



THE UNITED STATES
CORPORATION
COMPANY

A99000000505

ACCOUNT NO. : 072100000032

REFERENCE : 186056 7122803

AUTHORIZATION :

COST LIMIT : \$ PREPAID

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
MAR 30 AM 11:31 '99

ORDER DATE : March 29, 1999

ORDER TIME : 9:49 AM

ORDER NO. : 186056-005

CUSTOMER NO: 7122803

800002823338--7

-03/30/99--01033--020

***1750.00 ***1750.00

CUSTOMER: Kent A. Skrivan, Esq
BUTZEL LONG
BUTZEL LONG
Suite 705
801 Laurel Oak Drive
Naples, FL 34108

800002823338--7

-03/30/99--01033--021

*****35.00 *****35.00

DOMESTIC FILING

NAME: CAPSTONE BUILDERS OF SOUTHWEST
FLORIDA, LTD.

EFFECTIVE DATE:

33

ARTICLES OF INCORPORATION
CERTIFICATE OF LIMITED PARTNERSHIP

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

CERTIFIED COPY
PLAIN STAMPED COPY
CERTIFICATE OF GOOD STANDING

CONTACT PERSON: James Guy

EXAMINER'S INITIALS:

3/30/99

99 MAR 30 AM 11:31
DIVISION OF CORPORATIONS
SECRETARY OF STATE
FILED

CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP

OF

CAPSTONE BUILDERS OF SOUTHWEST FLORIDA, LTD.

FILED
RECEIVED STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

THIS CERTIFICATE and Agreement of Limited Partnership, dated as of March 24, 1999, by and among CAPSTONE DEVELOPERS OF SOUTHWEST FLORIDA, INC., a Florida corporation, (the 'Corporate General Partner') and those other persons executing a Signature Page (attached hereto as Exhibit "1"), as limited partners, (the 'Limited Partners'), the General Partner and the Limited Partners hereinafter being collectively referred to as the "Partners".

SECTION I

GENERAL

1.1. Partnership Name. The name of the Partnership is Capstone Builders of Southwest Florida, Ltd. The Corporate General Partner may change the name of the Partnership or adopt such trade or fictitious names as it may determine appropriate in its sole discretion.

P99000027298

1.2. Names and Addresses of Partners. The name and address of the Corporate General Partner is Capstone Developers of Southwest Florida, Inc., a Florida corporation, whose business address is 1827 Trade Center Way, Suite 3, Naples, Florida 34109. The names and addresses of the Limited Partners are set forth on Exhibit "2" attached hereto.

1.3. This document was duly executed and is being filed in accordance with the application provisions of the Florida Statutes.

SECTION II

DEFINITIONS

2.1 "Affiliate" means any person or entity directly or indirectly controlling, controlled by or under common control with another person or entity.

2.2 "Agreement" means this Certificate and Agreement of Limited Partnership.

2.3 "Agreement for Purchase and Sale of Real Property" means that certain agreement whereby the Partnership has acquired or will acquire the Property, a copy of which is on file at the offices of the Corporate General Partner.

2.4 "Capital Account" means, for each Partner, the amount of his capital contribution, which amount shall be increased by (i) his additional capital contributions to the Partnership, if any, and (ii) his proportionate share of Partnership profits and gains, and decreased by (iii) distributions by the Partnership to such Partner and (iv) such Partner's proportionate share of Partnership losses.

2.5 "Certificate of Limited Partnership" means the Certificate of Limited Partnership filed with the Secretary of State of the State of Florida, as it may be amended from time to time.

2.6 "Corporate General Partner" means Capstone Developers of Southwest Florida, Inc., a Florida corporation.

2.7 "Gross Receipts" means the amount of Partnership proceeds from sale of the Property or any parcel or parcels thereof.

2.8 "Interest" means a Limited Partnership Interest or all Limited Partnership Interests in the Partnership.

2.9 "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

2.10 "Interim Capital Transaction" means those transactions described in Section 8.2 of this Agreement.

2.11 "Limited Partner" means any person who purchases one or more Interests and each person who succeeds, as a Substituted Limited Partner, to the interest of a Limited Partner in such Interests, and shall include the Corporate General Partner to the extent the Corporate General Partner purchases or succeeds to the interest of a Limited Partner in one or more Interests.

2.12 "Manager" means the person or entity rendering services to the Partnership pursuant to any Partnership Management Agreement.

2.13 "Majority in Interest Of Limited Partners" means Limited Partners whose aggregate Capital Accounts exceed fifty percent (50%) of the aggregate Capital Accounts of all Limited Partners who may vote.

2.14 "Minimum Gain" means, at any time, the excess, if any, of the outstanding principal balance of any nonrecourse debt of the Partnership that is secured by an interest in the Property, or any part thereof over the adjusted basis of the Property to the Partnership for federal income tax purposes. "Nonrecourse debt" is debt of the Partnership with respect to which no Partner has any personal liability.

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

2.15 "Net Cash Flow" means Gross Receipts from Partnership operations for each fiscal year, less cash operating expenses for each fiscal year.

2.16 "Net Gross Proceeds" means the gross proceeds of the sale of the Property and all other assets of the Partnership remaining after making a payment of or provision for, the liabilities and obligations of the Partnership.

2.17 "Partners" means the Corporate General Partner, the Limited Partners, or all Partners of the Partnership.

2.18 "Partnership" means the limited partnership "Capstone Builders of Southwest Florida, Ltd."

2.19 "Property" means that certain parcel or parcels of unimproved real property located on Marco Island, Florida, more particularly described in Exhibit "3" attached hereto and includes any additional real property acquired by the partnership in furtherance of its purposes.

2.20 "Registered Agent" means the person named in the Certificate of Limited Partnership to receive legal service upon the Partnership.

2.21 "Registered Office" means the office named in the Certificate of Limited Partnership where all of the Partnerships books and records will be maintained.

2.22 "Special Interest" means a Special Limited Partnership Interest in the Partnership.

2.23 "Substituted Limited Partners" means a person or entity who shall have satisfied the requirements of Section 12.4(a)-(c), inclusive, of this Agreement.

2.24 "Tax Matters Partner" means the person who shall communicate on behalf of the Partnership with the Internal Revenue Service.

2.25 "Treasury Regulations" means those regulations issued by the United States Department of The Treasury pursuant to the authority granted therein by the Internal Revenue Code.

2.26 "Unrecovered Capital" means the amount of a Partner's initial capital contribution, on a cash distribution basis only, which has not been returned to such Partner through Partnership distributions.

2.27 "Working Capital Reserves" means the amount of cash reserves taken from Net Cash Flow of the Partnership, which the Corporate General Partner deems necessary to the prudent operation of the Partnership.

SECTION III

TERM

3.1. The term of the Partnership shall be from the date of the filing of the Certificate of Limited Partnership as required by the laws of the State of Florida until December 31, 2009, unless extended or sooner terminated in accordance with this Agreement.

