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FLORIDA NON-PROFIT CORPORATION
CANAL VILLAS CONDOMINIUM ASSOCIATION, INC.

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ARTICLES OF INCORPORATION
OF
CANAL VILLAS CONDOMINIUM ASSOCIATION, INC.
a corporation not for profit
under the laws of the State of Florida

The undersigned hereby associate themselves for the purpose of forming a corporation not for profit under Chapter 617, Florida Statutes, and agree and certify as follows:

ARTICLE 1.

Name, Address and Registered Agent

1.1) Name. The name of the corporation shall be CANAL VILLAS CONDOMINIUM ASSOCIATION, INC., a corporation not for profit. (The corporation shall be referred to in these Articles as the "Association".) The initial principal business address of the Association is 9122 Midnight Pass Road, Unit 21, Sarasota, Florida 34242.

1.2) Address and Registered Agent. The street address of the initial registered office of the Association is 2364 Fruitville Road, Sarasota, Florida 34237. The name of the Association's initial registered agent at such address is Christopher K. Caswell, P.A.

ARTICLE 2.

Purpose

2.1) Purpose. The purpose for which the Association is organized is to provide an entity pursuant to the Florida Condominium Act, Chapter 718, Florida Statutes as it exists on the date hereof for the maintenance, operation and management of CANAL VILLAS, A CONDOMINIUM, (herein the "Condominium"), a condominium project located in Sarasota County, Florida, and the Condominium Property. The condominium is being developed by MSA LIMITED, INC., a Florida corporation, its successors and assigns (herein the "Developer").

2.2) Distribution of Income. The Association shall make no distribution of income to and no dividend shall be paid to its members, directors, or officers.

2.3) No Shares of Stock. The Association shall not have or issue shares of stock.

ARTICLE 3.

Powers

3.1) Common Law and Statutory Powers. The Association shall have all of the common-law and statutory powers of a corporation not for profit under Florida law not in conflict with the terms of these Articles of Incorporation or the Florida Condominium Act.

3.2) Specific Powers. The Association shall have all of the powers and duties of an association set forth in the Florida Condominium Act and all of the powers and duties reasonably necessary to manage, maintain and operate the Condominium pursuant to the Declaration of Condominium for the Condominium, as it may be amended from time to time, including but not limited to the following:

(a) To make and collect assessments (regular, special and emergency) against members as Unit owners to defray the costs, expenses and losses incurred in the management, maintenance, operation, repair and replacement of the Condominium and property and facilities serving the Condominium and Association Property.

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- (b) To use the proceeds of assessments in the exercise of its powers and duties.
- (c) If provided in the Declaration of Condominium for the Condominium, to charge interest and late charges on delinquent or past due assessments and to accelerate the assessments of a member delinquent in payment of any installment of assessments for Common Expenses.
- (d) If provided in the Declaration of Condominium for the Condominium, to charge a use fee against Unit Owners for the use of designated Association Property or certain designated portions of the Common Elements.
- (e) If provided in the Declaration of Condominium for the Condominium, to require as a condition to the letting or renting of a Unit a security deposit to protect against damages to the Common Elements and/or Association Property.
- (f) To acquire, own, maintain, manage, repair, replace and operate the Condominium Property and all other property, improvements and facilities serving the Condominium or its Unit Owner members, whether located within or without the Condominium, including the maintenance, repair and replacement of drainage facilities serving the Condominium and Association Property.
- (g) To purchase insurance upon the Condominium Property and Association Property and insurance for the protection of the Association and its members as Unit Owners.
- (h) To handle rentals of Units for the convenience of the Unit Owners unless otherwise prohibited by law or unless registration is required by law.
- (i) To make and amend reasonable Rules and Regulations respecting the use and occupancy of the Condominium Property and Association Property and for the health, comfort, safety and welfare of the Unit Owners. All such Rules and Regulations and amendments thereto shall be approved by the Board of Directors of the Association.
- (j) To approve or disapprove the transfer, lease, mortgage and ownership of Units in the condominium, if so provided in the Declaration.
- (k) To enforce by legal means the provisions of the Condominium Act of the State of Florida, the Declaration of Condominium, these Articles of Incorporation, the Bylaws of the Association and the Rules and Regulations for use of the condominium Property, if any.
- (l) To contract for the management of the condominium with third party contractors and to delegate to such contractor all powers and duties of the Association, except as such are specifically required by the Declaration of Condominium or the Florida Condominium Act to have the approval of Directors or the members of the Association.
- (m) To contract for the management or operation of all the portions of the Common Elements susceptible to separate management or operation.
- (n) To employ personnel to perform the services required for proper management, maintenance and operation of the condominium, including a resident manager.
- (o) To acquire or enter into (prior or subsequent to the recording of the Declaration of Condominium) agreements whereby it acquires leaseholds, memberships or other possessory or use interests in real and personal property, including, but not limited to, country clubs, golf courses, marinas, and other recreational facilities, whether or not contiguous to the lands of the Condominium, intended to provide for the enjoyment, recreation or other use or benefit of the Unit Owners, to declare expenses in connection therewith to be Common Expenses, and to adopt covenants and restrictions relating to the use thereof and to operate under a fictitious name.

