prior to the first quarterly installment being due, but failure to send (or receive) such notice does not excuse the obligation to pay. If an annual budget for a new fiscal year has not been adopted, or if notice of any increase has not been made at the time the payment for the first quarterly installment is due, it shall be presumed that the amount of such installment is the same as the last quarterly installment, and payments shall be continued at such rate until a budget is adopted and new annual Assessments are calculated, at which time an appropriate adjustment shall be added to or subtracted from each Lot's next due quarterly installment. Any Assessments which are not paid when due shall be delinquent. If the Assessment is not paid within ten (10) days after the due date shall accrue interest from the due date at the highest rate allowed by law and shall incur a late fee in the highest amount allowed by law.

6.6 Special Assessments. Special Assessments may be imposed by the Board of Directors when necessary to meet unusual, unexpected, unbudgeted, or non-recurring expenses, or for such other purposes as are authorized by the Declaration and these Bylaws. Special Assessments are due on the day specified in the resolution of the Board approving such Assessment. The notice of any Board meeting at which a Special Assessment will be considered shall be given as provided in Section 4.8 above; and the notice to the Owners that the Assessment has been levied must contain a statement of the purpose(s) of the Assessment.

6.7 Fidelity Bonds. The President, Treasurer, and all other persons who are authorized to

sign checks, shall be bonded in such amounts as may be acquired by law or otherwise determined by the Board of Directors. The premiums on such bonds are a Common Expense.

6.8 Resale Assessments. Funds from the Resale Assessments shall be placed in the capital fund. Excess operating proceeds from any fiscal year may, at the discretion of the Board, be placed in the capital fund. The purpose of the capital fund shall be to provide capital for the upgrade, improvement, and expansion of the Common Areas, and the acquisition of such personal property or equipment as may be deemed desirable by the Board, subject to any limitations in the Declaration. The capital fund may be used for operating expenses, in the discretion of the Board.

6.9 Financial Reports. Not later than ninety (90) days after the close of each fiscal year, the Board shall prepare and complete or contract with a third party for the preparation and completion of a financial report as prescribed in 720.303, Florida Statutes. Within twenty-one (21) days after that statement or report is completed or received from the third party, the Association shall mail, hand deliver or electronically transmit (if the Member has previously consented to electronic notices) to each Member a copy of the financial statement or report, as required by the Act, or a notice that a copy of the financial statement or report is available upon request at no charge to the Member.

6.10 Audits. A formal, certified audit of the accounts of the Association, if required by law, by vote of a majority of the Voting Interests, or by a majority of the Directors, shall be made by a certified public accountant, and a copy of the audit report shall be available to all Members.

6.11 Fiscal Year. The fiscal year for the Association shall begin on the first day of January of each calendar year and end on December 31 that same calendar year.

7. RULES AND REGULATIONS; USE RESTRICTIONS. The Board of Directors may, from time to time, adopt, and amend administrative Rules and Regulations governing the use, maintenance, management, and control of the Common Areas and the Lots, and the operation of the Association.

8. COMPLIANCE AND DEFAULT; REMEDIES. In addition to the remedies provided in the Declaration, the following shall apply.

8.1 Fines; Suspensions. The Board of Directors may levy fines and/or suspensions against Members, or Members' tenants or guests, or both, who commit violations of Chapters 617 or 720, Florida Statutes, the provisions of the Governing Documents, or the Rules and Regulations, or who condone such violations by their family members, guests or lessees. Fines shall be in amounts deemed necessary by the Board to deter future violations, but in no event shall any single fine exceed the maximum amount allowed by law. The maximum fine for a continuing violation shall be \$1,000.00. As allowed by law fines shall be secured by a lien on the Owner's Lot. Suspensions of the use of Common Areas, facilities and common non-essential services (e.g. bulk cable tv and/or internet) may be imposed for a reasonable period of time to deter future violations. The procedure for imposing fines or suspending use rights shall be as follows:

(A) Notice. The party against whom the fine and/or suspension is sought to be levied or imposed shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days, and the notice shall include:

- (1) a statement of the date, time and place of the hearing;

(2) a short and plain statement of the specific facts giving rise to the alleged violation(s); and

(3) the possible amounts of any proposed fine and/or possible use rights of Common Areas or facilities to be suspended.

(B) Hearing. At the hearing the party against whom the fine and/or suspensions may be levied shall have a reasonable opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved, and to review, challenge, and respond to any evidence or testimony presented by the Association. The hearing shall be conducted before a panel of three (3) residential Lot Owners appointed by the Board none of whom may then be serving as Directors or officers, or who are employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee. If the committee, by majority vote, does not agree with the proposed fine and/or suspension, it may not be levied or imposed. If the committee agrees with the proposed fine and/or suspensions, the Board of Directors shall levy same.

8.2 Suspensions and Fines without Hearing. The foregoing notwithstanding, as provided in 720.305(2)(b), Florida Statutes, no prior notice or opportunity for a hearing is required for the imposition of a fine or suspension upon any Member because of the failure of the Member to pay Assessments or other charges when due.

8.3 Correction of Health and Safety Hazards. Any violations of the Association rules which creates conditions of the property which are deemed by the Board of Directors to be a hazard to the public health or safety may be dealt with immediately as an emergency matter by the Association, and the cost thereof shall be charged to the Lot Owner.

8.4 Availability of Remedies. Each Member, for himself, his heirs, tenants, guests, successors, and assigns, agrees to the foregoing provisions relating to default and abatement of violations regardless of the harshness of the remedy utilized by the Association and regardless of the availability of other legal remedies. It is the intent of all Members to give the Association methods and procedures which will enable it to operate on a businesslike basis, to collect those monies due it and to preserve the majority's right to enjoy the community free from unreasonable restraint and annoyance.

9. AMENDMENT OF BYLAWS. Amendments to these Bylaws shall be proposed and adopted in the following manner.

9.1 Proposal. Amendments to these Bylaws shall be proposed by a majority of the Board of Directors or upon petition of twenty-five percent (25%) of the Voting Interests and shall be submitted to a vote of the Members not later than the next annual meeting.

9.2 Vote Required. Except as otherwise required by the Act or as provided elsewhere in these Bylaws, these Bylaws may be amended if the proposed amendment is approved by the affirmative vote of at least two-thirds (2/3rds) of the Voting Interests present and voting, in person or by proxy, at a duly called meeting of the Members of the Association.

9.3 Effective Date. An amendment shall become effective upon the recording of a copy in the Public Records of Collier County, Florida with the same formalities as are required in the Declaration for recording amendments to the Declaration.

10. MISCELLANEOUS.

10.1 Gender, Number. Whenever the masculine or singular form of a pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine or neuter; singular or plural, as the context requires.

10.2 Severability. If any portion of these Bylaws is void or become unenforceable, the remaining provisions shall remain in full force and effect.