SECTION IV

PURPOSE

4.1. The purpose of the Partnership shall be to acquire, own, construct and sell a model home or a home or homes built for speculation and sale to be built on various lots located on Marco Island, Collier County, Florida (the "Property"), with said initial lot to be purchased being more particularly described in Exhibit "3" attached hereto. The above purpose specifically includes doing any and all business activities necessary or convenient or incidental to the foregoing purpose, all with a view toward making profit.

SECTION V

PARTNERSHIP OFFICE AND REGISTERED AGENT

5.1. Partnership Office. The Registered Office of the Partnership in the State of Florida shall be at 1827 Trade Center Way, Suite 3, Naples, Florida 34109, or at such other location as the Corporate General Partner, in its discretion, may determine. The Corporate General Partner shall notify the Limited Partners in writing of each such additional location. The mailing address for the partnership shall be 1827 Trade Center Way, Suite 3, Naples, Florida 34109.

5.2. Registered Agent. The Registered Agent of the Partnership in the State of Florida shall be Patsy Musumano, Vice-President of the Corporate General Partner. The address for said registered agent is 1827 Trade Center Way, Suite 3, Naples, Florida 34109.

5.3. Documents to be Maintained. The Corporate General Partner shall keep the following documents at the Registered Office of the Partnership specified in Section 5.1 above:

- (a) a current list of the full name and last known address of each Partner;

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 99 AM 11:31

(b) a copy of this Agreement, all amendments hereto, and executed copies of any powers of attorney pursuant to which any such amendment has been executed;

(c) copies of the Partnership federal, state and local tax returns and reports for the three (3) most recent years, if any; and

(d) copies of financial statements of the Partnership for the three (3) most recent years, if any.

Such documents shall be available for inspection and copying during ordinary business hours at the request of, and at the expense of a requesting Partner.

FILED
CLERK OF SUPERIOR COURT
DIVISION OF CORPORATIONS
APR 30 AM 11:31

SECTION VI

ACQUISITION OF THE PROPERTY

6.1. The Corporate General Partner by virtue of assignment has contracted to acquire the Property that will be used to construct the initial home which is to be built for use as a model and for speculation and re-sale. The purchase will be made pursuant to the Agreement for Purchase and Sale of Real Property, a copy of which is attached hereto. The Corporate General Partner shall assume and be responsible for all contracts, arrangements, leases, commitments, warranties, guarantees, permits, approvals (to the extent assignable) and other similar and dissimilar items related to the Property and to be assigned to the Partnership, and the Partnership shall take the contracts, arrangements and commitments to be so assigned to the Partnership previously made in connection with the Property. The Partnership shall reimburse the Corporate General Partner for all reasonable costs and expenses incurred by the Corporate General Partner prior to the Closing provided for in said Agreement.

SECTION VII

CAPITAL CONTRIBUTIONS

7.1. Corporate General Partner. The Corporate General Partner will contribute the contract for purchase and sale of the property on which the home will be constructed. Except as otherwise provided herein, the General Partner's interest in the Partnership is a profits interest in the Partnership, and distributions (other than management fee distributions) to it will be dependent on profits.

7.2. Limited Partners. Limited Partners shall contribute capital to the Partnership in accordance with their subscriptions for Interests in the Partnership. The Corporate General Partner shall accept subscriptions for no more than \$1,000,000, in the aggregate, provided, however, the General Partner may initially, in its discretion accept subscriptions for less than

the total amount of all subscriptions does not exceed \$1,000,000. Each Interest subscribed shall be for an amount equal to \$5,000, provided, however, each subscriber must purchase at least two said Interests. There shall be no fractional Interests issued. Although said Interests shall be in \$5,000 increments, in no event shall there be more than twenty-nine (29) total limited partners. All subscriptions are payable in full at the time of subscription. As elsewhere provided herein, the Limited Partners will have an aggregate interest in eighty percent (80%) of the Partnership profits and losses.

7.3. Capital Accounts.

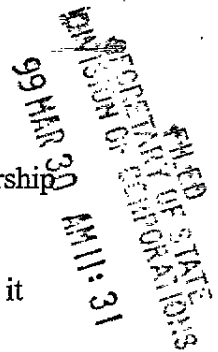
A. Each Partner's capital account shall be increased (credited) by:

- (i) the amount of his, her or its capital contributions to the Partnership pursuant to Sections 7.1 and 7.2;
- (ii) the amount of income from operations allocated to him, her or it pursuant to Section 8.1;
- (iii) the amount of gains allocated to him, her or it pursuant to Sections 8.2, 8.3 and 8.4.

B. Each Partner's capital account shall be decreased (debited) by:

- (i) the amount of losses from operations allocated to him, her or it pursuant to Section 8.1;
- (ii) all amounts paid or distributed to him, her or it pursuant to Section IX (other than distributions to any Partners in repayment of principal and interest on loans); and
- (iii) the amount of any losses allocated to him, her or it pursuant to Sections 8.2, 8.3, 8.5 and 8.6;

except as otherwise provided in this Agreement. Whenever it is necessary to determine the capital account of any Partner for purposes of Sections VIII or IX, the capital accounts of the Partners shall be determined after giving effect to the allocation for the Partnership's current year to date of net income and net losses from operations under Section 8.1 and all distributions paid or accrued for such year under Section IX excluding, however, any distributions representing payment of any interest and/or principal with respect to any loans from a Partner to the Partnership. Loans by any Partner to the Partnership shall not be considered contributions to the capital of the Partnership. A Partner shall not be entitled to withdraw any part of his capital account or to receive any distribution from the Partnership, except as specifically provided in this Agreement, and no partner shall be required to make



FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

any additional capital contributions to the Partnership other than as provided herein. Any Partner, including any Substituted Partner, who shall receive an interest in the Partnership or whose interest in the Partnership shall be increased by means of a transfer to him of all or part of the interest of another Partner, shall have a capital account which reflects such transfer.

7.4. Liability of Partners. The Limited Partners shall not be liable for any of the debts of the Partnership nor be required to contribute any capital in addition to the contributions provided for by Section 7.2, and the Limited Partners shall not have any obligation to the Partnership or to any other Partner. Notwithstanding any of the foregoing to the contrary, to the extent required by applicable law, the Limited Partners, if receiving a distribution in part or full return of their capital contributions, shall be liable to the Partnership for any sum, not in excess of such amount returned (with interest), necessary to discharge the liabilities of the Partnership to creditors who extended credit or whose claim arose before such distribution.

7.5. Classification of Transferred Interest. Any Partner who shall acquire the interest of another Partner shall, with respect to the Interest so acquired, be deemed to be a Partner of the same class as his transferor.

