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This Instrument Prepared by:

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**NEIGHBORHOOD DECLARATION OF PROTECTIVE
COVENANTS AND RESTRICTIONS FOR
CARAVELLA AT PALMIRA**

THIS NEIGHBORHOOD DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS FOR CARAVELLA AT PALMIRA ("Neighborhood Covenants") is made this 2nd day of July, 2003, by CENTEX HOMES, a Nevada general partnership ("Neighborhood Declarant" or "Centex"), joined by CARAVELLA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC., a Florida corporation not-for-profit ("Neighborhood Association").

WHEREAS, Neighborhood Declarant is the owner in fee simple of the Committed Property (as hereinafter defined) located within the real property more particularly described on Exhibit A ("Property") attached hereto and made a part hereof; and

WHEREAS, Neighborhood Declarant desires to provide for the preservation of the values and amenities of a neighborhood to be known as Caravella at Palmira as are hereby or as may be hereafter established; and

WHEREAS, Neighborhood Declarant desires to provide a method whereby portions of the Property may become "Committed Property" subject to the provisions of these Neighborhood Covenants upon the recording of a "Supplement" (as such terms are hereinafter defined); and

WHEREAS, the execution and recording of these Neighborhood Covenants shall not be construed to require Neighborhood Declarant to subject any portions of the Property other than the

Committed Property to specific land use covenants under these Neighborhood Covenants or any other subsequent recorded instrument; and

WHEREAS, Neighborhood Declarant also desires at this time to provide that a portion of the Property, more fully described in Exhibit B attached hereto and made a part hereof ("Committed Property"), shall become committed to the provisions of these Neighborhood Covenants; and

WHEREAS, Neighborhood Declarant has deemed it desirable for the efficient preservation of the values and amenities established to create a corporation known as Caravella at Palmira Neighborhood Association, Inc., which corporation has joined in these Neighborhood Covenants and to which there have been and will be delegated and assigned: (i) certain powers and duties of ownership, operation, administration, maintenance and repair of portions of the Committed Property, including, but not limited to, the "Neighborhood Common Area" (as hereinafter defined), if any; (ii) the enforcement of the covenants and restrictions contained herein; and (iii) the collection and disbursement of the "Operating Expenses" (as hereinafter defined);

NOW, THEREFORE, in consideration of the premises and covenants herein contained, Neighborhood Declarant hereby declares that such portions of the Property, which become Committed Property, as herein provided, shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth, which shall run with the Committed Property and be binding on all parties having any right, title or interest in the Committed Property or any portion thereof, their heirs, successors and assigns.

1. EXPLANATION OF TERMINOLOGY

The following words and phrases used in these Neighborhood Covenants (unless the context should clearly reflect another meaning) shall have the following meanings:

1.1. "Amendment(s)" means any and all amendments to these Neighborhood Covenants, all of which shall be consecutively numbered beginning with the "First Amendment to the Neighborhood Covenants of Protective Covenants and Restrictions for Caravella at Palmira" and each of which shall be properly adopted pursuant to the terms of the Neighborhood Documents and recorded in the Public Records; provided, however, the failure to so consecutively number such amendments shall not impair their validity hereunder and such amendments to the extent not otherwise numbered will be deemed to have been numbered in chronological order of their appearance in the Public Records.

1.2. "Articles" means the Articles of Incorporation of the Neighborhood Association, which are attached hereto as Exhibit D and any and all amendments thereto.

1.3. "Assessments" means the assessments for which all Lot Owners are obligated to the Neighborhood Association and includes:

(i) "Individual Lot Assessments" which include the assessments levied for the payment of Operating Expenses, as more particularly described in Paragraph 6.1 hereof;

(ii) "Individual Expense Assessments" as more particularly described in Paragraph 6.4 hereof; and

(iii) "Neighborhood Special Assessments" which are levied by the Neighborhood Association for such purposes as are described in Paragraph 6.3 hereof.

1.4 "Assessments" shall also mean assessments for those portions of the Operating Expenses for which Additional Owners (as described in subparagraph 2.4.5 herein), if any, are liable to the Neighborhood Association. How assessments for any such Additional Owners will be levied is described in Paragraph 6.8 herein.

1.5. "Board" means the Board of Directors of the Neighborhood Association.

1.6. "Bylaws" means the Bylaws of the Neighborhood Association, which are attached hereto as Exhibit E and any and all amendments thereto.

1.7. "Caravella" means Caravella at Palmira, the name given to the planned residential development being developed on the Property in the County, in accordance with the "Plan for Development" set forth herein and as set forth in the Plat, and which comprises a portion of Palmira Golf and Country Club, being a "Neighborhood" thereof, as defined in the Master Declaration. Caravella shall initially consist of the land set forth on Exhibit B attached hereto and made a part hereof and may be expanded by the recording of a Supplement committing additional land.

1.8. "CDD" means Parklands West Community Development District, a community development district as defined in Chapter 190, Florida Statutes, established for the purpose of owning and maintaining property or facilities in Palmira.

1.9. "Committed Property" means the portion(s) of the Property which is committed to the provisions of these Neighborhood Covenants and which is legally described in Exhibit B attached hereto and made a part hereof; and, those portions of the Property which may hereafter become Committed Property pursuant to the recordation of one or more Supplements.

1.10. "Committees" means the Architectural Control Committee of the Neighborhood Association and the "Architectural Design Control Committee" (as defined in the Master Declaration) pursuant to Article III.D of the Master Declaration.

1.11. "County" means Lee County, Florida.

1.12. "Improvement" means any Residence, building, structure or improvement of any kind including, but not limited to, any wall, fence, landscaping, planting, topographical feature, mailbox, swimming pool, tennis court, screen enclosure, driveway, sidewalk, sewer, drain, water area, outside lighting or sign and addition, alteration or modification thereto.

1.13. "Institutional Mortgagee" means any lending institution having a first mortgage lien upon a Residence, including, but not limited to, any of the following institutions or entities: (i) a federal or state savings and loan association or bank or a life insurance company, or bank or real estate investment trust, or a mortgage banking company or any subsidiary thereof, or a national banking association chartered under the laws of the United States of America; or (ii) any and all investing or lending institutions ("Lender") which have loaned money to Neighborhood Declarant in order to enable Neighborhood Declarant to acquire, or construct improvements upon, any portion of Caravella and which holds a first mortgage upon such portion of Caravella as security for such loan; or (iii) any pension or profit sharing funds qualified under the Internal Revenue Code; or (iv) the Veterans Administration ("VA") or the Federal Housing Administration ("FHA") or the Department of Urban Development or other lenders generally recognized in the community as an institutional lender; or (v) such other Lenders as the Board shall hereafter designate as such in writing which have acquired a mortgage upon a Residence; or (vi) any "Secondary Mortgage Market Institution" including Federal National Mortgage Association or the Federal Home Loan Mortgage Association and such other Secondary Mortgage Market Institution as the Board shall hereafter designate as such in writing which has acquired a mortgage upon a Residence; or (vii) Neighborhood Declarant, its successors and assigns.

1.14. "Interest" means the maximum nonusurious interest rate allowed by law on the subject debt or obligation and if no such rate be designated by law, then eighteen percent (18%) per annum.

1.15. "Legal Fees" means (a) reasonable fees for attorney and paralegal services incurred in negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and postjudgment proceedings; and (b) court costs through and including all trial and appellate levels and postjudgment proceedings.

1.16. "Lot" means a portion of the Committed Property as shown on the Plat upon which a Residence is permitted to be constructed.

1.17. "Lot Owner" or "Owner of Lot" means the owner of the fee simple title to a Lot and includes Neighborhood Declarant, so long as Neighborhood Declarant is the owner of a Lot. A Lot Owner shall not mean nor refer to a holder of a mortgage or security deed, its successors or assigns, unless and until such holder has acquired title pursuant to foreclosure proceedings or by deed in lieu of foreclosure; nor shall the term "Lot Owner" mean or refer to any lessee or tenant of a Lot Owner.

1.18. "Master Association" means Palmira Golf and Country Club Master Homeowners Association, Inc., a Florida corporation not for profit, organized to administer the Master Declaration. The Neighborhood Association is a member of the Master Association.

1.19. "Master Declaration" means the Declaration of Covenants, Restrictions and Easements for Palmira recorded in Official Records Book 3394, Pages 0609 through 0679, of the Public Records and all amendments thereto, whereby the Master Association "Operating Expenses" (as defined therein) of the land areas designated therein as "Corporation Common Areas" are made specifically applicable to Lot Owners, including, and as well as, any Individual Unit Assessments, Individual Expense Assessments and Special Assessments, which are collected by the Neighborhood Association on behalf of the Master Association. Caravella was committed to the provisions of the Master Declaration by that certain Supplement to Declaration of Protective Covenants, Restrictions and Easements for Palmira Golf and Country Club recorded in Official Records Book 3777, Pages 2091 through 2104 ("Neighborhood Supplement"), which is the document which creates Caravella as a "Neighborhood". The Neighborhood Supplement may set forth additional restrictions pertaining to the Property.

1.20. "Master Documents" means the Master Declaration, the Neighborhood Supplement, the Articles of Incorporation and Bylaws of the Master Association, any rules and regulations promulgated by the Master Association, and all of the documents and instruments referred to therein and any amendments to any of such documents.

1.21. "Member" means a member of the Neighborhood Association as more particularly described in the Articles.

1.22. "Neighborhood Association" means Caravella at Palmira Neighborhood Association, Inc., a Florida corporation not for profit, which is NOT a condominium association and is not intended to be governed by Chapter 718, the Condominium Act, Florida Statutes.

1.23. "Neighborhood Common Area" means such portions of the Committed Property which are not included in any Lot, except those areas dedicated to the public by the Plat, and which are or shall be owned or maintained by the Neighborhood Association, as set forth in these Neighborhood Covenants, for the common use and enjoyment of the Owners within Caravella. In addition, such portions of the Property as are declared to be Neighborhood Common Area in any Supplemental Declaration, less whatever portions of the Property are declared to be withdrawn from the provisions of these Neighborhood Covenants in any Supplemental Declaration, shall be Neighborhood Common Area. At the time of recordation of these Neighborhood Covenants, Neighborhood Common Areas are not contemplated in Caravella and all references thereto are in the event Neighborhood Common Areas exist in the future.

1.24. "Neighborhood Contributing Lot" means any Lot conveyed by Neighborhood Declarant to a Lot Owner which has been issued a certificate of occupancy for the Residence constructed thereon by the appropriate governmental agency, except if conveyed to an Institutional Mortgagee by foreclosure or a deed in lieu of foreclosure, upon which an affirmative covenant to pay Assessments, as more particularly set forth herein, is imposed.

1.25. "Neighborhood Contributing Lot Owner" means the Owner of a Neighborhood Contributing Lot.

1.26. "Neighborhood Covenants" means this document as the same may be supplemented and/or amended from time to time.

1.27. "Neighborhood Declarant" (also sometimes referred to herein as "Centex") means Centex Homes, a Nevada general partnership, its successors, grantees and assigns. Neighborhood Declarant is purchasing the Property from Parklands Development Limited Partnership in four (4) stages. A Lot Owner shall not, solely by the purchase of a Lot, be deemed a successor or assign of Neighborhood Declarant or of the rights of Neighborhood Declarant under the Neighborhood Documents unless such Lot Owner is specifically so designated as a successor or assign of such rights in the instrument of conveyance or any other instrument executed by Neighborhood Declarant.

1.28. "Neighborhood Documents" means, in the aggregate, these Neighborhood Covenants and the Articles, Bylaws, and rules and regulations of the Neighborhood Association promulgated, and all of the instruments and documents referred to therein and executed in connection therewith and all amendments to the foregoing.

1.29. "Operating Expenses" means the expenses for which all Lot Owners are liable to the Neighborhood Association, as described in these Neighborhood Covenants, and includes, but is not limited to, all expenses incurred by the Neighborhood Association in administering, operating, reconstructing, maintaining, repairing and replacing all portions of any Neighborhood Common Area, including any and all Improvements thereon, as well as all personal property for which the Neighborhood Association has such obligation, as set forth in these Neighborhood Covenants, including the costs of administration of the Neighborhood Association. Operating Expenses also include the costs of the maintenance to be performed by the Neighborhood Association on the Lots and to the Residences, as specifically provided in these Neighborhood Covenants.

1.30. "Palmira Golf and Country Club" means the name given to the planned development being developed by Parklands Development (as hereinafter defined) in the County in accordance with the Master Declaration, and in which Caravella is a Neighborhood of Palmira Golf and Country Club.

1.31. "Parklands Development" means Parklands Development Limited Partnership, a Delaware limited partnership, its successors and assigns. Parklands Development Limited

Partnership has developed, or may cause to be developed, Palmira Golf and Country Club, and is the Declarant under the Master Documents.

1.32. "Plat" means the Plat of Palmira Golf & Country Club Parcel 8-A, as recorded in Plat Book 72, Pages 88 and 89, and the Plat of Palmira Golf & Country Club Parcel 8-B, as recorded in Plat Book 72, Pages 90 and 91, of the Public Records of Lee County, Florida, which are the plats of Caravella. Plat shall also mean the plat of any additional platted property which becomes Committed Property hereunder.

1.33. "Property" means the real property described on Exhibit A attached hereto.

1.34. "Public Records" means the Public Records of the County.

1.35. "Residence" means a residential unit in Caravella intended as an abode for one family.

1.36. "Site Plan" means the site plan for Caravella attached as Exhibit C hereto.

1.37. "Supplement" means a document and the exhibits thereto which, when recorded in the Public Records with respect to all or a portion of the Uncommitted Property, shall commit such property to the provisions of these Neighborhood Covenants, and shall be the only method of committing such property to the provisions of these Neighborhood Covenants. The Supplement may also add restrictions not set forth in these Neighborhood Covenants or, conversely, provide that certain restrictions of these Neighborhood Covenants do not apply.