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(p) To purchase and own Units in the Condominium, including a Unit to house a resident manager, if any, and to acquire and hold, lease, mortgage and convey the same, subject however, to the provisions of the Declaration and Bylaws relative thereto.

(q) To obtain loans to provide funds for operating, maintaining, repairing, replacing and improving the condominium and Association Property and to pledge the income of the Association from assessments against Unit Owners as security for such loans.

3.3) Assets Held in Trust. All funds and properties acquired by the Association and the proceeds thereof shall be held in trust for the members in accordance with the provisions of the Declaration of Condominium, these Articles of Incorporation and the Bylaws of the Association.

3.4) Limitation on Exercise of Powers. The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Declaration of Condominium and the Bylaws of the Association.

ARTICLE 4.

Members

4.1) Members. The members of the Association shall consist of all of the record owners of Units in the condominium from time to time, and after termination of the Condominium shall consist of those who are members at the time of such termination and their successors and assigns. Until the Declaration of Condominium is recorded in the Public Records of Sarasota County, Florida, the subscribers to these Articles shall be the sole members of the Association and shall cast all the votes. Upon the recording of the Declaration of Condominium, the subscribers shall automatically cease to be members of the Association.

4.2) Termination and Change of Membership. Membership shall terminate automatically and immediately as a member's vested present interest in the title to the Condominium Unit terminates. After receiving any approval of the Association required by the Declaration of Condominium, change of membership in the Association shall be established by the recording in the Public Records of Sarasota County, Florida, of a deed or other instrument establishing a change of record title to a Unit in the Condominium and the delivery to the Association of a certified copy of such instrument. The Owner(s) designated by such instrument thereby automatically becomes a member of the Association and the membership of the prior Owner(s) is terminated.

4.3) Limitation on Transfer of Shares of Assets. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to the member's Unit.

4.4) Voting. Each Unit shall be entitled to the voting interest listed below (Voting Interest) for the specific unit type, which Voting Interest shall be cast by its owners as members of the Association. The exact manner of exercising voting rights shall be determined by the Bylaws of the Association. Each Unit shall be entitled to an equal Voting Interest.

ARTICLE 5.

Directors

5.1) Developer's Right to Control Association and Board of Directors. The Developer of the Condominium, during the development and sales period of the Condominium, shall have and hereby reserves the absolute right and authority to manage and control the Association and its affairs and decisions and the exclusive right to elect or appoint all Directors of the Association (who need not be Unit Owners), subject, however, to the following formula which shall govern the transfer of control from the Developer to Unit Owners other than the Developer:

(a) When Unit Owners other than the Developer own fifteen percent (15%) or more of the total Units in the Condominium, such Unit Owners shall be entitled to elect one-third (1/3) of the members of the Board of Directors of the Association.

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(b) Unit Owners other than the Developer shall be entitled to elect a majority of the Board of Directors of the Association at such time as the earliest of the following shall occur:

(i) Three (3) years after fifty percent (50%) of the total Units of the Condominium have been conveyed to purchasers, or

(ii) Three (3) months after ninety percent (90%) of the total Units in the Condominium have been conveyed to purchasers, or

(iii) When all the Units in the Condominium have been completed, some of them have been conveyed to purchasers and none of the others are being offered for sale by the Developer in the ordinary course of business, or

(iv) When some of the Units in the Condominium have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business.