7.6. No Interest on Capital. No interest shall be paid on any capital contributed to the Partnership.

SECTION VIII

NET INCOME AND LOSSES FROM OPERATIONS; AND NET GAINS AND LOSSES FROM DISPOSITION

8.1. Operations. All "net income" and "net losses" of the Partnership from operations (as distinguished from dispositions of Partnership assets other than in connection with usual operations) for any year or part thereof, as determined for federal income tax purposes, including the cost recovery deductions and/or amortization of all Partnership assets and expenditures, as appropriate, shall be allocated as follows:

(a) For each fiscal year of the Partnership, all net losses of the Partnership from operations for federal income tax purposes shall be allocated twenty percent (20%) to the Corporate General Partner and eighty percent (80%) to the Limited Partners in the ratio of Interests owned.

(b) For each fiscal year of the Partnership all net income of the Partnership from operations for federal income tax purposes shall be allocated twenty percent (20%) to the Corporate General Partner and eighty percent (80%) to the Limited Partners in the ratio of Interests owned.

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

8.2. Interim Capital Transactions. Except as is provided in Section 8.4, all net gains and net losses of the Partnership, as determined for federal income tax purposes, in connection with a refinancing, insurance award (other than for substantially total destruction of the property), partial condemnation, sale of easements, right-of-ways or similar interests in the Property or sale of portions of the Property or interests therein (other than sales in connection with the usual and contemplated operation of the Partnership), and any similar items which, in accordance with generally accepted accounting practices, are attributable to capital but which do not result in the dissolution of the Partnership, shall be allocated between the Corporate General Partner and the Limited Partners in the following order of priority:

(a) After allocating the appropriate portion of all net income or net loss from operations for the then current year in accordance with Section 8.1 and after this effect to all amounts distributed or to be distributed for such year pursuant to Section 9.2(a), any net gain realized by the Partnership in connection with any of the transactions described in this Section 8.2 shall be allocated between the Partners as follows:

(i) To the Limited Partners in amounts equal to the amounts, if any, required to be distributed under Sections 9.2(b)(i) ;

8.3. Dissolution and Termination. Except as provided in Section 8.4, all net gains and net losses of the Partnership, as determined for federal income tax purposes, in connection with a sale or other disposition of the entire Property on dissolution and termination of the Partnership, shall be allocated in the following manner in each of the situations described below:

(a) After allocating the appropriate portion of all net income or net loss from operations for the then current fiscal year in accordance with Sections 8.1 and 8.2 and after giving effect to all amounts distributed or to be distributed for such fiscal year pursuant to Sections 9.2(a) and 9.2(b), any net gain realized by the Partnership in connection with a dissolution and termination of the Partnership shall be allocated between the Partners as follows:

(i) Net Gain shall be allocated to the Limited Partners in the amounts, if any, required to be distributed under Section 9.2(c)(i), (ii) or (iii).

8.4. Depreciation Recapture. Notwithstanding the foregoing, if taxable gain to be allocated pursuant to Sections 8.2 or 8.3 above includes income treated as ordinary income for income tax purposes because it is attributable to the recapture of depreciation, such gain so treated as ordinary income shall be allocated to, and reported by, the Partners in proportion to their accumulated depreciation allocations, and the Partnership shall keep records of such

allocations. Notwithstanding anything contained in this Section 8.4 to the contrary, gain attributable to the recapture of depreciation shall not be allocated to a Partner to the extent it exceeds the allocation of gain to such Partner pursuant to Sections 8.2 and 8.3.

8.5. Allocations of Interim Capital Transactions and/or Dissolution and Termination Special Losses. Notwithstanding anything in Sections 8.2 and 8.3 to the contrary, an amount equal to any prepayment penalty or other such unaccrued ordinary deductions incurred by the Partnership arising out of any transaction as defined in Sections 8.2 or 8.3 shall be allocated between the Partners as losses in the same ratio that such amount would have been distributed to the Partners if no such payments had been incurred.

8.6. Limitation on Loss Allocations to Limited Partners. Anything in Sections 8.1, 8.2, 8.3, 8.4 and 8.5 to the contrary notwithstanding, in the event that the Limited Partners have a negative balance in their capital accounts at the close of any Partnership fiscal year (after such capital account has been adjusted to reflect the allocation of any gross income, net income and/or gains for such fiscal year pursuant to this Section VIII), the net losses of the Partnership for such fiscal year shall be allocated to such Limited Partners only to the extent that the Limited Partners' allocable shares of the Minimum Gain (as hereinafter defined) exceed or are equal to such negative balance. The net losses of the Partnership which may not be allocated to the Limited Partners pursuant to this Section 8.6 shall be allocated to the Corporate General Partner.

8.7. Accelerated Cost Recovery Recapture and Other Ordinary Income/Loss Items. Notwithstanding the foregoing, if a taxable gain allocated pursuant to Section 8.2 includes income treated as ordinary income, for income tax purposes, because it is attributable to the recapture of accelerated cost recovery deductions, such gain so treated as ordinary income shall be allocated to, and reported by, the Partners in proportion to their prior accelerated cost recovery allocations, and the Partnership shall keep records of such allocations.

SECTION IX

DISTRIBUTIONS

9.1. Definition of "Net Cash Flow". "Net Cash Flow" shall be determined at the end of each fiscal quarter of the Partnership, and shall mean Gross Receipts from operations of the Partnership for each fiscal quarter less cash operating expenses for such period. For purposes of determining Net Operating Income and Net Cash Flow, "Gross Receipts" shall mean proceeds from the sale or exchange of Property or part thereof.

9.2. (a) Operations. During the period commencing on the date of the Partnership's acquisition of the Property and ending upon the dissolution and termination of the Partnership, after providing for the satisfaction of the current debts and obligations of the Partnership and establishing such working capital reserves (the "Working Capital Reserves")

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

as the Corporate General Partner in its reasonable business judgment deems necessary for Partnership purposes, the Corporate General Partner shall, as expeditiously as possible, but in no event later than thirty (30) days after the end of the calendar quarter of the Partnership, make distributions of "Remaining Net Cash Flow" (Net Cash Flow less the above payments) to the Partners out of the Partnership funds to the extent available, in the following manner:

(i) For each calendar quarter, or fraction thereof, during the term of the Partnership, Remaining Net Cash Flow shall be distributed twenty percent (20%) to the Corporate General Partner and eighty percent (80%) to the Limited Partners in the ratio of Interests owned.

(b) Interim Capital Transaction Proceeds. Any net excess proceeds derived from a transaction described in Section 8.2, shall be distributed as follows and in the following order of priority:

(i) Net excess cash proceeds shall be distributed twenty percent (20%) to the Corporate General Partner and eighty percent (80%) to the Limited Partners in the ratio of Interests owned.