1.38. "Surface Water Management System" means any drainage areas, drainage easements, lakes, wetlands, storm drains and catch basins at Caravella which are intended to control or contain rainfall. The Surface Water Management System is located upon and designed to serve the Property.

1.39. "Turnover Date" means the date upon which Neighborhood Declarant relinquishes control of the Neighborhood Association, as more particularly described in the Articles.

1.40. "Uncommitted Property" means the portions of the Property other than the Committed Property.

2. PLAN FOR DEVELOPMENT; LAND USE COVENANTS; CONVEYANCE OF THE NEIGHBORHOOD COMMON AREA

2.1. Plan for Development of Palmira Golf and Country Club

2.1.1. Parklands Development is the developer of Palmira Golf and Country Club, located in the City of Bonita Springs in the County. Caravella is a portion of Palmira Golf and

Country Club planned for residential development. The Master Declaration sets forth Parklands Development's plan for development of Palmira Golf and Country Club. Parklands Development plans to develop Palmira Golf and Country Club as a multi-staged, planned community comprising residential and recreational uses in accordance with the Master Declaration. Certain parcels may be grouped together as a "Neighborhood" (as defined in the Master Declaration). Caravella is a Neighborhood in Palmira Golf and Country Club.

2.1.2. The Property is located within an established uniform community development district, as defined in Chapter 190, Florida Statutes (the "CDD"), which will provide certain services and will have the authority to levy and collect fees, rates, charges, taxes and assessments for such services. These taxes will be set annually by the governing board of the CDD and will either appear on the *ad valorem* tax bill for the property and be collected by the Lee County Tax Collector or billed separately and collected by the CDD. The authority of the CDD includes lien or lien rights against each Lot to secure the payment of assessments or other exactions.

2.1.3. The Master Association is responsible for the maintenance of the "Corporation Common Areas" (as defined in the Master Declaration) and certain other areas within Palmira Golf and Country Club, all as provided in the Master Declaration.

2.2. Contiguous Golf Course

There is a golf course located in Palmira Golf and Country Club which is not part of Caravella. Ownership of a Lot or Residence in Caravella does not grant any use or access rights to the golf course which requires the purchase of separate membership pursuant to the golf course rules. The golf course is private property owned and operated by its owner, or its assigns, and administered according to membership policies, use rights, rules and regulations adopted by the owner thereof from time to time.

2.2.1. Errant Golf Balls. Golf balls hit from the golf course may unintentionally come upon the Property. Golfers at reasonable times and in a reasonable manner may come upon the Property to retrieve errant golf balls. All Owners, by acceptance and delivery of a deed to a Lot, assume all risks associated with errant golf balls, and all Owners agree and covenant not to make any claim or institute any action whatsoever against Neighborhood Declarant or the Neighborhood Association resulting from any errant golf balls, any damages that may be caused thereby, or for negligent design of the golf course or for damage caused by golfers coming on to the Property to retrieve errant golf balls. Neither Neighborhood Declarant, nor the Neighborhood Association, are responsible for installing screening devices or trees to limit or prevent errant golf balls from causing injury or damage.

2.2.2. Assumption of Risk and Indemnification. Each Owner by its purchase of a Lot in the vicinity of the golf course hereby expressly assumes the risk of noise, personal injury or property damage caused by maintenance and operation of the golf course, including, without

limitation; (a) noise from maintenance equipment and it being specifically understood that such maintenance typically takes place around sunrise or sunset, (b) noise caused by golfers, (c) use of pesticides, herbicides, and fertilizers, (d) view restrictions caused by maturation of trees and shrubbery or redesign of the golf course, (e) reduction in privacy caused by constant golf traffic on the golf course or the removal or pruning of shrubbery or trees on the golf course, and (f) design of the golf course and agrees that neither Neighborhood Declarant nor the Neighborhood Association or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of Owner's Lot and/or Residence to the golf course, including, without limitation, any claim arising in whole or in part from the negligence of Neighborhood Declarant or the Neighborhood Association. Owners (other than Neighborhood Declarant) hereby agree to indemnify and hold harmless Neighborhood Declarant and the Neighborhood Association, against any and all claims by Owner's visitors, tenants and others upon the Property.

2.3. Contiguous Renaissance Center Club

There is a Renaissance Center Club located in or adjacent to Palmira Golf and Country Club which is not part of Caravella. Ownership of a Lot or Residence in Caravella does not grant any use or access rights to the Renaissance Center Club which requires the purchase of separate membership pursuant to the Renaissance Center Club rules. The Renaissance Center Club is private property owned and operated by its owner, or its assigns, and administered according to membership policies, use rights, rules and regulations adopted by the owner thereof from time to time.

2.4. Plan for Development of Caravella

2.4.1. Neighborhood Declarant intends to develop or cause to be developed upon the Property or portions thereof a planned residential community to be known as Caravella, in accordance with applicable zoning regulations. Caravella is intended to consist of a total of seventy-six (76) Lots. The first phase of Caravella, being the Committed Property consists of twenty-six (26) Lots. To the extent any remaining lots which are within the Uncommitted Property are not acquired by Centex, Parklands Development may submit such remaining lots not acquired by Centex as Committed Property hereunder by recording a Supplemental Declaration as provided for in these Neighborhood Covenants, and the owners of such Lots shall have the right to use the roads and Neighborhood Common Areas, if any, and are subject to Assessments as provided for in these Neighborhood Covenants.

2.4.2. Excluded Property. Notwithstanding anything contained in the Master Documents to the contrary, Neighborhood Declarant shall have the right to exclude from the Uncommitted Property, from time to time, any portion or portions of the Uncommitted Property, provided that such an exclusion shall only be accomplished by recording a statement ("Exclusion Statement") among the Public Records which identifies the portion of the Uncommitted Property

thereby being excluded ("Excluded Property"). Excluded Property shall not be a part of the Uncommitted Property and shall not be subject to the Neighborhood Documents or the terms and provisions hereof as if such Excluded Property had never been included within the Uncommitted Property under the Neighborhood Documents. Neighborhood Declarant reserves the right to so amend these Neighborhood Covenants with respect to any portion of the Uncommitted Property then owned by Neighborhood Declarant, without the consent of any Lot Owner, the Neighborhood Association, the Master Association, or any Institutional Mortgagee, however, such right to so amend shall be subject to the prior written approval of Parklands Development. Any such Exclusion Statement may reserve easement rights for the Excluded Property over any roadway portions of the Committed Property.

2.4.3. Uses of Committed Property. All portions of the Committed Property shall be subject to the use, limitations, restrictions and other provisions imposed thereon as may be set forth in these Neighborhood Covenants. In addition to any other provisions hereof, provisions of these Neighborhood Covenants may restrict certain portions of the Committed Property to specified uses, including, but not limited to, uses as residential property and non-residential property including, but not limited to, property to be maintained as beautification areas, recreation areas, in a natural state, or for parking and drives.

2.4.4. Neighborhood Declarant's Right to Add Uncommitted Property to the Committed Property. Neighborhood Declarant may, from time to time, by recording a supplement ("Supplement") in the Public Records which shall not require the consent of the then existing Lot Owners, the Neighborhood Association, the Master Association or any Institutional Mortgagee, add all or a portion of the Uncommitted Property ("Additional Property") to the Committed Property and such Additional Property shall be subject to the terms and provisions hereof as fully as though originally designated herein as Committed Property; provided, however, nothing in these Neighborhood Covenants shall be construed to require Neighborhood Declarant to add any property to the Committed Property subjected to these Neighborhood Covenants or to require it to declare any portion of any property added to the Committed Property to be Neighborhood Common Area.

2.4.5. Additional Owners' Use Rights in the Committed Property. Notwithstanding any other provisions in these Neighborhood Covenants to the contrary, subject to the prior written approval of Parklands Development, Neighborhood Declarant may create a development separate and apart from Caravella on all or any portion of the Uncommitted Property or on all or any portion of any Excluded Property ("Additional Property"), which development may be governed by a separate association. Any such development shall have the right to use Neighborhood Common Area. The owners ("Additional Owners") and the separate governing association, if any, of any such development shall have the same use rights in Neighborhood Common Area as the Lot Owners and the Neighborhood Association have pursuant to these Neighborhood Covenants, subject only to the restrictions herein and any Neighborhood Association Rules with respect to Neighborhood Common Area and further subject to the obligation to pay a prorata, equitable portion of the Operating Expenses, including Reserves, attributable to the maintenance, repair, replacement, reconstruction,

administration and operation of Neighborhood Common Area, if any. Assessment for such Operating Expenses shall be made as described in Article 5 hereof and failure to pay shall subject the residential property within any such development to lien rights as described in said Article 5. If the Additional Property does not have a separate homeowners association governing it, then the Additional Owners therein shall be Members in the Neighborhood Association with all the rights, including voting rights, appurtenant thereto. If, however, there is a homeowners or condominium association governing the Additional Property ("Additional Association") then such Additional Association and the Neighborhood Association shall enter into a written agreement whereby the Additional Association shall act as the collection agent for the Neighborhood Association with respect to Operating Expenses owed the Neighborhood Association by the Additional Owners. Such written agreement will be recorded in the Public Records of the County and may address any relevant matters not in conflict with these Neighborhood Covenants or any other of the Neighborhood Documents.

The determination to create an additional development on any portion of the Property, appurtenant to which the owners and governing association therein shall have use rights to Neighborhood Common Area shall be at Neighborhood Declarant's sole option, and shall not require the consent of any Lot Owner, the Neighborhood Association, the Master Association, or any Institutional Mortgagee, provided, however the Neighborhood Association shall join in any declaration of covenants and restrictions with respect to any such development at Neighborhood Declarant's request, as applicable. In all cases, Parklands Development must consent in writing to the development of any Additional Property and to the formation of any Additional Association.

2.5. Land Use Covenants

In consideration of the benefits hereinafter contained and the payment of the various expenses referred to herein, Neighborhood Declarant does hereby declare and the Neighborhood Association agrees that portions of Caravella may be committed to land use as Lots and are those portions of Caravella depicted as Lots on the Plat which shall be for residential use only and shall be subject to the land use covenants impressed upon Lots as contained herein.

2.6. Corporation Common Areas and CDD Property.

The Corporation Common Areas and CDD Property shall consist of those portions of the Property dedicated on the Plat to the Master Association or CDD, or conveyed to the Master Association or CDD by a separate conveyance from Parklands Development, Neighborhood Declarant, the Neighborhood Association or the Master Association. The Corporation Common Areas and CDD Property shall be used in accordance with the Master Documents as follows:

2.6.1. Lakes. The portion of Caravella designated on the Plat or designated by Parklands Development or the Master Association as "Lakes" shall always be kept and maintained as Lakes for water retention, drainage and water management purposes in compliance with all

applicable governmental and water management district requirements. The Lakes shall be maintained by the Master Association or the CDD, as required by the South Florida Water Management District ("SFWMD"), and dedicated or conveyed to the Golf Club, the CDD and/or the SFWMD. Notwithstanding the ownership of such Lakes, the Golf Club may use any and all Lakes on the "Total Property" (as defined in the Master Declaration) for the purpose of irrigating and maintaining the Golf Club Facilities with the result that the water level in such Lakes may from time to time vary. In furtherance of the foregoing, Neighborhood Declarant hereby reserves and grants an easement in favor of the Golf Club and the CDD throughout all portions of Caravella, to the reasonable extent necessary, for the purpose of maintaining and administering the Lakes and no Lot Owner shall do any act which may interfere with the performance by the Golf Club or the CDD of its obligations hereunder. NEIGHBORHOOD DECLARANT, PARKLANDS DEVELOPMENT, THE CDD, THE MASTER ASSOCIATION, THE GOLF CLUB AND THE NEIGHBORHOOD ASSOCIATION SHALL NOT BE OBLIGATED TO PROVIDE SUPERVISORY PERSONNEL FOR THE LAKES, INCLUDING, BUT NOT LIMITED TO, LIFEGUARDS. ANY INDIVIDUAL USING THE LAKES SHALL DO SO AT HIS OR HER OWN RISK AND HEREBY HOLDS NEIGHBORHOOD DECLARANT, PARKLANDS DEVELOPMENT, THE CDD, THE MASTER ASSOCIATION, THE GOLF CLUB AND THE NEIGHBORHOOD ASSOCIATION HARMLESS FROM AND AGAINST ANY CLAIM OR LOSS ARISING FROM SUCH USE. USE OF THE LAKES SHALL BE LIMITED BY THE TERMS OF THESE NEIGHBORHOOD COVENANTS AND ANY RULES ADOPTED HEREUNDER, AND BY THE USE RESTRICTIONS IN THE MASTER DECLARATION.

2.6.2. All costs associated with operating and maintaining any Neighborhood Common Area shall be the obligation of the Neighborhood Association, except as responsibility for maintenance is otherwise set forth herein. Neighborhood Common Area shall be conveyed to the Neighborhood Association in accordance with the provisions of Paragraph 2.7 hereof.

2.6.3. Private Use. For the term of these Neighborhood Covenants, Neighborhood Common Area is not for the use and enjoyment of the public, but is expressly reserved for the private use and enjoyment of Neighborhood Declarant, the Neighborhood Association, the Lot Owners in Caravella, and Additional Owners, if applicable, their family members, guests, invitees and lessees, but only in accordance with these Neighborhood Covenants.

2.6.3.1. Notwithstanding anything in these Neighborhood Covenants to the contrary, however, Neighborhood Declarant hereby expressly reserves the right to use Neighborhood Common Area and the Lots in connection with the sale and marketing by Neighborhood Declarant of Residences in Caravella and other communities within Palmira Golf and Country Club developed by Neighborhood Declarant, if any, including, but not limited to, the holding of sales and marketing meetings, sales promotions and related activities.