(v) Seven years after recordation of the Declaration of Condominium.

(c) The Developer shall be entitled to elect one (1) member of the Board of Directors of the Association as long as the Developer holds for sale in the ordinary course of business at least 5% of the total Units in the Condominium.

(d) The transfer of the control of the Association in accordance with the foregoing provisions shall take place pursuant to and in accordance with the Florida Condominium Act.

During the period the Developer is in control of the Association, the Directors shall exercise all rights, powers and privileges that would otherwise be exercisable by the members. The Developer may, at its option, at any time in writing waive its right to control the Association and turn over control to the Unit owners as provided in the Condominium Act, who must then accept such turnover.

Notwithstanding anything hereinbefore or hereinafter contained or implied to the contrary, the Developer hereby reserves unto itself, its successors, designees, and assigns, subject to the provisions of Article 5.1 hereof, the exclusive right to elect, to remove and to replace from time to time members of the first Board of Directors of the Association.

Notwithstanding the foregoing, the Developer, while exercising control of the Association during the development and sales period, shall observe all the formalities of the Association's corporate structure and regime, and such control shall be subject to the specific voting rights of the owners as provided in the Condominium Act.

5.2) Board of Directors. The affairs of the Association shall be managed by the Board of Directors consisting of the number of Directors determined by the Bylaws, but not less than three (3) Directors, and in the absence of such determination shall consist of three (3) Directors. Directors, except those persons named as the members of the First Board of Directors and those persons designated by the Developer, if any, to replace such persons, shall be members of or officers of corporate members of the Association.

5.3) Election of Directors. The Directors of the Association shall be elected at the annual meeting of the members in the manner determined by the Bylaws of the Association. Directors may be removed and vacancies on the Board of Directors shall be filled in the manner provided by the Bylaws of the Association.

5.4) First Election of Directors. The first election of Directors by the membership shall occur as provided in Article 5.1 hereof. The First Board of Directors named in these Articles shall serve until such election and any vacancies in their number occurring before the first election shall be filled by the Developer, or in the event of its failure to do so, by the remaining Directors, except as otherwise specifically provided in Article 5.1 hereof. The transfer of control of the Association by the Developer to the members shall be as provided in Article 5.1 hereof.

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5.5) First Board of Directors. The names and addresses of the members of the first Board of Directors who shall hold office until their successors are elected and have qualified, or until removed, are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Alan Merrington	9122 Midnight Pass Road, Unit 21 Sarasota, Florida 34242
Lynne Merrington	9122 Midnight Pass Road, Unit 21 Sarasota, Florida 34242
Wilfred Riley	9122 Midnight Pass Road, Unit 21 Sarasota, Florida 34242

ARTICLE 6. Officers

6.1) Officers. The affairs of the Association shall be administered by a President, Vice-President, Secretary and Treasurer and such other officers as may be designated in the Bylaws of the Association. 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 of Directors.

The Directors and Officers may lawfully and properly exercise the powers set forth in Article 3, including those set forth in Sections 3.2(1), (m), (n), (o) and (p), notwithstanding the fact that some or all of them who may be directly or indirectly involved in the exercise of such powers and in the negotiation and/or consummation of agreements executed pursuant to such powers are some or all of the persons with whom the Association enters into such agreements or who own some or all of the proprietary interests in the entity or entities with whom the Association enters into such agreements. Disclosure of such agreements by setting forth the same in the Declaration of Condominium as initially declared or subsequently amended, shall stand as an absolute confirmation of such agreements and the valid exercise by the directors and officers of this Association of the powers pertinent thereto.

ARTICLE 7. Indemnification of Directors and Officers

7.1) Indemnity. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, employee, officer or agent of the Association, against all liabilities and expenses (including attorneys' fees and appellate attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceedings, unless (a) a court of competent jurisdiction determines, after all available appeals have been exhausted or not pursued by the proposed indemnitee, that he or she did not act in good faith, nor in a manner 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, that he or she had reasonable cause to believe his or her conduct was unlawful, and (b) such court further specifically determines that indemnification should be denied. The termination of any action, suit or proceedings 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 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.

7.2) Expenses. To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Article 7.1 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 attorneys' fees) actually and reasonably incurred by him in connection therewith.