(c) Dissolution and Termination Proceeds. Upon the dissolution and termination of the Partnership, the Net Gross Proceeds of the sale of the Property and all other assets of the Partnership after making payment of, or provision for, the liabilities and obligations of the Partnership shall be distributed or paid, as appropriate, in the following order of priority:

(i) First, an amount equal to the unpaid interest and principal of any unpaid loan by a Partner to the Partnership, such distributions being treated first as payment of accumulated interest and next as payment of principal of such loans;

(ii) Next, Net Gross Proceeds shall be distributed twenty percent (20%) to the Corporate General Partner eighty percent (80%) to the Limited Partners in the ratio of Interests owned.

9.3. Cash Distributions. All cash distributions to the Limited Partners shall be made to the Limited Partners at the addresses specified in Section 1.2 or such other addresses of which the Limited Partners shall notify the Partnership in writing.

9.4. Distributions in kind. If any assets of the Partnership shall be distributed in kind, such assets shall be distributed to the Partners entitled thereto as tenants-in-common in the same proportions in which such Partners would have been entitled to cash distributions.

9.5. Limitation to Cash in Return of Capital. No Partner shall be entitled to demand and receive property other than cash in return for his, her or its capital contributions to the Partnership.

SECTION X

CONTROL AND MANAGEMENT

10.1. Management. The Corporate General Partner shall, except as specifically limited herein, has full, exclusive and complete discretion in the management and control of the Partnership for the purposes set forth in Section 4.1 and for related purposes. In any exercise of management authority by the Corporate General Partner under this Section X, the Corporate General Partner agrees to manage and control the affairs of the Partnership to the best of its ability, and to conduct the operations contemplated under this Agreement in a careful and prudent manner and in accordance with good industry practice.

10.2. Specific Management Rights. Subject to any limitations expressly set forth in this Agreement, the Corporate General Partner shall perform, or cause to be performed, at the Partnership's expense, the construction of a home to be held for speculation and sale on the Property previously described herein. Without limiting the generality of the foregoing, the Corporate General Partner is expressly authorized on behalf of the Partnership to:

- (a) offer for sale and issue upon receipt of acceptable subscriptions the Limited Partnership Interests provided for herein;
- (b) operate any business as is normal or customary for the operation of the partnership;
- (c) sell, transfer or otherwise dispose of the Property as it, in its sole discretion, may determine to be in the best interest of the Partnership;
- (d) coordinate all accounting and clerical functions of the Partnership and employ such accountants, lawyers, managers, leasing agents or other personnel as may be required from time to time to carry on the business of the Partnership;
- (e) perform any and all acts necessary or appropriate to the acquisition and development of the Property, the subsequent administration of the Property, the commencement of litigation or defense of the same, the settlement of any litigation involving the Partnership and the establishment of bank accounts in which shall be deposited all Partnership funds and from which payments shall be made;

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

(f) Procure and maintain with responsible companies such insurance as may be available in such amounts and with respect to such tasks as are deemed appropriate by the Corporate General Partner;

(g) take and hold all property of the Partnership, real, personal or mixed, in the Partnership name or in the name of an agent of the Partnership;

(h) execute and deliver on behalf of and in the name of the Partnership, or in the name of an agent of the Partnership, notes, financing statements, any and all documents, agreements and undertakings relating to institutional financing, leases, subleases, bills of sale and any and all other instruments necessary or incidental to the conduct of the Partnership's business;

(i) borrow money for and on behalf of the Partnership upon such terms and conditions as it deems necessary for working capital;

(j) convey, sell, mortgage, pledge, hypothecate, for and on behalf of the Partnership and upon such terms and conditions as it deems necessary or appropriate, all or any part of the Partnership's assets, except for the home described above to be constructed on the property which shall be mortgaged only for costs directly related to the construction, marketing and sale of said home, without the prior written approval of a majority in interest of the Limited Partners; and

(k) control and perform, or cause to be performed, all other activities incidental to managing the operations and affairs of the Partnership, unless otherwise specifically stated in Section 10.3 herein below.

10.3. Limitation of Management Rights. Notwithstanding the generality of the foregoing Section 10.2, the General Partner shall not, without the consent of the Majority in Interest of the Limited Partners, be empowered to:

(a) do any act in contravention of this Agreement,

(b) except for the authority to sell the Property provided in Section 10.2, do any act which would make it impossible to carry on the ordinary business of the Partnership;

(c) confess a judgment against the Partnership;

(d) possess Partnership property or assign any rights in specific Partnership property for other than a Partnership purpose;

(e) except as otherwise permitted in Sections XI and XII, admit a person as a general partner;

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

- (f) change or reorganize the Partnership into any other legal form;
- (g) require any Limited Partner to make any contribution to the capital of the Partnership not provided for herein; and,
- (h) amend this Agreement except as provided for in Section 18.3.

10.4. No Management by Limited Partners. The Limited Partners shall take no part in the conduct or control of the Partnership business nor have any right or authority to act for or bind the Partnership. The exercise of the rights and powers of the Limited Partners under Section 10.3 shall not be deemed taking part in the day-to-day affairs of the Partnership or the exercise of control over Partnership affairs.

10.5. Conflicts of Interest. Any Partner may engage in or possess an interest in other business ventures of any nature or description independently or with others, and neither the Partnership nor any other Partner shall have any rights in or to such independent ventures or the income or profits derived therefrom.

10.6. Limitations on Corporate General Partner's Liability. The Corporate General Partner will not be liable, responsible or accountable in damages or otherwise to any other Partner for any acts performed by it, or for its failure to act, in good faith and within the scope of this Agreement, and not attributable to gross negligence, malfeasance, fraud, breach of any express warranty or representation in this Agreement; and the Partnership, but not any Partner, shall indemnify and hold harmless the Corporate General Partner from any loss, damage, liability, cost or expense (including reasonable attorneys' fees) arising out of any act or failure to act by it, if such act or failure to act is in good faith, within the scope of this Agreement, and is not attributable to gross negligence, malfeasance, fraud, breach of fiduciary duty or breach of any express warranty or representation in this Agreement.

SECTION XI

OBLIGATIONS OF THE CORPORATE GENERAL PARTNIER

11.1. Partnership Management. The Corporate General Partner shall act as the agent of the Partnership as sole Manager and in such capacity shall perform for the Partnership all services customarily performed by an entity engaged in the ownership and development of real property and its improvements in accordance with sound management practices. In consideration for the services to be rendered by the Corporate General Partner pursuant to this Agreement, related to the development of the Property, the Corporate General Partner shall receive fees equal to twelve percent (12%) of all costs related to the construction of the home and the development of the property, including, but not limited to, marketing, sales (excluding real estate commissions), and interior design work (including the

cost of the furnishings). Said fees shall be paid monthly to the Corporate General Partner or at such other intervals as the Corporate General Partner shall determine, provided, however, in no event shall said payments be more frequent than monthly.