2.6.3.2. The administration, management, operation and maintenance of Neighborhood Common Area shall be the responsibility of the Neighborhood Association, all as is provided herein and in the other Neighborhood Documents.

2.6.3.3. The right to use Neighborhood Common Area shall be subject to any Neighborhood Association Rules.

2.6.4. Rules and Regulations. The Neighborhood Association by its Board shall have the right to promulgate and impose rules and regulations and thereafter to modify, alter, amend, rescind and augment any of the same (collectively the "Neighborhood Association Rules" as defined in these Neighborhood Covenants) with respect to the use and operation of Neighborhood Common Area. The Neighborhood Association Rules so promulgated shall in all respects be consistent with the use covenants set forth in these Neighborhood Covenants, with the architectural and beautification plan for Caravella as may be established by Neighborhood Declarant, and with the provisions of the Master Declaration. The Board may modify, alter, amend and rescind such Neighborhood Association Rules provided such modifications, alterations, amendments and rescissions are consistent with the use covenants set forth in these Neighborhood Covenants and the Master Declaration and for as long as Neighborhood Declarant is offering any Lots for sale in Caravella, consented to by Neighborhood Declarant.

2.7. Conveyance of Neighborhood Common Area

Neighborhood Declarant agrees that it shall convey to the Neighborhood Association by quitclaim deed, and the Neighborhood Association is obligated to accept, fee simple title to any Neighborhood Common Area subject to: (i) the terms and provisions of these Neighborhood Covenants; (ii) all applicable Neighborhood Documents and Master Documents; (iii) real estate taxes for the year of such conveyance; (iv) all applicable zoning ordinances; (v) such facts as an accurate survey would show; and (vi) all covenants, easements, restrictions and reservations of record or common to the subdivision. While Neighborhood Declarant shall have the right to convey all or such portions of the Neighborhood Common Area as Neighborhood Declarant shall from time to time determine, the conveyance of Neighborhood Common Area shall be effectuated no later than the Turnover Date; provided, however, that those portions of Caravella, if any, which become Neighborhood Common Area subsequent to the Turnover Date shall be conveyed by Neighborhood Declarant within thirty (30) days after the property in question becomes Neighborhood Common Area. If Centex does not acquire the remaining Property from Parklands Development, Parklands Development shall also have the right to convey any Neighborhood Common Area to the Neighborhood Association.

Notwithstanding anything contained herein to the contrary, portions of the Neighborhood Common Area may be dedicated to any public agency, authority or utility subject to such conditions as the Lot Owners may agree upon the approval of two-thirds (2/3) of the Class A Members and approval of the Class B Member (as described in the Articles) as long as Caravella is

an approved FHA or VA project. In the event that Caravella is not an approved FHA or VA project, then the Neighborhood Common Area may be dedicated to any public agency, authority or utility as agreed upon by the Board and a majority of the Members. In either case, any such dedication shall also require Neighborhood Declarant's written consent.

2.8. Disputes as to Use

In the event there is any dispute as to whether the use of the Property or any portion or portions thereof complies with the covenants, restrictions, easements or other provisions contained in these Neighborhood Covenants, such dispute shall be referred to the Board, and a determination rendered by the Board with respect to such dispute shall be final and binding on all parties concerned therewith. Notwithstanding anything to the contrary herein contained, any use by Neighborhood Declarant of the Property shall be deemed a use which complies with these Neighborhood Covenants and shall not be subject to a contrary determination by the Board.

2.9. Mortgaging of Neighborhood Common Area

As long as Caravella is an approved FHA or VA project, Neighborhood Common Area cannot be conveyed (except for the conveyance described in Paragraph 2.4 hereof) or mortgaged without the consent of two-thirds (2/3) of all Lot Owners (excluding Neighborhood Declarant) and the written consent of Neighborhood Declarant for as long as Neighborhood Declarant owns any portion of Caravella.

3. EASEMENTS

3.1. Neighborhood Declarant's Right to Grant Easements

Neighborhood Declarant reserves the right for itself to grant such easements over, under, in and upon the Property in favor of Neighborhood Declarant, the Neighborhood Association, the Master Association, and their respective designees, Lot Owners, and their lessees and their family members, guests and invitees, Additional Owners, and their lessees and their family members, guests and invitees, and appropriate utility and other service corporations or companies for ingress and egress for persons and vehicles and to provide power, electric, sewer, water and other utility services and lighting facilities, irrigation, drainage, television transmission and distribution facilities (including, but not limited to, the installation, maintenance, repair and replacement of a "master" television antenna), cable television facilities, telecommunications, security service and facilities in connection therewith, and access to publicly dedicated streets, and the like. Prior to the Turnover Date, Neighborhood Declarant (and, at Neighborhood Declarant's request, the Neighborhood Association) shall execute, deliver and impose, from time to time, such easements and cross-easements for any of the foregoing purposes and at such location or locations as determined by Neighborhood Declarant; provided, however, that no such easements shall be granted hereunder with respect to any portion of the Property which shall create a right, nor shall any such easement holder

have the right, to cause any buildings or other permanent facilities constructed within Caravella in accordance with these Neighborhood Covenants and the other Neighborhood Documents to be altered or detrimentally affected by any construction or installation pursuant thereto or any of the facilities, equipment or parts thereof nor shall an easement holder have the right to construct or install Improvements or any parts thereof under any then-existing structures or buildings so built in accordance with the said Neighborhood Documents, provided that the foregoing shall not preclude Neighborhood Declarant or its successors or assigns or any other easement holder from making minor alterations to then-existing improvements other than buildings (such as, but not limited to, alterations or temporary removal of a fence or a portion thereof) provided that same is repaired and/or restored as the case may be by Neighborhood Declarant or its successors or assigns or any other easement holder at their expense within a reasonable time thereafter. After the Turnover Date, such easements and cross-easements for any of the foregoing purposes as Neighborhood Declarant desires to grant shall be at such location as shall be decided by Neighborhood Declarant with the advice of the Neighborhood Association.

3.2. Easements for Encroachments

All of the Committed Property shall be subject to easements for encroachments, which now or hereafter exist, caused by settlement or movement of any Improvements upon Neighborhood Common Area or Improvements contiguous thereto, or caused by inaccuracies in the building or rebuilding of such Improvements, or caused by changes in the building design or Site Plan, provided such changes have been approved by the appropriate governmental authorities. The above easements shall continue until such encroachments no longer exist.

3.3. Easements for Utilities and Services

For the purpose of performing their authorized services and investigations, ingress and egress over and across the Committed Property, excluding those portions of the Committed Property on which improvements other than roadways have been constructed or placed, is hereby granted to: (i) police and other authorities of the law; (ii) United States mail carriers; (iii) fire protection agencies; (iv) representatives of public utilities, including, but not limited to, water and electricity and other utilities authorized by Neighborhood Declarant; and (v) any other such persons as Neighborhood Declarant, from time to time, may designate. The Committed Property, excluding those portions of the Committed Property on which improvements other than Roadways have been constructed or placed, shall be subject to such easements for utilities as may be required to properly and adequately serve the Committed Property as it exists from time to time. Said easements, whether heretofore or hereafter created, shall constitute covenants running with the Committed Property and, notwithstanding any other provision of these Neighborhood Covenants, may not be substantially amended or revoked in such a way as to unreasonably interfere with its proper and intended use and purpose and shall survive the termination of these Neighborhood Covenants. Notwithstanding anything herein to the contrary, the terms "utilities" and "services" as used in this

Paragraph 3.3 shall not include telecommunications or telephone, nor include cable or master television services.

3.4. Right of the Neighborhood Association and Neighborhood Declarant to Enter Upon the Committed Property

An easement(s) is hereby created for ingress, egress and access in favor of Neighborhood Declarant, the Neighborhood Association, and all agents, employees, or other designees of Neighborhood Declarant, or the Neighborhood Association to enter upon any portion of the Committed Property for the purpose of inspecting any construction, proposed construction, or Improvements or fulfilling the rights, duties and responsibilities of ownership, administration, maintenance and repair of a Lot Owner, or the Neighborhood Association, as applicable. Notwithstanding the foregoing, nothing contained herein shall be interpreted to impose any obligation upon the Neighborhood Association, or Neighborhood Declarant to maintain, repair, or construct any Residence or other Improvement which a Lot Owner is required to maintain, construct or repair.

3.5. Drainage and Lake Maintenance Easements

An easement(s) is hereby created for the installation, maintenance, construction and repair of water management and drainage facilities including, but not limited to, canals, pumps, pipes, inlets and outfall structures and all necessary appurtenances thereto and for water retention, irrigation, drainage and water management purposes in compliance with all applicable governmental requirements. No structure, planting or other material shall be placed or permitted to remain or alteration made to the easement area which may materially change the direction of flow, or drainage channels in the easements, or which may materially obstruct or retard the flow of water through drainage channels in the easements without the prior written consent of the applicable governmental authorities. The Master Association and/or the CDD shall maintain the Lakes; however, the balance of the easement areas on each portion of the Committed Property and any Improvements therein, together with adjacent shorelines, shall be maintained continuously by the Neighborhood Association in ecologically sound condition, except for those Improvements for which a public authority or utility company is responsible; provided further, however, where any such easements are located on or adjacent to any Lot, the Owner thereof shall maintain the Lot up to the water's edge (except to the extent the Neighborhood Association is responsible therefor, as provided in subparagraph 7.5.2 herein) and where any such easement is located on or adjacent to Neighborhood Common Area, the Neighborhood Association shall maintain such property up to the water's edge. Neighborhood Declarant, the Neighborhood Association, and the Lot Owners shall have the right to use any Drainage and Lake Maintenance Easements to drain surface water from their Lots and Neighborhood Common Area into the Surface Water Management System. The Master Association shall have an easement on, over and across any and all Landscape Buffers and drainage easements of any nature, as shown on the Plat, for the purpose of access to and from any Master Drainage

Easements, Lake Maintenance Easements, Lake Access Easements and Wetland Reservation Areas and Easements, in order to maintain, repair and otherwise manage same.

3.6. Reservation of Rights of Neighborhood Declarant

Each Lot Owner by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, consents, agrees to and shall be bound by the exclusive rights, privileges, easements and rights-of-way reserved to and vested in Neighborhood Declarant pursuant to the provisions of this Article 3, with all such rights, privileges, easements and rights-of-way being deemed reserved to Neighborhood Declarant and excepted from any conveyance or dedication by Neighborhood Declarant of any portion of the Committed Property.

To the extent that the creation of any easements permitted to be created hereunder require the joinder of Lot Owners by separate instruments, Neighborhood Declarant, by its duly authorized officers may, as the agent or the attorney-in-fact for the Lot Owners, execute, acknowledge and deliver such instruments and the Lot Owners, by the acceptance of deeds to their Lots, irrevocably nominate, constitute and appoint Neighborhood Declarant, through its duly authorized officers, as their proper and legal attorney-in-fact for such purpose. Said appointment is coupled with an interest and is therefore irrevocable. Any such instrument executed pursuant to this Paragraph shall recite that it is made pursuant to this Paragraph.

4. THE NEIGHBORHOOD ASSOCIATION

4.1. Membership

4.1.1. Each Lot Owner shall be a Member of the Neighborhood Association. A Lot Owner, by acceptance of a deed or other instrument evidencing his or her ownership interest, and whether or not stated therein, acknowledges the authority of the Neighborhood Association as stated in these Neighborhood Covenants, as the same may be amended or supplemented from time to time, and agrees to abide by and be bound by the provisions of the Neighborhood Documents. In addition, the family, relatives, guests, invitees and lessees of the Lot Owners (and the family, relatives, guests, and invitees of the lessees), shall, while in or on any part of the Committed Property, abide and be bound by the provisions of the Neighborhood Documents.

4.1.2. The Members shall consist of Neighborhood Declarant, for so long as Neighborhood Declarant owns any Lot or Lots, and the Lot Owners. The rights of the Members regarding voting, corporate meetings, notices and other Neighborhood Association matters shall be as set forth in the Neighborhood Documents.

4.2. Board

The Neighborhood Association shall be governed by the Board which shall be appointed, designated or elected as set forth in the Articles and Bylaws.

4.3. Services

Subject to the Neighborhood Association's maintenance obligations under Section 9.2 hereinbelow, the Neighborhood Association may perform any of the following services:

4.3.1. Provide maintenance of Neighborhood Common Area and any other areas specifically designated herein, or in an amendment or supplement hereto, as the maintenance responsibility of the Neighborhood Association. The Neighborhood Association may, to the extent permitted by the appropriate governmental authority, also provide maintenance of all city, County, district or municipal properties including, but not limited to, publicly dedicated rights-of-way which are located within or in a reasonable proximity to the Committed Property to the extent that their deterioration would adversely affect the appearance of the Committed Property. The Neighborhood Association shall adopt and may amend and/or supplement standards of maintenance and operation applicable to the Committed Property which is the maintenance responsibility of an entity or person other than Neighborhood Declarant to assure that such maintenance responsibilities are carried forth in a manner so as to maintain the beauty and aesthetic quality of Caravella as established by Neighborhood Declarant.

4.3.2. Provide maintenance of any real property located within Caravella upon which the Neighborhood Association has accepted, in an amendment hereto or in another writing, an easement for said maintenance.

4.3.3. Provide maintenance service to the Lots, as specified in Paragraph 9.2 herein.

4.3.4. Provide insect and pest control to the Neighborhood Common Area and the Lots to the extent that it is necessary or desirable in the judgment of the Neighborhood Association to supplement any service provided by the State and local governments in relation thereto.

4.3.5. Take any and all actions the Board deems necessary to enforce all covenants, conditions and restrictions affecting any part of the Committed Property and to perform any of the functions or services delegated to the Neighborhood Association in any of the Neighborhood Documents or the Master Documents.

4.3.6. Conduct the business of the Neighborhood Association, including, but not limited to, the hiring of professionals to provide services such as legal, accounting, financial and communication services and inform Members of activities, meetings and other important events as the Board deems necessary or appropriate.