7.3) Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid

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by the Association in advance of the final disposition of such action, suit or proceedings upon receipt of an undertaking by or on behalf of the affected director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article 7.

7.4) Miscellaneous. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of members or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs and personal representatives of such person.

7.5) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving, at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, general partnership, trust or other enterprise, against any liability asserted against him and incurred by him 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.

7.6) Amendment. Anything to the contrary herein notwithstanding, the provisions of this Article 7 may not be amended without the prior written consent of all persons whose interest would be adversely affected by such amendment.

ARTICLE 8.

Bylaws

8.1) Bylaws. The Bylaws of the Association shall be adopted by the Board of Directors of the Association and may be altered, amended or rescinded in certain instances by the Board of Directors and in certain instances by the membership in the manner provided by the Bylaws.

ARTICLE 9.

Amendments

9.1) Amendments. Subject to the provisions of Sections 9.2 and 9.3 of this Article 9, amendments to the Articles of Incorporation shall be proposed and adopted in the following manner:

(a) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

(b) A resolution for the adoption of a proposed amendment may be proposed either by the Board of Directors or by the members of the Association. Except as elsewhere provided, such approvals must be by not less than 66% of the entire membership of the Board of Directors and by not less than 66% of the votes (Voting Interests) of the entire membership; or by not less than 80% of the votes (voting Interests) of the entire membership of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting.

(c) A copy of each amendment shall be certified by the Secretary of State and shall be recorded in the Public Records of Sarasota County, Florida.

9.2) Limitation on Amendments. No amendment shall make any changes in the qualifications for membership nor the voting rights of members, nor make any change in Section 3.2 of Article 3, of Sections 5.4 and 5.5 of Article 5 or Article 7, without approval in writing by the Developer, all members and the joinder of all record owners of mortgages upon all or any portion of the Condominium. No amendment shall be made that is in conflict with the Condominium Act of the State of Florida, the Declaration of Condominium or which deletes or modifies any of the rights of the Developer hereunder without the prior written consent of the Developer.

9.3) Initial Amendments May Be Made Only by First Board of Directors. Notwithstanding anything herein contained to the contrary, until the first election of directors by the members, amendments to these Articles of

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Incorporation may be proposed and adopted only by the unanimous action of the First Board of Directors named in these Articles or their replacements.

ARTICLE 10.

Term

10.1) Term. The term of the Association shall be perpetual unless the Condominium is terminated pursuant to the provisions of the Declaration and in the event of such termination, the Association shall be dissolved in accordance with the law.

ARTICLE 11.

Definitions

11.1) Definitions. The terms used in these Articles shall have the same definitions and meaning as set forth in the Declaration of Condominium unless herein provided to the contrary or unless the context otherwise requires.

ARTICLE 12.

Subscribers (Incorporators)

12.1) Names and Addresses. The name and residence address of the subscriber (incorporator) of these Articles of Incorporation are as follows:

NAME

ADDRESS

Chris Caswell

2364 Fruitville Road
Sarasota, FL 34237

IN WITNESS WHEREOF, the subscriber (incorporator) has hereto affixed his or her signature on this

MARCH 16, 2005.



CHRIS CASWELL

CERTIFICATE DESIGNATING PLACE OF BUSINESS FOR SERVICE
OF PROCESS WITHIN THIS STATE, NAMING AGENT UPON
WHOM PROCESS MAY BE SERVED

Pursuant to Chapter 48.091, Florida Statutes, the following is submitted in compliance with said Act:

THAT CANAL VILLAS CONDOMINIUM ASSOCIATION, INC., desiring to organize under the laws of the State of Florida, with its principal offices at 9122 Midnight Pass Road, Unit 21, Sarasota, Florida 34242, has named CHRISTOPHER K. CASWELL, P.A., whose office is located at 2364 Fruitville Road, Sarasota, Florida 34237, as its agent to accept service of Process within the State.

ACKNOWLEDGEMENT

Having been so named to accept service of process for the above stated corporation, at the place designated in this Certificate, I hereby accept to act in this capacity, and agree to comply with the provisions of said Act relative to keeping open said office.

CHRISTOPHER K. CASWELL, P.A.



Chris Caswell

Dated: MARCH 16, 2005.

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