SECTION XII

ASSIGNMENT OF INTERESTS OF PARTNERS

12.1. In General. The Partnership Interests of any Partner may be assigned only as permitted by the provisions of this Section XII. Neither the Partnership nor the Partners shall be bound by any such assignment until a counterpart of the instrument of assignment, executed and acknowledged by the parties thereto, is delivered to the Partnership and such assignment shall be effective as of the date specified therein. The Assignor shall pay all expenses in connection with any assignment. Any pledge, mortgage, hypothecation or assignment a Limited Partnership interest shall be permitted only if, at the request of the Corporate General Partner, the transferring Partner obtains at his sole expense, an opinion of counsel reasonably satisfactory to attorneys for the Partnership, that such transfer of the Partnership Interest is exempt from the registration requirements of the Securities Act of 1933, as amended and other applicable securities laws and that such transfer will not impair the ability of the Partnership to be taxed as a partnership under federal income tax laws and will not result in an automatic termination of the Partnership for tax purposes.

12.2. Restrictions on Transfer. The Limited Partners shall not transfer, sell, assign, give or otherwise dispose of their Partnership interests or any part thereof, whether voluntarily or by operation of law, or at judicial sale or otherwise, to any person, except with the written consent of the Corporate General Partner. The foregoing notwithstanding, the Limited Partners may sell or voluntarily transfer their Partnership Interests after giving notice of their intent to do so to the General Partner and the nontransferring Limited Partners and offering them the option to purchase the interest on the same terms and conditions as the proposed sale or transfer.

12.3. Transfer by Corporate General Partner. The Corporate General Partner may not assign its interest in the Partnership without the written consent of a Majority In Interest of the Limited Partners.

12.4. Substituted Limited Partners. No assignee or transferee of all or part of the Limited Partnership Interest of any Partner shall have the right to become a Substituted Limited Partner, unless:

- (a) his assignor has stated such intention in the instrument of assignment;
- (b) the assignee has executed an instrument reasonably satisfactory to the Corporate General Partner accepting and adopting the terms and provisions of this Agreement;
- and

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

- (c) The assignor or assignee has paid any reasonable expenses in connection with the assignment and/or admission of the assignee as a Limited Partner;

SECTION XIII

DISSOLUTION AND TERMINATION

13.1. General. The Partnership shall be dissolved and, except as provided in Section 13.2, its business wound up, upon the earliest to occur of:

- (a) December 31, 2009;
- (b) The General Partner with the consent of a Majority In Interest of the Limited Partners, determining that the Partnership should be dissolved;
- (c) the bankruptcy, insolvency or dissolution of the Corporate General Partner; or
- (d) the sale of all or substantially all of the Partnership's assets.

13.2. Continuation of Partnership. The Corporate General Partner agrees to serve as Corporate General Partner of the Partnership until the Partnership is terminated without reconstitution as provided below. The Corporate General Partner agrees not to take any action which will intentionally cause the termination of the Partnership. Upon the occurrence of any event set forth in Section 13.1(c) with respect to the Corporate General Partner, the business of the Partnership shall be continued on the terms and conditions of this Agreement if, within ninety (90) days after such event, one hundred percent (100%) in interest of the Limited Partners shall elect in writing that the business of the Partnership should be continued and shall designate one or more persons to be substituted as General Partner(s). In the event that one hundred percent (100%) in interest of the Limited Partners elect so to continue the Partnership with a new General Partner(s), such new General Partner(s) shall succeed to all of the powers, privileges and obligations of the then existing General Partner hereunder, the interests in the Partnership of the General Partner(s) shall become Limited Partners' Interests hereunder, without diminution, and such former General Partner shall be admitted by the Partnership as a Limited Partner in the manner provided in Section 12.4 as if the General Partner were an assignee permitted by Section 12.4. The replacement General Partner(s) or successors-in-interest in their capacity as General Partner(s) shall, at all times, have at least an aggregate one percent (1 %) interest in the Partnership.

13.3. No Release of Contractual obligations. It is understood and agreed, however, that no dissolution of the Partnership shall release or relieve any of the parties hereto of their contractual obligations under this Agreement.

13.4 Distributions of Cash or In Kind. Upon any such dissolution, all Partnership assets shall be sold and the proceeds distributed, or such assets distributed in kind if the General Partner so elects, to the Partners in their respective shares as provided herein.

SECTION XIV

DEATH OR INCAPACITY OF A LIMITED PARTNER

14.1. Death. In the event of the death of a Limited Partner, the Personal Representative, administrator or other legal representative of the deceased Limited Partner shall succeed to the rights of such deceased Limited Partner to receive allocations and distributions hereunder, but shall not be admitted to the Partnership as a Limited Partner. Any assignment or transfer by such Personal Representative, administrator or other legal representative of all or part of the interest of such deceased Limited Partner shall be governed by the provisions of Section XII.

14.2. Incapacity. In the event of the incapacity of a Limited Partner during the term of the Partnership, the guardian or other legal representative of such incapacitated Limited Partner shall succeed to the rights of such Limited Partner to receive allocations and distributions hereunder, subject to the provisions of this Agreement, but shall not be admitted as a Limited Partner in the place and stead of the incapacitated Limited Partner.

SECTION XV

ACCOUNTING

15.1. Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

15.2. Books of Account. All books of account shall at all times, be maintained at the Registered Office of the Partnership in the State of Florida at 1827 Trade Center Way, Suite 3, Naples, Florida 34109, and shall be open during reasonable business hours for the reasonable inspection and examination by the Limited Partners or their authorized representatives, who shall have the right to make copies thereof at their own expense.

15.3. Tax Returns. The Corporate General Partner shall prepare, at Partnership expense, or cause to be prepared, a federal income tax return and such state tax returns as are required for the Partnership and, in connection therewith, make any available or necessary elections, including elections with respect to the rates of cost recovery on Partnership properties.

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

SECTION XVI

REPORTS AND STATEMENTS

16.1. (a) Within twenty (20) days after the end of each six month period, the Corporate General Partner will provide Limited Partners an Operating Statement and Balance Sheet for the prior six month period, including a year to date statement.

(b) Within sixty (60) days after the end of each fiscal year of the Partnership, the Corporate General Partner shall cause to be delivered to the Limited Partners an annual Cash Flow Report for the prior fiscal year of the Partnership showing all income and expenses for said fiscal year. Said report shall be delivered to the Limited Partners together with any amounts distributable to such Limited Partners pursuant to Section IX.

(c) On or before March 15th of the year following the end of each fiscal year of the Partnership, the Corporate General Partner shall cause to be delivered to the Limited Partners such information as shall be necessary (including a statement for that year of each such Partner's share of net income, net gains and losses, and other items of the Partnership) for the preparation by such Limited Partners of federal and state income and other tax returns.

SECTION XVII

BANK ACCOUNTS

17.1. The Corporate General Partner shall open and maintain a special bank account or accounts in which shall be deposited all funds of the Partnership. Withdrawals from such account or accounts shall be made upon the signature or signatures of such person or persons as the Corporate General Partner shall designate.