4.3.7. Purchase general liability and hazard insurance covering Improvements and activities on the Neighborhood Common Area, if any.

4.3.8. Publish and enforce, as the Neighborhood Association deems necessary, the Neighborhood Association Rules.

4.3.9. Provide and maintain lighting of roads, sidewalks and bike paths, if any, throughout the Neighborhood Common Area.

4.3.10. Provide garbage and trash collection and disposal unless provided by a governmental entity. Lot Owners shall be required to conform to the rules of the Neighborhood Association dealing with such collection, including manner and place of collection for each Lot.

4.3.11. Construct, repair and maintain Improvements on the Neighborhood Common Area and the Lots, as specified herein.

4.3.12. Provide, to the extent deemed necessary by the Board, any and all services, and do any and all things which are incidental to or in furtherance of things listed above, or to carry out the Neighborhood Association mandate to keep and maintain the Neighborhood Common Area and the Lots in a proper and aesthetically pleasing condition and to provide the Lot Owners with services, amenities, controls and enforcement which will enhance the quality of life at Caravella.

4.3.13. Enter into a professional management contract for the management and maintenance of the Neighborhood Common Area, if any. The contract must include a right of termination clause that the Neighborhood Association can exercise at any time after the transfer of control of the Neighborhood Association. This right of termination must not require the payment of any penalty or an advance notice of more than ninety (90) days.

4.4. Obligation of the Neighborhood Association

4.4.1. The Neighborhood Association may carry out the functions and services as specified in this Article 4 to the extent such functions and services can be provided with the proceeds, first from Individual Lot Assessments and then, if necessary, from Neighborhood Special Assessments. The functions and services referred to in this Article 4 to be carried out or offered by the Neighborhood Association at any particular time shall be determined by the Board, taking into consideration the proceeds of Assessments and the needs of the Members and of Caravella. The functions and services which the Neighborhood Association is authorized to carry out or to provide may be added to or reduced at any time upon the affirmative vote of a majority of the Board.

4.4.2. Conveyance to the Neighborhood Association

The Neighborhood Association is obligated to accept any and all conveyances to it by Neighborhood Declarant of fee simple title, easements or leases to all or portions of Neighborhood Common Area.

4.4.3. Conveyance by the Neighborhood Association

The Neighborhood Association is empowered to delegate any of its functions or convey any of its property to any governmental entity as may be required or deemed necessary from time to time. The Neighborhood Association reserves the right to convey any property or personal property to a Lot Owner located within Caravella.

4.5 Relationship between the Neighborhood Association and the Master Association.

4.5.1. The Master Association. Caravella is a component of the larger master planned community known as Palmira Golf and Country Club. Caravella is a "Neighborhood" and the Neighborhood Association is a "Neighborhood Association", as those terms are defined in the Master Declaration. All Lot Owners, lessees, and occupants of Residences in Caravella shall have access to and use of various services and facilities provided by the Master Association, subject to the provisions of the Master Declaration. Every Lot Owner, by acceptance of a deed to a Lot, acknowledges that, in addition to being subject to and bound by the Neighborhood Documents, he or she is subject to the Master Documents and that he or she is subject to assessment by the Master Association in accordance with the terms of the Master Declaration. Each Lot Owner covenants and agrees to pay all assessments levied against such Lot Owner's Lot by the Master Association, which are collected by the Neighborhood Association on behalf of the Master Association.

4.5.2 Supremacy of the Master Declaration. In addition to all of the rights and obligations which have been conferred or imposed upon the Neighborhood Association pursuant to the Neighborhood Documents, the Neighborhood Association shall be entitled to exercise any of the rights conferred upon it and shall be subject to all of the obligations imposed upon it pursuant to the Master Documents. The Neighborhood Association and all committees thereof shall also be subject to all superior rights and powers which have been conferred upon the Master Association pursuant to the Master Documents. The Neighborhood Association shall take no action in derogation of the rights of the Master Association.

4.5.3 Cumulative Effect; Conflict. The provisions of the Neighborhood Documents shall be cumulative with the provisions of the Master Documents; however, in the event of conflict between or among the provisions of the Neighborhood Documents and the Master Documents, the latter shall be superior. The foregoing priorities shall not prevent enforcement by the Neighborhood Association of provisions or rules which are stricter than those of the Master Association.

5. COVENANT TO PAY ASSESSMENTS FOR OPERATING EXPENSES; ESTABLISHMENT OF LIENS; COLLECTION OF ASSESSMENTS; COLLECTION BY NEIGHBORHOOD DECLARANT; CERTAIN RIGHTS OF NEIGHBORHOOD DECLARANT AND INSTITUTIONAL MORTGAGEES

5.1. Affirmative Covenant to Pay Operating Expenses

In order to: (i) fulfill the terms, provisions, covenants and conditions contained in the Neighborhood Documents; (ii) maintain the Lots and Residences as herein specified; and (iii) maintain, operate and preserve Neighborhood Common Area and the Lots for the use, safety, welfare and benefit of the Members and their family members, guests, invitees and lessees, there is hereby imposed upon each Neighborhood Contributing Lot and Neighborhood Contributing Lot Owner the affirmative covenant and obligation to pay to the Neighborhood Association (in the manner herein set forth) all Assessments, including, but not limited to, the Individual Lot Assessments and Neighborhood Special Assessments. Each Lot Owner other than Neighborhood Declarant, by acceptance of a deed or other instrument of conveyance conveying a Lot within the Property from Neighborhood Declarant, whether or not it shall be so expressed in such deed or instrument, shall be obligated and agrees to pay to the Neighborhood Association all Assessments for Operating Expenses in accordance with the provisions of the Neighborhood Documents.

5.2. Establishment of Liens

Any and all Assessments made by the Neighborhood Association in accordance with the provisions of the Neighborhood Documents with Interest thereon and costs of collection, including, but not limited to, Legal Fees, are hereby declared to be a charge and continuing lien upon each Neighborhood Contributing Lot against which each such Assessment is made. Each Assessment against a Neighborhood Contributing Lot, together with Interest thereon, and other costs of collection including, but not limited to, Legal Fees, shall be the personal obligation of the Neighborhood Contributing Lot Owner of such Neighborhood Contributing Lot. Said lien shall be effective only from and after the time of the recordation amongst the Public Records of a written, acknowledged statement by the Neighborhood Association setting forth the amount due to the Neighborhood Association as of the date the statement is signed. Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a satisfaction of the statement of lien in recordable form. Notwithstanding anything to the contrary herein contained, where an Institutional Mortgagee of record obtains title to a Neighborhood Contributing Lot as a result of foreclosure of its first mortgage or deed in lieu of foreclosure, such acquirer of title, its successors or assigns, shall not be liable for the share of Assessments pertaining to such Neighborhood Contributing Lot or chargeable to the former Neighborhood Contributing Lot Owner thereof which became due prior to the acquisition of title as a result of the foreclosure or deed in lieu thereof, unless the Assessment against the Neighborhood Contributing Lot in question is secured by a claim

of lien for Assessments that is recorded prior to the recordation of the mortgage which was foreclosed or with respect to which a deed in lieu of foreclosure was given.

5.3. Collection of Assessments

In the event any Neighborhood Contributing Lot Owner shall fail to pay any Assessment, or installment thereof, charged to such Neighborhood Contributing Lot Owner within fifteen (15) days after the same becomes due, then the Neighborhood Association, through its Board, shall have any and all of the following remedies to the extent permitted by law, which remedies are cumulative and which remedies are not in lieu of, but are in addition to, all other remedies available to the Neighborhood Association:

1. To accelerate the entire amount of any Assessments for the remainder of the calendar year notwithstanding any provisions for the payment thereof in installments.
2. To advance on behalf of the Neighborhood Contributing Lot Owner(s) in default funds to accomplish the needs of the Neighborhood Association up to and including the full amount for which such Neighborhood Contributing Lot Owner(s) is liable to the Neighborhood Association and the amount or amounts of monies so advanced, together with Interest and all costs of collection thereof, including, but not limited to, Legal Fees, may thereupon be collected by the Neighborhood Association and such advance by the Neighborhood Association shall not waive the default.
3. To file an action in equity to foreclose its lien at any time after the effective date thereof. The lien may be foreclosed by an action in the name of the Neighborhood Association in like manner as a foreclosure of a mortgage on real property.
4. To file an action at law to collect said Assessment plus Interest and Legal Fees, without waiving any lien rights or rights of foreclosure in the Neighborhood Association.
5. To charge Interest on such Assessment from the date it becomes due, as well as a late charge as provided in the Bylaws to defray additional collection costs.

5.4. Collection by Neighborhood Declarant

In the event for any reason the Neighborhood Association shall fail to collect the Assessments, then, in that event, Neighborhood Declarant shall at all times have the right (but not the obligation): (i) to advance such sums as the Neighborhood Association could have advanced as set forth above; and (ii) to collect such Assessments and, if applicable, any such sums advanced by Neighborhood Declarant; using the remedies available to the Neighborhood Association against a Neighborhood Contributing Lot Owner as set forth in Paragraph 5.3, which remedies (including, but

not limited to, recovery of Legal Fees) are hereby declared to be available to Neighborhood Declarant.

5.5. Rights of Neighborhood Declarant and Institutional Mortgagees to Pay Assessments and Receive Reimbursement

Neighborhood Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singly, and at their sole option, to pay any of the Assessments which are in default and which may or have become a charge against any Neighborhood Contributing Lots. Further, Neighborhood Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singly, and, at their sole option, to pay insurance premiums or fidelity bond premiums or other required items of Operating Expenses on behalf of the Neighborhood Association where the same are overdue and where lapses in policies or services may occur. Neighborhood Declarant and any Institutional Mortgagees paying overdue Operating Expenses on behalf of the Neighborhood Association will be entitled to immediate reimbursement from the Neighborhood Association plus Interest and any costs of collection including, but not limited to, Legal Fees, and the Neighborhood Association shall execute an instrument in recordable form to this effect and deliver the original of such instrument to each Institutional Mortgagee who is so entitled to reimbursement and to Neighborhood Declarant if Neighborhood Declarant is entitled to reimbursement.

5.6. Neighborhood Declarant Exemption

Notwithstanding anything herein to the contrary, Neighborhood Declarant shall not be liable for any Assessments on any Lots it owns.

5.7. Collection on Behalf of Master Association

The Master Declaration provides that all "Owners" in Palmira Golf and Country Club, as defined therein, including the Lot Owners in Caravella, may be assessed for the payment of "Individual Unit Assessments", "Special Assessments" and "Individual Expense Assessments" by the Master Association. The Neighborhood Association shall collect said assessments on behalf of the Master Association. The Master Association also has a lien right against each Lot which it may foreclose in the event of the non-payment of any assessment due to the Master Association.

6. METHOD OF DETERMINING ASSESSMENTS AND ALLOCATION OF ASSESSMENTS

6.1. Determining Amount of Assessments

The total anticipated Operating Expenses for each calendar year shall be set forth in the budget ("Budget") prepared by the Board. The total anticipated Operating Expenses (other than those Operating Expenses which are properly the subject of a Special Assessment) shall be

apportioned equally among the Contributing Lots by dividing the total anticipated Operating Expenses as reflected by the Budget, other than those Operating Expenses which are properly the subject of a Special Assessment (adjusted as hereinafter set forth), by the total number of Contributing Lots which have been conveyed by Neighborhood Declarant (as evidenced by the recordation of a deed of conveyance) with the quotient thus arrived at being the "Individual Lot Assessment." Notwithstanding anything herein or in the Neighborhood Documents to the contrary, any assessment for legal expenses incurred by the Neighborhood Association to begin legal proceedings against Neighborhood Declarant shall be deemed an Operating Expense which is properly the subject of a Special Assessment and not the subject of a regular Individual Lot Assessment. So long as the Guaranteed Assessment described in Paragraph 6.6 herein is in effect, items in the Budget shall be broken down to differentiate between costs and expenses attributable to the Neighborhood Common Area and the operation of the Neighborhood Association, and costs and expenses attributable to maintenance of the Lots and the Residences as described in Paragraph 7.5.2 herein.

6.2. Assessment Payments

The Individual Lot Assessments shall be payable monthly or quarterly (as determined by the Board), in advance, on the first day of the months when due. The Individual Lot Assessments, and the monthly or quarterly installments thereof, as well as all Assessments provided for herein and all installments thereof may be adjusted from time to time by the Board to reflect changes in the number and status of Contributing Lots (thus apportioning all Operating Expenses among all Contributing Lots in existence at the time an Individual Lot Assessment installment is due) or changes in the Budget or in the event that the Board determines that the Assessments or any installment thereof is either less than or more than the amount actually required. When a Contributing Lot not in existence when the Assessment was determined ("New Improved Lot") comes into existence during a period with respect to which an Assessment or installment thereof has already been assessed, the New Improved Lot shall be deemed assessed the amount of such Assessment or installment thereof which was assessed against Improved Lots in existence at the time of such Assessment, prorated from the date the New Improved Lot comes into existence through the end of the period in question. If the payment of such Assessment or installment thereof was due at the time the New Improved Lot came into existence or prior thereto, said prorated amount thereof shall be immediately due and payable.

6.3. Neighborhood Special Assessments

"Neighborhood Special Assessments" include, in addition to other Assessments designated as Neighborhood Special Assessments in the Neighborhood Documents and whether or not for a cost or expense which is included within the definition of "Operating Expenses," those Assessments which are levied for capital improvements which include the costs (whether in whole or in part) of constructing or acquiring Improvements for, or on, the Neighborhood Common Area or the cost (whether in whole or in part) of reconstructing or replacing such Improvements.