SECTION XVIII

POWER OF ATTORNEY; AMENDMENTS; TAX MATTERS PARTNER

18.1. Power of Attorney. The Limited Partners hereby irrevocably make, constitute and appoint the Corporate General Partner as their true and lawful attorney-in-fact, to make, sign, execute, acknowledge and file with respect to the Partnership:

(a) such Certificates of Limited Partnership and such amended Certificates of Limited Partnership as may be required by law pursuant to the provisions of this Agreement;

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

- (b) such assumed name certificates as the Corporate General Partner deems appropriate;
- (c) documents or instruments which are required or helpful to conduct the business of the Partnership or to comply with the laws of any state in which it does business; and
- (d) such amendments to this Agreement as are prescribed in Section 18.3 hereof.

18.2. Execution and Negotiation of Checks. The Limited Partners hereby irrevocably make, constitute and appoint the Corporate General Partner as their true and lawful attorney-in-fact, to execute and negotiate any and all checks made payable to the Partnership.

18.3. Amendments. Notwithstanding the provisions of this Section, when representative capacity, the Corporate General Partner shall not have any right authority to amend or modify this Agreement except to reflect:

- (a) a change in the name of the Partnership;
- (b) the admission, substitution and/or withdrawal of Limited Partners;
- (c) changes of addresses of the Partnership, the Corporate General Partner and Limited Partners;
- (d) distributions of capital;
- (e) compliance with the laws of any state in which the Partnership does business;
- (f) any amendment necessary to conform this Agreement to Subchapter K of the Internal Revenue Code and the Treasury Regulations thereunder, as amended; and
- (g) amendments which would not materially change the rights, duties and obligations of the parties to this Agreement.

18.4. Tax Matters Partner. The Limited Partners hereby make, constitute and appoint the Corporate General Partner as their Tax Matters Partner for federal income tax purposes.

SECTION XIX

NOTICES

19.1. Whenever any notice is required or permitted to be given under any provisions of this Agreement, such notice shall be in writing, signed by or on behalf of the person giving

the notice, and shall be deemed to have been given when delivered by personal delivery or mailed by certified mail, postage prepaid, return receipt requested, addressed to the person or persons to whom such notice is to be given as follows (or at such other address as shall be stated on a notice similarly given):

(a) if to the Corporate General Partner, such notice shall be given at is 1827 Trade Center Way, Suite 3, Naples, Florida 34109.

(b) if to the Limited Partners, such notice shall be given to the Limited Partners at their respective addresses set forth on Exhibit "2" hereto.

SECTION XX

REPRESENTATIONS

20.1. The Limited Partners, and each of them, by executing and delivering this Agreement hereby represent and warrant to the Corporate General Partner as follows:

- (a) they are sophisticated in investing and are experienced in business affairs;
- (b) they are acquiring their Interests for their own accounts for investment and not with a view to, or for resale in connection with, any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended, or other applicable securities laws or rules;
- (c) they are able to comply financially with their obligations hereunder;
- (d) they are experienced in investments and understand the profit potential and risks inherent in investments;
- (e) they understand that the Internal Revenue Service may disallow some or all of the deductions to be claimed by the Partnership, that the Partnership has no financial or operating history, that the purchase of Interests is a speculative investment which involves a degree of risk of loss, and that no governmental agency has made any finding or determination as to the fairness of the investment, or any recommendation or endorsement of the Interests in the Partnership;
- (f) they are aware that the General Partner may in the future be engaged in businesses which are competitive with that of the Partnership, and they agree and consent to such activities, even though there are conflicts of interest inherent therein;
- (g) they understand that they are purchasing a limited partnership interest in Capstone Builders of Southwest Florida, Inc., a Florida Limited Partnership, and

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

FILED STATE
SECRETARY OF CORPORATIONS
99 MAR 30 AM 11:31

represent that such interests in the Partnership are being purchased for their own accounts and not for the interests of any other person or entity and not for resale to others;

(h) they understand that all documents, records and books pertaining to the Partnership have been made available to them; and

(i) they consent to the placement of a legend on this Certificate and Agreement of Limited Partnership of the Partnership evidencing the Interest or Interests being purchased, which legend is as follows:

THE LIMITED PARTNERSHIP REPRESENTED BY THIS CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY AGENCY UNDER THE SECURITIES ACT OF ANY STATE. THE SALE OR OTHER DISPOSITION OF SUCH LIMITED PARTNERSHIP INTEREST IS RESTRICTED, AS SET FORTH IN THIS CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP, AND THE EFFECTIVENESS OF ANY SUCH SALE OR OTHER DISPOSITION MAY BE CONDITIONED UPON RECEIPT BY THE LIMITED PARTNERSHIP OF AN OPINION OF COUNSEL SATISFACTORY TO THE LIMITED PARTNERSHIP AND ITS COUNSEL TO THE EFFECT THAT SUCH SALE OR OTHER DISPOSITION CAN BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES LAWS. BY ACQUIRING A LIMITED PARTNERSHIP REPRESENTED BY THIS CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP, A LIMITED PARTNER AGREES THAT HE WILL NOT SELL OR OTHERWISE DISPOSE OF HIS LIMITED PARTNERSHIP INTEREST WITHOUT REGISTRATION OR OTHER COMPLIANCE WITH THE AFORESAID STATUTES AND THE RULES AND REGULATIONS THEREUNDER. THE SALE OR OTHER DISPOSITION OF THE LIMITED PARTNERSHIP INTEREST REPRESENTED BY THIS CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP FURTHER IS LIMITED BY PROVISIONS HEREOF OTHER THAN THOSE MENTIONED ABOVE, REFERENCE TO EACH OF WHICH HEREBY IS MADE.

SECTION XXI

BINDING EFFECT

21.1. Except as herein otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their personal representatives, successors and assigns.

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

SECTION XXII

NO ORAL MODIFICATION

22.1. No modification or waiver of this Agreement or any part hereof shall be valid or effective unless in writing and signed by the party or parties sought to be charged therewith; and no waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other subsequent breach or condition, whether of like or different nature.

SECTION XXIII

APPLICABLE LAWS

23.1. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

SECTION XXIV

COUNTERPARTS

24.1. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and said counterparts shall constitute but one and the same which may be sufficiently evidenced by one counterpart.

SECTION XXV

ENTIRE AGREEMENT

25.1. This Agreement constitutes the entire agreement and understanding between the parties and may not be modified or amended except as specifically provided for in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and certified this Certificate and Agreement of Limited Partnership of Capstone Developers of Southwest Florida, Inc. on the day and year first above written.

CORPORATE GENERAL PARTNER:
CAPSTONE DEVELOPERS OF SOUTHWEST
FLORIDA, INC.

By: 
DONNA MUSUMANO, President

THE STATE OF FLORIDA


COUNTY OF COLLIER

On this 27 day of March, 1999, before me, the undersigned Notary Public, personally appeared DONNA MUSUMANO AS PRESIDENT OF CAPSTONE DEVELOPERS OF SOUTHWEST FLORIDA, INC., and as the attorney in fact for the named Limited Partners to me known to be the person described in and who executed the foregoing instrument and acknowledged before me that she executed the same. DONNA MUSUMANO is personally known to me and did not take an oath.

WITNESS my hand and official seal.


Notary Public

My Commission Expires: _____

 Kent A Skrivan
My Commission CC773211
Expires September 7, 2002

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

"EXHIBIT 1"

LIMITED PARTNERS

WITNESSES:

Louis R. DePrisco

LOUIS R. DEPRISCO

Print Name

Print Name

Print Name

Print Name

Print Name

WITNESSES:

Print Name

Print Name

Print Name

Print Name

Print Name

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:32

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

WITNESSES:

Print Name

Print Name

Print Name

Print Name

Print Name

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

"EXHIBIT 2"
LIMITED PARTNERS ADDRESSES

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

STATE OF FLORIDA
COUNTY OF COLLIER

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

**AFFIDAVIT OF CAPITAL CONTRIBUTIONS
OF
CAPSTONE BUILDERS OF SOUTHWEST FLORIDA, LTD.**

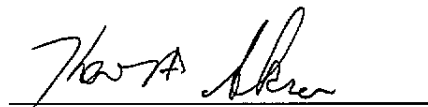
AFFIDAVIT

BEFORE ME, the undersigned Notary Public, personally appeared the undersigned, to me well known to be the person who made and subscribed the following Affidavit, who, upon being first by me duly sworn, deposed and said as follows:

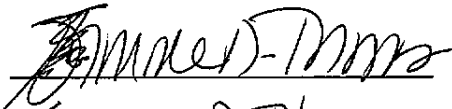
1. I am over the age of twenty-one years and understand the obligations of an oath.
2. The name of the partnership is CAPSTONE BUILDERS OF SOUTHWEST FLORIDA, INC.
3. I am the president of the sole general partner of the above partnership.
4. The total amount of capital contributions by limited partners to date is \$ 70,000.⁰⁰.
5. The total amount anticipated to be contributed by limited partners to the partnership in the future is \$800,000.00.

FURTHER AFFIANT SAYS NOT.

WITNESSES:




Kurt A. Skerian
Print Name



SIMONE D. THOMAS
Print Name

AFFIANT
CAPSTONE DEVELOPERS OF
SOUTHWEST FLORIDA, INC.

By: 

Donna Musumano, President

STATE OF FLORIDA
COUNTY OF COLLIER

I HEREBY CERTIFY that on this 27 day of MARCH 1999, before me, an officer duly qualified to take acknowledgments, personally appeared DONNA MUSUMANO, AS PRESIDENT OF CAPSTONE DEVELOPERS OF SOUTHWEST FLORIDA, INC., to me known to be the person described in and who executed the foregoing instrument and acknowledged before me that she executed the same. DONNA MUSUMANO is personally known to me and did not take an oath.

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

WITNESS my hand and aforesaid this 27 day of MARCH, 1999.



Kent A Skrivan
My Commission CC773211
Expires September 7, 2002

Kent A. Skrivan
NOTARY PUBLIC

(Seal)

Please Print Name: _____
My Commission Expires: _____

EXHIBIT 3

FROM: MBR

9416426895

1999-03-08

11:03

#339 P.02/03

FROM: MBR

9416426895

1999-02-19

15:16

#031 P.02/03

FILED
CLERK OF DISTRICT COURT
99MR30 AM11:31

This under contract provided as a security to you by Lawyers' Abstract Service, Inc., providing abstracts and title information to Collier County for 92 years. Please call 774-8627 for all your title information needs.

**SALES CONTRACT
(NOT FOR CONDOMINIUMS)**

SELLER: MANN BUYER: MUSUMANO ASSOCIATES
ADDRESS: _____ ADDRESS: _____

UPON THE ACCEPTANCE OF THE OFFER FOR COUNTEROFFER the Seller has agreed to sell and the Buyer has agreed to buy UPON THE TERMS AND CONDITIONS WHICH FOLLOW, the real property legally described as:

UNIT 3 BLOCK 317 LOT 4
S. HEATHWOOD LOT

together with fixtures, including built-in appliances, refrigerator, stove, washer, dryer, wall-to-wall carpeting, window coverings, and listed on the attached inventory, free from liens. The following items are specifically excluded from this contract:

real property only unless otherwise stated.

1. PURCHASE PRICE: The total purchase price shall be (U.S.) dollars as follows:
 (a) Initial deposit in advance of the date of ACCEPTANCE 15,000
 (b) Additional deposit to be received in escrow on or before _____ days after Effective Date as defined below in the amount of _____
 (c) Proceeds of mortgage, if any, (See Par 3(d)) _____
 (d) Note and mortgage to Buyer, if any, (See Par 3(d)) _____
 (e) Other _____

2. The balance of the purchase price by local certified check, wire transfer bank, or bank cashier's check of clearing, subject to adjustments and premiums, if appropriate.

Closing shall be accepted subject to satisfaction. APRIL 1, 1999
 2. CLOSING AND POSSESSION DATE: Closing shall occur on _____ day and place selected by Buyer in the County in which the property is located, but upon reasonable notice to the Seller, on or before _____ day prior to that date with the written consent of both parties (the "Closing Date"); provided, however, in no event shall the Buyer be required to close less than two (2) weeks after the date on which the mortgage commitment has been executed pursuant to paragraph 3 below. Buyer shall be the legal owner of the property as of the Closing and Seller shall give possession of the property at closing unless otherwise provided herein.

3. METHOD OF PAYMENT / FINANCING: (a) [X] Buyer will pay cash, with no mortgage commitment contingency. (b) [] MORTGAGE COMMITMENT CONTINGENCY CLAUSE: Buyer's obligation is contingent upon Buyer obtaining a mortgage commitment on the real property described herein in the amount of \$ _____ or _____ % of the purchase price (b) in one alternative or (c) [] fixed or (d) [] adjustable rate not to exceed _____ % per year for an amortized term of not less than _____ years with a balloon not owner than that to obtain said mortgage commitment. If Buyer fails to obtain this loan commitment on or before _____ (the "contingency period" shall be 180 days from the Effective Date unless a different period is inserted in the preceding blank) then this contract shall be null and void and the deposit(s) shall be returned to Buyer within such period Buyer waives this mortgage contingency in writing or the parties mutually agree in writing to extend the mortgage commitment period. Within said contingency period, Buyer shall notify Seller in writing (b) recall of the mortgage commitment. Buyer's failure to notify Seller in writing that Buyer has received said mortgage commitment during the contingency period shall constitute the contract by notification to Buyer in writing and the deposit mentioned be returned to Buyer. (c) [] PURCHASE MONEY NOTE AND MORTGAGE shall have the following economic and payment terms: The original principal amount shall be \$ _____, with an annual interest rate of _____ % amortized over _____ years. The payments shall be made: [] semi-annually, [] quarterly or [] monthly. The Note and Mortgage will provide for a five percent (5%) penalty if payment is not made within fifteen (15) days of the due date, and require the Buyer to keep the Property insured, with Seller named as first additional named insured, against loss by fire and flood, and in a flood zone with coverage in an amount not less than the greater of the replacement value of the property or the replacement value for the Property. The Note and Mortgage will otherwise contain terms and conditions that are customary in Purchase Money Mortgages in full _____ years after closing. Buyer shall have the right to prepay all or any part of the principal at any time with interest to the date of payment without penalty subject to prepayment in advance of the year of closing in payment without Seller's consent. The Purchase Money Mortgage shall contain a due-on-sale clause. IF NO BOX IS CHECKED, (a) SHALL BE DEEMED TO APPLY.