Notwithstanding anything to the contrary herein contained, it is recognized and declared that Neighborhood Special Assessments shall be in addition to, and are not part of, any "Individual Lot Assessment". Any such Neighborhood Special Assessments assessed against Contributing Lots and Contributing Lot Owners thereof shall be paid by such Contributing Lot Owners in addition to any other assessments. Neighborhood Special Assessments shall be assessed in the same manner as the Individual Lot Assessment; provided, however, a Special Assessment for capital improvements may not be assessed to Neighborhood Declarant or against Lots owned by Neighborhood Declarant without the consent of Neighborhood Declarant. Neighborhood Special Assessments shall be paid in such installments or in a lump sum as the Board shall, from time to time, determine. Notwithstanding the foregoing, the levying of any Special Assessment after the Turnover Date shall require the affirmative assent of at least two-thirds (2/3) of all Contributing Lot Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws. Prior to the Turnover Date, a Neighborhood Declarant-controlled Board may make a Special Assessment without the consent of the Contributing Lot Owners.

6.4. Individual Expense Assessments

Individual Expense Assessments include any Assessment levied against any Lot Owner occasioned by such Lot Owner's, or any such Lot Owner's family members, guests, invitees or lessees and their family members, guests and invitees, use, maintenance, or treatment of the Neighborhood Common Area or Lots or such person's non-compliance with the Neighborhood Documents or the Master Documents, including, but not limited to, non-compliance of Residences and any other Improvements or personal property contained therein with the standards set forth in the Neighborhood Documents or the Master Documents, or as adopted from time to time by the Neighborhood Association, which causes the Neighborhood Association or Neighborhood Declarant to incur additional costs and expenses which would not have been incurred if the Lot Owner or the Lot Owner's family members, guests, invitees or lessees and their family members, guests and invitees, had been in compliance with the foregoing ("Noncompliance"). The amount of the Individual Expense Assessment(s) shall be equal to any such additional costs incurred. The Individual Expense Assessment, and any late charges relating thereto, shall be assessed against the Lot Owner(s) in Noncompliance and collected and enforced in the same manner as any other Assessments hereunder as provided herein.

The Neighborhood Association agrees to reimburse Neighborhood Declarant out of funds received by the Neighborhood Association from Individual Expense Assessments levied therefor for any cost incurred by Neighborhood Declarant, including Legal Fees, as a result of such Noncompliance.

Notwithstanding anything to the contrary contained herein, it is recognized and declared that Individual Expense Assessments shall be in addition to and not part of any other Assessment; any such Individual Expense Assessment assessed against a Lot Owner shall be paid by such Lot Owner in addition to any other Assessment.

6.5. Liability of Contributing Lot Owners for Individual Lot Assessments

By the acceptance of a deed or other instrument of conveyance of a Lot in the Property, each Lot Owner thereof acknowledges that each Contributing Lot and the Contributing Lot Owners thereof are jointly and severally liable for their own Individual Lot Assessment and their applicable portion of any Neighborhood Special Assessments as well as for all Assessments for which they are liable as provided for herein. Such Contributing Lot Owners further recognize and covenant that they are jointly and severally liable with the Contributing Lot Owners of all Contributing Lots for the Operating Expenses (subject to any specific limitations provided for herein such as, but not limited to, the limitation with respect to matters of Neighborhood Special Assessments and the limitations on the liability of Institutional Mortgagees and their successors and assigns). Accordingly, subject to such specific limitations, it is recognized and agreed by each Lot Owner who is or becomes a Contributing Lot Owner, for himself or herself and his or her heirs, executors, successors and assigns, that in the event Contributing Lot Owners fail or refuse to pay their Individual Lot Assessment or any portion thereof or their respective portions of any Neighborhood Special Assessments or any other Assessments, then the other Contributing Lot Owners may be responsible for increased Individual Lot Assessments or Special Assessment or other Assessments due to the nonpayment by such other Contributing Lot Owners, and such increased Individual Lot Assessment or Special Assessment or other Assessment can and may be enforced by the Neighborhood Association and Neighborhood Declarant in the same manner as all other Assessments hereunder as provided in the Neighborhood Documents.

6.6. Guaranteed Assessment During Guarantee Period

Neighborhood Declarant covenants and agrees with the Neighborhood Association and the Contributing Lot Owners that for the period commencing with the date of recordation of these Neighborhood Covenants and ending upon the sooner to occur of the following: (i) the Turnover Date; or (ii) December 31, 2003 ("Guarantee Period"), that the Individual Lot Assessment will not exceed \$604.00 quarterly ("Guaranteed Assessment") and that Neighborhood Declarant will pay the difference, if any, between (a) the Operating Expenses (other than those Operating Expenses which are properly the subject of a Special Assessment and those Operating Expenses attributable to maintenance of the Lots and the Residences thereon) incurred by the Neighborhood Association in maintaining the Neighborhood Common Area during the Guarantee Period, and (b) the amounts assessed as Guaranteed Assessments against a Contributing Lot and the "Working Fund Contributions" set forth in Paragraph 6.9 hereof which will be used to defray initial start-up expenses. The Budget is based on a full build-out of Caravella. Thus, during the Guarantee Period, Contributing Lot Owners shall not be obligated to pay Assessments other than the Guaranteed Assessment, Individual Expense Assessment, if any, and Neighborhood Special Assessments and their respective Working Fund Contributions. Neighborhood Declarant hereby reserves the right to (a) extend the Guarantee Period to a date ending no later than the Turnover Date and (b) increase the amount of the assessment due during any such extended Guarantee Period, in Neighborhood

Declarant's sole discretion by providing written notice to the Neighborhood Association of such election at least thirty (30) days prior to the expiration of a Guarantee Period. The Guaranteed Assessment does not include Master Association "Assessments" (as that term is defined in the Master Declaration).

After the Guarantee Period terminates, each Lot Owner shall be obligated to pay Assessments as set forth in Paragraph 6.1 hereof.

6.7. Neighborhood Declarant's Guaranteed Assessment Not the Obligation of Successor Neighborhood Declarant and Institutional Mortgagees

Notwithstanding anything to the contrary herein contained, it is specifically understood and declared, and each Contributing Lot Owner by the acceptance of a deed or other instrument of conveyance of a Lot within the Property, shall be deemed to have acknowledged and agreed that neither any Institutional Mortgagee nor any successor or assign of Neighborhood Declarant or any such Institutional Mortgagee, or any person acquiring title to any part of the Property by reason of the foreclosure or otherwise shall be deemed to have made, assumed or otherwise undertaken any covenants or obligations of Neighborhood Declarant: (i) to guarantee the level and/or duration of any Guaranteed Assessments provided for under any of the Neighborhood Documents; or (ii) to pay the difference between the actual Operating Expenses and the Guaranteed Assessments, if any, assessed against Contributing Lots and the Contributing Lot Owners thereof during the Guarantee Period as may be provided for in any of the Neighborhood Documents; provided, however, that a successor Neighborhood Declarant or an Institutional Mortgagee may, at its option, determine to continue the obligation of Neighborhood Declarant to guarantee the amount of the Assessments as herein provided. Additionally, a successor Neighborhood Declarant shall not guarantee the level and/or duration of any Guaranteed Assessments provided for under any of the Neighborhood Documents or to pay the difference between the actual Operating Expenses and the Guaranteed Assessments, if any, assessed against Contributing Lots and the Contributing Lot Owners thereof during the Guarantee Period unless such obligation is assumed by such successor Neighborhood Declarant.

6.8 Assessment of Additional Owners

In the event there are Additional Owners, those portions of the Operating Expenses attributable to Neighborhood Common Area will be divided equally among the Contributing Lots and the owners of the Residences in the Additional Property ("Additional Units"). Therefore, any reference herein and in the other Neighborhood Documents to "Individual Lot Assessment" will be understood to refer to assessments for Neighborhood Common Area Operating Expenses against the Additional Units, where applicable. Similarly, any portion of a Special Assessment which is attributable to Neighborhood Common Area will also be divided prorata among the Contributing Lots and the Additional Units, and it will be understood that Neighborhood Special Assessments also refer to assessments against the Additional Units, where applicable. Individual Expense

Assessments may also be levied against any Additional Units in the same manner as described in Paragraph 6.4 herein, where applicable. Likewise, the Guaranteed Assessments described in Paragraph 6.6 herein will be reduced, as to the Contributing Lots, by the amount payable by the Additional Units for the Operating Expenses attributable to Neighborhood Common Area in the event the Guarantee Period is in effect. The Neighborhood Association shall also have the rights specified in Paragraph 5.3 herein with respect to the Additional Units, either directly or through any Additional Association.

6.9. Working Fund Contribution

Each Lot Owner who purchases a Residence from Neighborhood Declarant (or Parklands Development as described in these Neighborhood Covenants) shall pay to the Neighborhood Association at the time legal title is conveyed to such Lot Owner a "Working Fund Contribution" in an amount equal to two (2) months share of the Budget in effect at the time of acquisition of the Lot. Each Lot Owner who purchases a Residence from Neighborhood Declarant (or Parklands Development as described in these Neighborhood Covenants) will also pay to the Master Association at the time legal title is conveyed to such Lot Owner a "Working Fund Contribution" (as such term is defined in the Master Declaration) in the amount of \$1,000.00. The purpose of the Working Fund Contribution is to insure that the Neighborhood Association will have cash available for initial start-up expenses, to meet unforeseen expenditures or to acquire additional equipment and services deemed necessary or desirable by the Board. Working Fund Contributions are not advance payments of Individual Lot Assessments and shall have no effect on future Individual Lot Assessments.

6.10. Exempt Property

Operating Expenses shall be assessed only against Neighborhood Contributing Lots which are subject to Assessment under the provisions hereof, and all other portions of the Property shall be exempt therefrom including, but not limited to, any and all Lots or other portions of the Property which may from time to time be withdrawn from the provisions of these Neighborhood Covenants by Neighborhood Declarant and any and all Lots owned by Neighborhood Declarant.

7. OPERATING EXPENSES

The following operating expenses of the Neighborhood Association are declared to be Operating Expenses which each Lot Owner (and each Additional Owner, if any, where applicable), is obligated to pay to the Neighborhood Association as provided in these Neighborhood Covenants and the Neighborhood Documents.

7.1. Taxes

Any and all taxes levied or assessed at any and all times by any and all taxing authorities including all taxes, charges, assessments and impositions and liens for public improvements, special charges and assessments and water drainage districts, and in general all taxes and tax liens which may be assessed against Neighborhood Common Area and against any and all personal property and Improvements, which are now or which hereafter may be placed thereon, including any interest, penalties and other charges which may accrue thereon shall be considered Operating Expenses. Any and all taxes levied or assessed against the Lots shall be the obligation of the respective Owners thereof.

7.2. Utility Charges

All charges levied for utilities providing services for the Neighborhood Common Area whether they are supplied by a private or public firm shall be considered Operating Expenses. It is contemplated that this obligation will include all charges for water, gas, electricity, telephone, sewer and any other type of utility or any other type of service charge. All charges levied for utilities providing services to the Lots shall be the obligation of the respective Owners thereof.

7.3. Insurance

The premiums on any policy or policies of insurance required to be maintained under these Neighborhood Covenants and the premiums on any policy or policies the Neighborhood Association determines to maintain even if not required to be maintained by the specific terms of these Neighborhood Covenants shall be Operating Expenses. The Neighborhood Association shall not maintain any insurance with respect to the Lots or the Residences except liability insurance for any damages arising out of the Neighborhood Association's maintenance thereof.

7.4. Destruction of Buildings or Improvements on Neighborhood Common Area

Any sums necessary to repair or replace, construct or reconstruct damages caused by the destruction of any building upon Neighborhood Common Area by fire, windstorm, flood or other casualty regardless of whether or not the same is covered in whole or in part by insurance shall be Operating Expenses. In the event insurance money shall be payable, such insurance money shall be paid to the Neighborhood Association who shall open an account with a banking institution doing business in the County, for the purpose of providing a fund for the repair and reconstruction of the damage. The Neighborhood Association shall pay into such account, either in addition to the insurance proceeds or in the event there are no insurance proceeds, such sums as may be necessary so that the funds on deposit will equal the costs of repair and reconstruction of the damage or destruction. The sums necessary to pay for the damage or destruction as herein contemplated shall be considered Operating Expenses but shall be raised by the Neighborhood Association under the provisions for Neighborhood Special Assessments as provided in Paragraph 6.3 of these

Neighborhood Covenants and subject to the limitations therein set forth with respect to Neighborhood Special Assessments. The Neighborhood Association agrees that it will levy Neighborhood Special Assessments to provide the funds for the cost of reconstruction or construction within ninety (90) days from the date the destruction takes place and shall go forward with all deliberate speed so that the construction or reconstruction, repair or replacement, shall be completed within nine (9) months from the date of damage.

7.5. Maintenance, Repair and Replacements

7.5.1. Maintenance of Neighborhood Common Area. Operating Expenses shall include all expenses necessary to keep and maintain, repair and replace any and all buildings, other Improvements, personal property and furniture, fixtures and equipment upon the Neighborhood Common Area including landscaping, lawn and sprinkler service, in a manner consistent with the development of Caravella and in accordance with the covenants and restrictions contained herein, and in conformity with all orders, ordinances, rulings and regulations of any and all federal, state, county and city governments having jurisdiction thereover as well as the statutes and laws of the State of Florida and the United States. This shall include any expense attributable to the maintenance and repair and replacement of pumps or other equipment, if any, located upon or servicing Caravella pursuant to agreements with utility corporations. Any expenses for replacements which would not be in the nature of normal repair and maintenance shall be the subject of a Special Assessment as provided in Paragraph 6.3 of these Neighborhood Covenants and subject to the limitations thereon set forth with respect to Neighborhood Special Assessments.

7.5.2. Maintenance of Lots and Residences. Operating Expenses shall include all expenses necessary for the performance of certain services to the Lots and the Residences thereon by the Neighborhood Association. As to the Lots, the Neighborhood Association shall: clean (but not repair or replace) the driveways located on the Lots; maintain, repair and replace all portions of the irrigation system serving a Lot; and maintain and replace the landscaping materials on the Lots, including mowing, fertilizing, edging, trimming, pruning and necessary replacement of sod, shrubs and trees. As to irrigation of the Lots, costs therefor shall be billed on one (1) or more "greywater" meters, if applicable (or other meters as may be available), which shall be an Operating Expense. The time clocks will be placed within the utility easements on one (1) or more Lots and controlled by the Neighborhood Association. Owners may request of the Neighborhood Association the times for watering their Lots, but the Neighborhood Association shall have full control of such timing. As to the landscaping on the Lots, any change or enhancement to the landscape design and materials installed by Neighborhood Declarant requires approval by the Committees. Except for those maintenance items specifically enumerated in this Paragraph 7.5.2, the Neighborhood Association shall not be responsible to maintain, repair or replace all or any portion of a Lot or the Residence or other Improvements constructed thereon.

7.6. Indemnification

The Neighborhood Association covenants and agrees that it will indemnify and save harmless Neighborhood Declarant and the members of the Board from and against any and all claims, suits, actions, damages, and/or causes of action arising from any personal injury, loss of life, and/or damage to property sustained in or about the Committed Property or the appurtenances thereto from and against all costs, Legal Fees, expenses and liabilities incurred in and about any such claim, the investigation thereof or the defense of any action or proceeding brought thereon, and from and against any orders, judgments and/or decrees which may be entered therein. The costs of fulfilling the covenant of indemnification herein set forth shall be deemed to be Operating Expenses, and, further provided, that Neighborhood Declarant shall not be liable for any such Assessment for Lots which Neighborhood Declarant may own, as applicable.

Included in the foregoing provisions of indemnification are any expenses that Neighborhood Declarant may be compelled to incur in bringing suit for the purpose of compelling the specific enforcement of the provisions, conditions and covenants contained in these Neighborhood Covenants to be kept and performed by the Neighborhood Association.

7.7. Administrative and Operational Expenses

The costs of administration of the Neighborhood Association including, but not limited to, any secretaries, bookkeepers and other employees necessary to carry out the obligations and covenants of the Neighborhood Association shall be deemed to be Operating Expenses. In addition, it is contemplated that the Neighborhood Association may retain a management company or companies or contractors (any of which management companies or contractors may be, but are not required to be, a subsidiary, affiliate or an otherwise related entity of Neighborhood Declarant) to assist in the operation of Neighborhood Common Area and other obligations of the Neighborhood Association hereunder. The fees or costs of this or any other management company or contractors so retained shall be deemed to be part of the Operating Expenses hereunder.

7.8. Compliance with Laws

The Neighborhood Association shall take such action as it determines necessary or appropriate in order for Neighborhood Common Area and any Improvements thereon to be in compliance with all applicable laws, statutes, ordinances and regulations of any governmental authority, whether federal, state, county or local, including, without limitation, any regulations regarding zoning requirements, setback requirements, drainage requirements, sanitary conditions and fire hazards, and the cost and expense of such action taken by the Neighborhood Association shall be an Operating Expense.

7.9. Failure or Refusal of Lot Owners to Pay Individual Lot Assessments

Funds needed for Operating Expenses due to the failure or refusal of Lot Owners to pay the Assessments levied shall, themselves, be deemed to be Operating Expenses and properly the subject of an Assessment; provided, however, that any Assessment for any such sums so needed to make up a deficiency due to the failure of Lot Owners to pay a Neighborhood Special Assessment shall, itself, be deemed to be a Neighborhood Special Assessment subject to the limitations thereon with respect to Lots owned by Neighborhood Declarant.

7.10. Extraordinary Items

Extraordinary items of expense under these Neighborhood Covenants such as expenses due to casualty losses and other extraordinary circumstances shall be the subject of a Neighborhood Special Assessment subject to the limitations thereon with respect to Lots owned by Neighborhood Declarant set forth in Paragraph 6.3.

7.11. Costs of Reserves

The funds necessary to establish an adequate reserve fund ("Reserves") for periodic maintenance, repair, and replacement of the Neighborhood Common Area and the facilities and Improvements thereupon in amounts determined sufficient and appropriate by the Board from time to time shall be an Operating Expense. No such Reserves shall be established for any Residence for which a certificate of occupancy has not as yet been obtained. Reserves shall be deposited in a separate account to provide such funds and reserves. The monies collected by the Neighborhood Association on account of Reserves shall be and shall remain the exclusive property of the Neighborhood Association and no Lot Owner shall have any interest, claim or right to such Reserves or any fund composed of same.

7.12. Miscellaneous Expenses

The cost of all items or costs or expenses pertaining to or for the benefit of the Neighborhood Association, Neighborhood Common Area or the Lots, or any part thereof, not herein specifically enumerated and which is determined to be an appropriate item of Operating Expense by the Board shall be an Operating Expense.

8. PROVISIONS FOR THE PRESERVATION OF THE VALUES AND AMENITIES OF CARAVELLA

8.1. Occupancy and Use Restrictions.

For purposes of this Article 8, unless the context otherwise requires, Lot Owner shall also include the family, invitees, guests, licensees, lessees and sublessees of any Lot Owner, and any

other permitted occupants of a Residence. All the Committed Property shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Neighborhood Declarant in Paragraph 8.1.34 hereof:

8.1.1. Single-Family Use. The Residences shall be for single-family use only. No commercial occupation or activity may be carried on in Caravella except as such occupation or activity is permitted to be carried on by Neighborhood Declarant and Parklands Development under these Neighborhood Covenants. A family is defined to mean any number of persons related by blood, marriage or adoption or not more than two (2) unrelated persons living as a single housekeeping unit.

8.1.2. Nuisance. Subject to allowances for reasonable construction activities, no obnoxious or offensive activity shall be carried on, in or about the Lots or in or about any Improvements, or on any portion of Caravella, nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any Lot Owner. No use or practice shall be allowed in or around the Lots which is a source of annoyance to Lot Owners or occupants of Residences or which interferes with the peaceful possession or proper use of the Lots or the surrounding areas. No loud noises or noxious odors shall be permitted in any Improvements or Residences. 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, large power equipment or large power tools, unlicensed off-road motor vehicles or any items which may unreasonably interfere with television or radio reception of any Lot Owner shall be located, used or placed on any Lot, or exposed to the view of other Lot Owners without the prior written approval of the Committees.

8.1.3. No Improper Uses. No improper, offensive, hazardous or unlawful use shall be made of any Lot or the Residence thereon nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any portion of the Committed Property. Each portion of the Committed Property will be subject to, and the Neighborhood Association and each Lot Owner will conform to and observe, all laws, statutes, ordinances, rules and regulations of the United States of America, the State of Florida, the County, and any and all other governmental and public authorities and boards or officers of the same relating to such Committed Property and any Improvements thereon or the use thereof. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereover relating to any Lot shall be corrected by, and at the sole expense of the Owner of any such Lot.

8.1.4. Leases. No portion of a Residence (other than an entire Residence) may be rented and the lease or sale of any Residence on a time-share basis is prohibited. All leases shall provide that the Neighborhood Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of these Neighborhood Covenants, the Articles, the Bylaws, the applicable Neighborhood Association Rules, or of any other agreement, document or instrument governing the Lots. No lease shall be for a term of less than thirty (30) consecutive days

and no Residence may be rented more than three (3) times in any calendar year. A copy of the lease must be provided to the Neighborhood Association. The Lot Owner of a leased Residence shall be jointly and severally liable with his or her tenant to the Neighborhood Association to pay any claim for injury or damage to property caused by the negligence of the tenant. Every lease shall be subordinated to any lien filed by the Neighborhood Association whether before or after such lease was entered into.

In the event that a Lot Owner is delinquent in the payment of his or her Assessments, the Neighborhood Association has the right to require such Lot Owner's tenant, if any, by written notice to such tenant, to pay directly to the Neighborhood Association the rental fees ("Rent") due for such Lot. The Neighborhood Association shall then deduct the delinquent Assessments for the Lot from the Rent and forward the balance of the Rent to the Lot Owner. All leases entered into by a Lot Owner shall be deemed to automatically incorporate this provision and all Lot Owners hereby appoint the Neighborhood Association its agent for such purpose.

8.1.5. Removal of Sod and Shrubbery; Alteration of Drainage, Etc. Except for Neighborhood Declarant's acts and activities with regard to the development of Caravella, no Improvements (including, but not limited to, driveways, pools, and landscaping) and no sod, top soil, muck, trees or shrubbery shall be removed from Caravella and no change in the condition of the soil or the level of the land of any of the Caravella area shall be made which would result in any permanent change in the flow or drainage of surface water within Caravella without prior written consent of the Neighborhood Association, the Master Association and Parklands Development.

8.1.6. Addition of Landscaping; Alteration of Drainage, Etc. If a Lot Owner installs additional landscaping to their Lot, the Lot Owner is responsible for increased costs in the maintenance of the additional landscaping and the landscape maintenance company will bill the Lot Owner directly for the additional maintenance and the Lot Owner is responsible for payment of the increased maintenance directly to the landscape maintenance company. The installation of additional landscaping shall not result in any permanent change in the flow or drainage of surface water within Caravella without prior written consent of the Committees, the Master Association, Parklands Development and Neighborhood Declarant.

8.1.7. Antenna and Aerial. No outside television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall hereafter be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, unless expressly approved in writing by the Committees, except that this prohibition shall not apply to those satellite dishes that are one meter (39.37") or less in diameter, and specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000, as amended, promulgated under the Telecommunications Act of 1996, as amended from time to time. The Neighborhood Association and Master Association are empowered to adopt rules governing the types of antennae, restrictions relating to safety, location and maintenance of antennae. The Committees may adopt and enforce reasonable rules limiting installation of

permissible dishes or antennae to side or rear yard locations, not visible from the street or neighboring properties, and integrated with the residence and surrounding landscape, to the extent that reception of an acceptable signal would not be unlawfully impaired by such rules. Any approved antennae shall be installed in compliance with all federal, state and local laws and regulations, including zoning, land-use and building regulations.

8.1.8. Garbage and Trash. Each Lot Owner shall regularly pick up all garbage, trash, refuse or rubbish around his or her Lot, and no Lot Owner or resident shall place or dump any garbage, trash, refuse or other materials on any other portions of Caravella, including any Neighborhood Common Area or any property contiguous to Caravella. Garbage, trash, refuse or rubbish that is required to be placed at the front of a Lot in order to be collected may be placed and kept at the curb after 5:00 p.m. on the day before the scheduled day of collection, but not sooner, and any trash facilities must be removed on the collection day after the pick-up. All garbage, trash, refuse or rubbish must be placed in appropriate trash facilities or bags. All containers, dumpsters and other trash collection facilities shall be approved by the Committees. All containers, dumpsters or garbage facilities shall be stored inside a Residence or screened from view on the Lot and kept in a clean and sanitary condition. No noxious or offensive odors shall be permitted.

8.1.9. Radio Transmission. No ham radios or radio transmission equipment shall be operated or permitted to be operated within Caravella without the prior written consent of the Committees.

8.1.10. Signs. A Lot Owner, other than Neighborhood Declarant, shall not display any sign, advertisement or notice of any type in Caravella except as may be previously and specifically approved in writing by the Committees.

8.1.11. Animals and Pets. Only common household pets (i.e., dogs, cats, birds and fish) may be kept in any Residence, but in no event for the purpose of breeding or for any commercial purposes whatsoever. No other animals, livestock or poultry of any kind shall be kept, raised, bred or maintained on any portion of Caravella. Permitted pets shall only be kept subject to and in accordance with such rules and regulations as shall be promulgated from time to time by the Neighborhood Association. Under no circumstances will "Pit Bulls" or any exotic pets, such as birds or snakes and other reptiles, be permitted on any portion of the Condominium Property. A "Pit Bull" is defined as any dog that is an American Pit Bull Terrier, American Staffordshire Terrier, Staffordshire Bull Terrier, or any dog displaying a majority of the physical traits of any one (1) or more of the above breeds, or any dog exhibiting those distinguishing characteristics which substantially conform to the standards established by the American Kennel Club or United Kennel Club for any of the above breeds. Any pet must be carried or kept on a leash when outside of a Residence. No pet shall be kept outside of a Residence or in any screened area unless someone is present in the Residence.

Any pet must not be an unreasonable nuisance or annoyance to other Lot Owners in Caravella. All Lot Owners shall immediately pick up and remove any solid animal waste deposited by his or her pet. If any pet interferes with the Neighborhood Association's maintenance responsibility, the applicable Lot Owner will be required to assume the obligations for such maintenance, without reduction in Assessments for Operating Expenses.

Each Lot Owner who determines to keep a pet thereby agrees to indemnify the Neighborhood Association and Neighborhood Declarant and hold them harmless against any loss or liability of any kind or character whatsoever arising from or growing out of his or her having any animal in Caravella.

8.1.12. Clotheslines. No clothesline or clothes drying which is visible from outside a Lot shall be undertaken or permitted on any portion of Caravella.

8.1.13. Temporary Buildings, Etc. No tents, trailers, shacks or other temporary buildings or structures shall be constructed or otherwise placed within Caravella except in connection with construction, development, leasing or sales activities permitted under these Neighborhood Covenants or with the prior written consent of the Committees. No temporary structure may be used as a residence.

8.1.14. Lakes. Lot Owners shall not be permitted to operate any watercraft upon Lakes located within Caravella. No docks shall be constructed within or adjacent to any Lake. Lot Owners are prohibited from using Lakes for irrigation purposes. No swimming is permitted in the Lakes.

8.1.15. Garages. No garage shall be erected which is separate from the Residence. No garage shall be permanently enclosed so as to make such garage unusable by an automobile, and no portion of a garage originally intended for the parking of an automobile shall be converted into a living space or storage space and no garage opening shall have a screen covering without the consent of the Committees. All garage doors shall remain closed when vehicles are not entering or leaving the garage.