4. EVIDENCE OF TITLE: Within thirty (30) days after the Closing Date of this contract or twenty (20) days prior to closing, whichever is earlier, Seller (1) [] shall deliver to Buyer a complete abstract of title from a company satisfactory to Buyer, certified to the date of the contract; or (2) [] shall pay, at closing, \$100.00 toward the cost of Buyer's title evidence and insurance. If no box is checked, the Seller shall provide the abstract of title. The abstract of title evidence will show good and marketable title with legal actions subject only to the following exceptions: (a) real actions at law, and (b) mineral interest or rights, if any; and (c) restrictions and easements shown on the subdivision, provided, however that no one of them shall prevent use of the property for the purpose of _____.

5. INSTRUCTIONS FOR TITLE: At least 10 days prior to closing, Buyer shall deliver to Seller the name(s), address(es), number in which title is to be taken, and any designations) thereby required. No assignment shall release Buyer from the obligations of this contract unless Seller consents in writing.

2/19/99
3:00 PM
2/19/99
2:55 PM
2/19/99
2:55 PM
2/19/99

1

SECRETARY OF STATE
DIVISION OF CORPORATIONS
99 MAR 30 AM 11:31

FROM : MBR

9416425895

1999.03-08 11:03 #339 P.03/03

FROM : MBR

9416425895

1999.02-15 11:03 #339 P.03/03

23. REPRESENTATIONS AND WARRANTIES: All representations and warranties, if any, must be written into this contract; otherwise, there are none. Buyer's decision to buy was based upon Buyer's own investigation of the Property. Buyer holds the promoter(s) harmless from all liability or loss caused by seller's failure to disclose material facts in accordance with this contract, representations regarding the property's condition, or buyer's refusal, misrepresentation, or retention of any vendor. The parties agree that assistance to a party by a broker, contract, and will not, make the broker responsible for performance. Each party (Seller or Buyer) is, and will remain, responsible for that party's performance of the obligations of the contract.

24. PERIOD OF OFFER AND EFFECTIVE DATE: This offer or any equivalent is renewed if not accepted and notice of acceptance is delivered to either of the counterparty by 5:00PM Page 16 12-7-99. This time limit shall apply to all offers and counteroffers unless otherwise stated. The Effective Date of this contract shall be the last date either the Buyer or Seller signs or initials this contract. Initialed changes must be dated or the latest date set forth on this contract shall be deemed to be the Effective Date. A facsimile shall be deemed to be an original. Offer and acceptance by facsimile is binding.

25. BINDING CONTRACT AND PARTIES ADVISED TO SEEK LEGAL COUNSEL: THE PARTIES ARE NOT REQUIRED TO USE ANY PARTICULAR FORM OF CONTRACT. TERMS AND CONDITIONS SHOULD BE NEGOTIATED BASED UPON THE RESPECTIVE INTERESTS, OBJECTIVES AND BARGAINING POSITIONS OF ALL INTERESTED PARTIES. APPROVAL OF THIS FORM BY THE COLLIER COUNTY BAR ASSOCIATION AND BOARDS OF REALTORS DOES NOT CONSTITUTE AN OPINION THAT ANY OF THE TERMS AND CONDITIONS IN THIS CONTRACT SHOULD BE ACCEPTED BY A PARTY IN A PARTICULAR TRANSACTION. THIS IS A LEGALLY BINDING CONTRACT AND THAT PARTY HAS BEEN ADVISED THAT PRIOR TO SIGNING THE CONTRACT THE CLOSING EXPENSES HAVE BEEN EXPLAINED AND THAT PARTY'S INTEREST IN CONNECTION WITH THE TITLE STATUS AND CLOSING OF THIS TRANSACTION. BUYER AND SELLER ARE ADVISED TO CONSULT AN APPROPRIATE PROFESSIONAL FOR LEGAL, TAX, PROPERTY CONDITION, ENVIRONMENTAL, AND OTHER SPECIALIZED ADVICE. THIS CONTRACT SHALL BE BINDING UPON AND INURE TO THE BENEFIT OF THE PARTIES HERETO, THEIR HEIRS, ADMINISTRATORS, PERSONAL REPRESENTATIVES, AND SUCCESSORS IN INTEREST.

26. OTHER TERMS AND CONDITIONS: SUBJECT TO BUYER VIEWING LOT
WITHIN 24 HRS. OF ACCEPTANCE ALSO SUBJECT
TO SURVEY SATISFACTORY TO BUYER

BEFORE SIGNING, THE PARTIES HAVE REVIEWED THE ADDITIONAL TERMS AND CONDITIONS ON ALL PAGES OF THIS CONTRACT.

SELLER: Lynn Thomas (Signature) BUYER: [Signature] (Signature)
Lynn Thomas (Print Name) (Print Name)

DATE: 2/6/99 TAX I.D.: _____ DATE: 2-15-99 TAX I.D.: _____

SELLER: _____ (Signature) BUYER: _____ (Signature)

(Print Name) (Print Name)

DATE: _____ TAX I.D.: _____ DATE: _____ TAX I.D.: _____

(Buyer) hereby rejects the offer or counteroffer.
at this time

Acknowledgment of Real Estate Brokers: The Seller acknowledges that PRUDENTIAL REALTY is the selling real estate broker. The Buyer acknowledges that PRUDENTIAL REALTY is the selling real estate broker.

DEPOSIT RECEIPT

Receipt of the initial deposit is acknowledged by [] cash or [] check this _____, 19____, to be held in escrow per terms and conditions set forth in this contract.

(Ink) Name of Escrow Agent

By: _____
Not duly authorized agent.

© 1999 Naples Area Board of REALTORS® and Association of Real Estate Professionals, Inc. All Rights Reserved. Approved by the Marco Island Area Association of Realtors® and the Collier County Bar Association.

(2)