8.1.16. Fences. No fence of any type is permitted to be erected on a Lot.

8.1.17. Drainage or Utility Easements. No structures, trees or shrubs shall be placed on any drainage or utility easements, except by Neighborhood Declarant and Parklands Development, without the prior written consent of the Committees.

8.1.18. Additions and Alterations. No Residence shall be enlarged by any addition thereto or to any part thereof, and no Lot Owner shall make any improvement, addition, or alteration to the exterior of his or her Residence, including, without limitation, the painting, staining, or varnishing of the exterior of the Residence, without the prior written approval of the Committees as

set forth in these Neighborhood Covenants and the Master Declaration, which approval may be withheld for purely aesthetic reasons.

8.1.19. Increase in Insurance Rates. No Lot Owner 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 or with respect to any portion of the Committed Property not owned by such Lot Owner.

8.1.20. Mining, Drilling, or Excavation. There shall be no mining, quarrying or drilling for minerals, oil, gas or otherwise ("Mining Activity") undertaken on the Committed Property. Activities of Neighborhood Declarant, the Master Association, Parklands Development, or the Neighborhood Association in dredging, excavating or maintaining drainage or other facilities or easements shall not be deemed Mining Activities nor will the installation of wells or pumps for sprinkler systems as set forth in subparagraph 8.1.29 hereinbelow in compliance with applicable governmental requirements be deemed a Mining Activity.

8.1.21. Maintenance of Property. The Property and Improvements thereon shall be kept in a good, safe, clean, neat and attractive condition, and all Improvements thereon shall be maintained in a finished, painted and attractive condition. No weeds, underbrush or other unsightly growth shall be permitted to grow or remain upon any portion of the Committed Property, no refuse or unsightly objects shall be allowed to be placed or permitted to remain anywhere thereon, and no grass on said property shall be permitted to grow to a height in excess of four inches (4") for improved property and ten inches (10") for unimproved property. Excepted from the foregoing shall be all construction debris, refuse, unsightly objects and waste upon any portion of the Committed Property owned by Neighborhood Declarant or its nominee through the period of construction of Residences or other Improvements upon the Committed Property. During construction of a Residence or other Improvement upon any portion of the Committed Property, the Lot Owner thereof shall be required to maintain said property in a clean condition and, except for the initial construction of Residences by Neighborhood Declarant or its nominee, to provide receptacles for the disposal of trash and rubbish as well as other construction debris. All such construction debris, refuse, unsightly objects and waste on a portion of the Committed Property must be removed within thirty (30) days after the completion of construction of the Improvement on such portion of the Committed Property, as evidenced by issuance of a certificate of occupancy, if applicable.

Upon the failure of a Lot Owner(s) to (i) maintain the portion of the Committed Property and any Improvement thereon which such party is responsible to maintain in accordance with the requirements of these Neighborhood Covenants and to the satisfaction of the Neighborhood Association and (ii) correct such deficiencies within fifteen (15) days of written notice by the Neighborhood Association, unless a longer period is authorized by the Neighborhood Association, the Neighborhood Association may enter upon such portion of the Committed Property and make such corrections as may be necessary. The cost of such corrections shall be paid by the Lot Owner who is required to perform such maintenance. If any Lot Owner(s) fails to make payment within fifteen (15) days after requested to do so by the Neighborhood Association, then the payment

requested shall be collected as an Individual Expense Assessment from such Lot Owner and the Neighborhood Association shall be entitled to lien rights upon the portion of the Committed Property requiring such maintenance in accordance with the provisions of these Neighborhood Covenants.

8.1.22. Subdivision and Partition. No Lot on the Committed Property shall be subdivided without the Committees' prior written consent.

8.1.23. Casualty Destruction to Improvements. In the event a Residence(s) and/or other Improvement(s) upon a Lot(s) is damaged or destroyed by casualty, hazard or other loss then, within a reasonable period of time after such incident, the Lot Owner(s) thereof shall either commence to rebuild or repair the damaged Residence(s) or Improvement(s) upon obtaining the Committees approval, if required hereunder, diligently continuing such rebuilding or repairing activities to completion or, upon a determination by the Lot Owner(s) thereof that the Residence(s) or Improvement(s) will not be repaired or replaced, promptly clear the damaged Residence(s) or Improvement(s) and grass over and landscape such Lot(s) as applicable, in a sightly manner consistent with Neighborhood Declarant's plan for beautification of Caravella. Any damaged or destroyed Residence(s) and other Improvements shall only be repaired or replaced with Residence(s) and other Improvements of a similar size and type as those damaged or destroyed and without substantial alteration from what existed prior to the damage or destruction, unless the prior written approval of the Committees is obtained.

8.1.24. Neighborhood Common Area. Nothing shall be stored and/or constructed within or removed from any Neighborhood Common Area other than by Neighborhood Declarant, except with the prior written approval of the Committees.

8.1.25. Lake Maintenance Easement. Any Improvement on a Lot which is placed within a Lake Maintenance Easement shall be removed, if required by Neighborhood Declarant, the Neighborhood Association, the CDD or by the Master Association. The cost of such removal shall be paid by the Lot Owner(s) of such Residence as an Individual Expense Assessment.

8.1.26. Recreational Vehicles and Commercial Vehicles. No trailer, truck with camper top, camper, or other vehicle, other than four-wheel passenger automobiles and other four-wheel passenger vehicles determined acceptable by the Committees, shall be permitted on any portion of Caravella, except for trucks furnishing goods and services during the daylight hours and except as the Neighborhood Association may designate for such use by appropriate rules and regulations. Motorcycles and boats are permitted on the Property, however they must be parked in the garage. In addition, the Board shall adopt rules and regulations from time to time regulating and limiting the size, weight, type and place and manner of operation of vehicles in Caravella.

8.1.27. Vehicular Parking. No person, firm or corporation shall park or cause to be parked any vehicle on any portion of the Committed Property other than in driveways or other specifically designated parking areas in the streets, drives, swales, alleys or parkways located on the

Committed Property. The foregoing, however, shall not: (i) apply to Lot Owners who have construction in progress on their particular Lot; (ii) prohibit routine deliveries by tradesmen, or the use of trucks or commercial vans in making service calls and short term visits; (iii) apply to a situation where a vehicle becomes disabled and, as a result of an emergency, is required to be parked within Caravella until it can be towed away; and (iv) apply to vehicles used in connection with construction, development or sales activities permitted under these Neighborhood Covenants.

No person, firm or corporation shall maintain or repair any vehicle (including, but not limited to, four-wheel passenger automobiles) upon any portion of the Committed Property except within a closed garage and totally isolated from public view; provided, however, Neighborhood Declarant its successors, nominees or assigns and the Neighborhood Association may make, or cause to be made, such repairs if necessary in regard to vehicles used in connection with construction, sales or management at Caravella. Vehicles which are missing one or more wheels, have one or more deflated tires, are not in an operating condition, or do not have current valid license plates shall not remain upon any portion of the Committed Property, except within a wholly enclosed garage fully shielded from view, for more than two (2) consecutive days. No Lot Owner or his or her family members, guests, invitees or lessees or their family members, guests, or invitees shall be permitted to keep any vehicle on the Committed Property which is deemed to be a nuisance by the Neighborhood Association or Neighborhood Declarant.

8.1.28. Window Decor. No newspaper, aluminum foil, sheets or other temporary window treatments shall be permitted, except for periods not exceeding two (2) weeks after a Lot Owner or a lessee first moves into a Residence or when permanent window treatments are being cleaned or repaired.

8.1.29. Board's Rule-Making Power. The foregoing use restrictions shall not be deemed to be all inclusive nor restrict the right of the Neighborhood Association to adopt such reasonable rules and regulations governing the use of Caravella as the Board may determine from time to time, provided that such rules and regulations: (i) are not in conflict with the provisions hereof; (ii) are not in conflict with the provisions of the Master Documents; (iii) apply equally to all lawful residents of Caravella without discriminating on the basis of whether a Residence is occupied by a Lot Owner or his or her lessee; (iv) shall not discriminate against any Additional Owner; and (v) for so long as Neighborhood Declarant holds any Residences within Caravella for sale in the ordinary course of its business, have the prior written approval of Neighborhood Declarant. Neighborhood Declarant has the right to approve any rule or modification thereof.

8.1.30. Water Supply. No individual water supply system for drinking purposes or household use shall be permitted on any Lot, including for irrigation or sprinkler purposes.

8.1.31. Sewage Disposal. No individual sewage disposal system shall be permitted on the Committed Property.

8.1.32. Lakefront Lots. Unless the written consent of the Committees, the Board, and Neighborhood Declarant is obtained and all necessary governmental approvals are obtained thereafter, (a) no boat house, dock, building, landing, mooring pile, pier or ramps for boats or aircraft shall be erected on or adjoining any lakefront Lot; (b) no lakefront Lot shall be increased in size by filling in the water on which it abuts; (c) no boat canal or other waterways shall be dug or excavated into any lakefront Lot; and (d) no slope of abutting lake fronts shall be altered in any manner whatsoever.

8.1.33. Compliance with Documents. Each Lot Owner and Additional Owner and their family members, guests, invitees, and lessees shall be bound by and abide by the Neighborhood Documents. The conduct of the foregoing parties shall be considered to be the conduct of the Lot Owner or Additional Owner responsible for, or connected in any manner with, such individual's presence within Caravella. Such Lot Owner or Additional Owner shall be liable to the Neighborhood Association and shall pay the cost of any maintenance, repair or replacement of any real or personal property located on Neighborhood Common Area rendered necessary by his or her act, neglect or carelessness, or by that of any other of the foregoing parties as an Individual Expense Assessment.

8.1.34. No Implied Waiver. The failure of the Neighborhood Association or Neighborhood Declarant to object to a Lot Owner's or other party's failure to comply with the covenants or restrictions contained herein or any other Neighborhood Document (including the rules now or hereafter promulgated) shall in no event be deemed a waiver by Neighborhood Declarant or the Neighborhood Association or of any other party having an interest in the Committed Property of its right to object to same and to seek compliance in accordance with the provisions of the Neighborhood Documents.

8.1.35. Certain Rights of Neighborhood Declarant. The provisions, restrictions, terms and conditions of this Paragraph 8.1 shall not apply to Neighborhood Declarant as a Lot Owner.

8.1.36. Hurricane Shutters. No hurricane shutters may be installed without the prior written consent of the Neighborhood Association, which consent may not be unreasonably withheld. The Board will adopt hurricane shutter specifications ("Hurricane Standards") in accordance with Florida Statutes. The Hurricane Standards will be made available to a Lot Owner within five business days after the Board's receipt of a written request for such Hurricane Standards. If the installation of hurricane shutters is made which does not conform with the Hurricane Standards adopted by the Neighborhood Association, then the hurricane shutters will be made to conform by the Neighborhood Association at the Owner's expense or they shall be removed.

Hurricane shutters shall not be employed before the issuance of a hurricane watch by the National Hurricane Center encompassing the Caravella location, and shall be removed no later than ten (10) days after the cessation of a hurricane watch or warning for same ("Hurricane Shutter Time Period").

Each Lot Owner who plans to be absent from his or her Residence during the hurricane season must prepare his or her Lot prior to such Lot Owner's departure by (a) removing all furniture, potted plants and other movable objects from his or her porch, balcony or patio, if any; (b) designating a responsible firm or individual satisfactory to the Neighborhood Association to install and remove hurricane shutters in accordance with the Hurricane Standards AND the Hurricane Shutter Time Period requirements; and (c) designating a responsible firm or individual satisfactory to the Neighborhood Association to care for the Residence should the Residence suffer hurricane damage. Such firm or individual shall contact the Neighborhood Association for clearance to install or remove hurricane shutters pursuant to these Neighborhood Covenants.

8.1.37. Landscaping, Lawn Décor, and Improvements. No Improvements of any kind including, without limitation, any building, shed, play structure, wall, topographical feature, mailbox, landscaping, lawn sculpture, fence, swimming pool, tennis court or screened enclosure shall be erected, placed or maintained, and no addition, alteration, modification or change to any such Improvement shall be made without the prior written approval of the ACC (as hereinafter defined), including, but not limited to, painting the Residence in a color other than the color originally placed by Neighborhood Declarant on the painted surface.

8.1.38. Additional Restrictions. For additional restrictions which are applicable to the Property and the Owners, please refer to the Master Declaration. In the event of a conflict between the provisions of these Neighborhood Covenants and the provisions of the Master Declaration, the provisions of the Master Declaration shall control; provided, however, that these Neighborhood Covenants and the other Neighborhood Documents may contain provisions more restrictive than those contained in the Master Declaration and the other Master Documents, in which event such more restrictive provisions shall control.

8.2. Architectural Control Committee; Improvements to Residences, Etc.

In order to preserve the values and provide for the uniform appearance of Caravella, the architectural review and control functions of Neighborhood Declarant and the Neighborhood Association herein set forth shall be administered and performed by the Architectural Control Committee ("ACC") which shall be established as follows:

8.2.1. The Architectural Control Committee. Initially, the ACC shall consist of not less than three (3) nor more than seven (7) members designated by Neighborhood Declarant who may be employees of Neighborhood Declarant or members of the Board but who need not be Lot Owners or members of the Board. Neighborhood Declarant shall retain the power to replace such designees and may in its discretion increase the number of members on the ACC. Upon the resignation or replacement of any member of the ACC, the Board shall place or cause to be placed in the books of the Neighborhood Association a notice of such resignation or replacement thereof together with a Notice of Appointment as to the successor of the departing ACC member, both of

which shall be signed by Neighborhood Declarant, or its assignee, pursuant to subparagraph 8.2.1.1 hereof.

8.2.1.1. For so long as Neighborhood Declarant is entitled to select members of the ACC, Neighborhood Declarant may, at Neighborhood Declarant's sole discretion and for such period as Neighborhood Declarant may determine, assign said right to appoint ACC members to a management or other non-Neighborhood Declarant entity. Said assignee shall be solely responsible for the selection and actions of the ACC during the period of assignment. Notice of such assignment shall be given to the Board, which shall place, or cause to be placed, any such notice in the books of the Neighborhood Association.

8.2.1.2. Notwithstanding anything herein to the contrary, at such time as Neighborhood Declarant no longer owns any portion of the Committed Property, or when Neighborhood Declarant voluntarily so elects, whichever shall first occur ("ACC Turnover Date"), Neighborhood Declarant shall assign to the Neighborhood Association the right to appoint members of the ACC, whereupon the Board shall thereafter appoint the members of the ACC.

8.2.2. The Architectural Control Committee Action. A majority of the members of the ACC may designate a member of the ACC to act for it subject to Neighborhood Declarant's approval. Approval or disapproval by a majority of the members of the ACC shall constitute the official approval or disapproval of the ACC. In the event of the death or resignation of any member of the ACC prior to the assignment of Neighborhood Declarant's right to appoint ACC members pursuant to subparagraph 8.2.1.2 hereinabove, Neighborhood Declarant shall have the full authority to designate a successor.

8.2.3. Requirement of The Architectural Control Committee Approval. Except for Residences and Improvements constructed, installed or placed by Neighborhood Declarant or with the approval of Neighborhood Declarant, and additions, alterations, modifications and changes to any of the foregoing by Neighborhood Declarant or with the approval of Neighborhood Declarant (collectively, "Neighborhood Declarant Improvements"), which Neighborhood Declarant Improvements are not subject to the approval of the ACC and are hereby deemed to conform to the plan of development for Caravella, no Improvements of any kind including, without limitation, any building, shed, play structure, wall, topographical feature, mailbox, landscaping, fence, swimming pool, tennis court or screened enclosure shall be erected, placed or maintained, and no addition, alteration, modification or change to any such Improvement shall be made without the prior written approval of the ACC, including, but not limited to, painting the Residence in a color other than the color originally placed by Neighborhood Declarant on the painted surface. No platting or architectural, engineering or site plan pertaining to the development of any Lot or any Improvements within the Committed Property ("Development Plans") shall be effectuated without the prior written approval of the ACC.

8.2.4. Method of Obtaining The Architectural Control Committee Approval. In order to obtain the approval of the ACC, two (2) complete sets of plans and specifications ("Plans") for proposed construction shall be submitted to the ACC for its review. The Plans shall include, as appropriate, the proposed location, grade, elevations, shape, dimensions, exterior color plans, approximate costs, and nature, type and color of materials to be used. The ACC may also require the submission of additional information and materials as may be reasonably necessary for the ACC to evaluate the proposed Plans. The ACC shall review and approve or disapprove all Plans submitted to it for any proposed Improvement, alteration or addition solely on the basis of aesthetic standards as to the aesthetic quality of materials and workmanship to be used, suitability, uniformity and harmony of location, structure and external design in relation to surrounding topography and structures and the overall benefit or detriment which would result to the Property as a whole. The ACC shall take into consideration the aesthetic aspects of the architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features and shall not be responsible for reviewing, nor shall its approval of any Plans or design be deemed approval of, any design or Plans from the standpoint of structural safety or conformance with building or other codes.

8.2.5. Approval or Disapproval by the Architectural Control Committee. The ACC shall have the right to refuse to approve any proposed Plans which, in its sole discretion, are not suitable or desirable. In approving or disapproving Plans, the ACC shall consider the suitability of the proposed Improvements and/or Plans, the site upon which the proposed Improvements are to be erected, the harmony thereof with the surrounding area, property, Residences, and other Improvements and the effect thereof on the adjacent or neighboring property. Any and all approvals or disapprovals of the ACC shall be in writing and shall be sent to the Board and to each respective Lot Owner submitting same. In the event the ACC fails to approve or to disapprove in writing any Plans forty-five (45) days after submission to the ACC of the Plans and any and all other reasonably requested information and materials related thereto and delivery of a written request for approval or disapproval to the ACC by Lot Owner or Lot Owner's agent or attorney, then said Plans shall be deemed to have been approved by the ACC. All construction and landscaping shall be done in accordance with the Plans approved by the ACC, unless a deviation therefrom has been approved in writing by the ACC. In the event the ACC disapproves any Plans submitted to it ("Disapproval"), then in such event, the ACC shall notify said Lot Owner in writing of such disapproval and the reason therefore. Said Lot Owner may thereafter request reconsideration, by Neighborhood Declarant until the ACC Turnover Date and thereafter by the Board, within forty-five (45) days of the Disapproval by submitting to Neighborhood Declarant or the Board, as the case may be, a copy of the Plans accompanied with a written statement setting forth the grounds for the appeal. If not appealed to Neighborhood Declarant or the Board, as the case may be, within said forty-five (45) day period, such Disapproval by the ACC shall be final and binding on all parties concerned therewith. Neighborhood Declarant or the Board, as the case may be, shall have forty-five (45) days to approve or disapprove the Plans. In approving or disapproving any Plans on appeal, Neighborhood Declarant's or Board's decision, as the case may be, shall be governed by the same factors that the ACC is required to consider. In no event, however, shall any Improvement be erected or be allowed

to remain which violates any conditions or restrictions contained in these Neighborhood Covenants, any other of the Neighborhood Documents, the Master Documents or any applicable zoning or building ordinance or regulation.

8.2.6. The Architectural Control Committee Standards. The ACC is empowered to publish or modify from time to time design and development standards for Caravella including, but not limited to, standards for the following ("Standards"): (i) architectural design of Improvements including, but not limited to, design standards for any Residence or other Improvement constructed within the Committed Property; (ii) walls and similar structures; (iii) exterior building materials and colors; (iv) exterior topography and landscaping; (v) exterior appurtenances relating to utility installation; (vi) signs and graphics, mailboxes and exterior lighting; (vii) building setbacks, pools and pool decks, side yards and related height, bulk and design criteria; (viii) pedestrian and bicycle ways, sidewalks and pathways; and (ix) all buildings, topography features, landscaping and Improvements on lands owned or controlled by the Neighborhood Association. All such Standards shall provide for a uniform appearance of all Improvements, consistent with the overall appearance of Caravella and Palmira Golf and Country Club. A copy of the Standards promulgated by the ACC shall be approved by Neighborhood Declarant prior to the ACC Turnover Date and thereafter by the Board. A Lot Owner may obtain a copy of the Standards from the Neighborhood Association by making a written request therefor. The ACC may authorize, in a reasonable manner so as not to destroy the general scheme or plan of development of Caravella, variances from compliance with any Standards which it has promulgated pursuant hereto when circumstances such as topography, natural obstructions, hardship, aesthetics or environmental considerations may require. If any such variance is granted, no violation of the restrictions contained in these Neighborhood Covenants shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of these Neighborhood Covenants for any purpose except as to that particular property and particular provision hereof or Standards promulgated hereby which are covered by the variance. Such variance shall be evidenced in writing and executed by the members of the ACC.

8.2.7. Improvement Deposit. If the Improvements are approved by the ACC, the Owner will be required to place a deposit with the Neighborhood Association, in an amount to be determined by the Neighborhood Association, prior to the start of commencement of the Improvements ("Improvement Deposit"). The Improvement Deposit will be held by the Neighborhood Association for up to ninety (90) days after completion of the Improvements to ensure the Owner returns the Lot and/or Neighborhood Common Property back to the state prior to construction of the Improvements to ensure proper drainage and replacement of shrubbery, littoral plantings, or other items are restored.

8.2.8. Liability; Indemnification. The ACC, the Board, the Neighborhood Association and Neighborhood Declarant do not determine or assume any responsibility for the quality of construction or structural soundness of any Improvements and no obligation or liability relating to construction of any Improvements shall result from review or approval of any Plans by the ACC, Board, Neighborhood Association, Neighborhood Declarant. Furthermore, the ACC, the Board, the Neighborhood Association, and Neighborhood Declarant do not evaluate Plans to

determine whether the Plans satisfy all applicable governmental requirements. No member of the ACC, the Board, the ACC's duly authorized representative, the Neighborhood Association, nor Neighborhood Declarant shall be liable to any Lot Owner or any other person or entity for any loss, damage, injury or expense arising out of or in any way connected with the performance of said party's duties hereunder, unless due to willful misconduct. Each and every member of the ACC, including, but not limited to, members designated by Neighborhood Declarant, shall be indemnified by the Neighborhood Association and the Lot Owners against all costs, expenses and liabilities, including Legal Fees reasonably incurred by or imposed upon said members in connection with any proceeding, litigation or settlement in which said member becomes involved by reason of being or having been a member or representative of the ACC, the Board, or Neighborhood Declarant which reviewed an appeal of a ACC decision, or any settlement thereof. The foregoing provisions for indemnification shall apply whether or not said member is a member or representative of the ACC, the Board, or Neighborhood Declarant which reviewed an appeal of a ACC decision, or any settlement thereof at the time such expenses are incurred. Notwithstanding the above, in instances where such an individual admits or is adjudged guilty of willful misfeasance or malfeasance in the performance of said member's duties, the indemnification provisions of these Neighborhood Covenants shall not apply; otherwise, the foregoing rights to indemnification shall be in addition to and not exclusive of any and all rights of indemnification to which a member of the ACC may be entitled whether by statute or common law or other provision of the Neighborhood or Master Documents.

8.2.9. Enforcement. There is specifically reserved unto the ACC the right of entry and inspection upon any Lot or other portion of the Committed Property for the purpose of determination of whether there exists any construction of any Improvement which violates the terms of any approval by the ACC or the terms of these Neighborhood Covenants or of any other covenants, conditions, and restrictions to which the deed associated with such Lot or other instrument of conveyance makes reference. Except in emergencies, any exercise of the right of entry and inspection by the ACC hereunder shall be made only upon reasonable notice given to the Lot Owner of record at least twenty-four (24) hours in advance of such entry. The ACC is specifically empowered to enforce the provisions of these Neighborhood Covenants by any legal or equitable remedy and in the event it becomes necessary to resort to litigation to determine the propriety of any constructed Improvement, or to remove any unapproved Improvement. The prevailing party in such litigation shall be entitled to recover all Legal Fees in connection therewith. The Neighborhood Association shall indemnify and hold harmless the ACC from all costs, expenses and liabilities, including Legal Fees incurred by virtue of any member of the ACC's service as a member of the ACC.

8.2.10. Architectural Approval by the Architectural Design Control Committee ("Committee"). In accordance with Paragraph III.D. of the Master Declaration, no Improvement may be constructed, altered, planted, removed or maintained anywhere in Palmira Golf and Country Club without the Committee's (as defined in the Master Declaration) prior written approval. The Committee may promulgate "Standards" and require that Improvements be constructed in

accordance therewith, and may charge reasonable fees for processing approval requests. Prior to commencing any Improvement, a Lot Owner or the Neighborhood Association, whichever is applicable, shall submit whatever plans and specifications and material samples are required by the Committee, which the Committee shall approve, reject or approve subject to change in writing. If any Improvement is constructed or altered without such approval, the Committee may demand its removal, remodeling or restoration, at the Lot Owner's or the Neighborhood Association's cost, whichever is applicable, including any attorney's fees incurred by the Committee. The Committee may enter the property, including any Lot, on which an Improvement is being constructed in order to ensure compliance. Further, the Committee and the Master Association have the power to also enforce the provisions of these Neighborhood Covenants with respect to architectural review and control. Approval of construction, modification, or alteration of any Lot or Neighborhood Common Area granted by the ACC pursuant to Section 8.2 of these Neighborhood Covenants shall not void the need for nor guarantee such approval as may be required pursuant to Paragraph III.D. of the Master Declaration. The Standards of the Master Association shall take priority over any conflicting design or development standard adopted by the ACC; provided, the ACC may adopt and enforce standards that are more restrictive than those of the Standards.

9. MAINTENANCE AND REPAIR PROVISIONS

9.1. By Lot Owners

The responsibility of a Lot Owner is as follows:

9.1.1. Maintenance and Repair.

Lot Owners covenant and agree that they shall at all times maintain in good condition and at their own expense all exterior and interior portions of their respective Residences and Lots, including, but not limited to, replacement of damaged windows and screens, except as to the responsibilities of the Neighborhood Association as specifically set forth in subparagraph 7.5.2 herein.

9.1.2. Alterations. Lot Owners shall not: (i) make any alterations in any improvement or landscaping within Neighborhood Common Area or any property which is to be maintained by the Neighborhood Association or the Master Association; or (ii) remove any portion thereof or make any additions thereto; or (iii) do anything which would or might jeopardize or impair the safety or soundness of such property or Neighborhood Common Area or which, in the sole opinion of the Committees, would detrimentally affect the architectural design of a building within Caravella without first obtaining the written consent of the Committees. Any such consent to allow the planting of additional landscaping shall be conditioned upon such Lot Owner bearing the cost of the additional maintenance required for such additional landscaping (see Section 8.1.6).

9.1.3. Duty to Report. Lot Owners shall promptly report to the Neighborhood Association or its agents any defect or need for repairs, the responsibility for the remedying of which lies with the Neighborhood Association.

9.1.4. Liability for Actions. A Lot Owner shall be liable for the expense incurred by the Neighborhood Association for any maintenance, repair or replacement of any real or personal property within Caravella and rendered necessary by his or her act, neglect or carelessness, or by that of his or her lessee or any member of their families, or their guests, employees or agents (normal wear and tear excepted) but only to the extent that such expense is not met by the proceeds of insurance carried by the Neighborhood Association. A Lot Owner shall also be liable for any personal injuries caused by his or her negligent acts or those of his or her lessee or any member of their families, or their guests, employees or agents. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

9.2. By the Neighborhood Association

9.2.1. Neighborhood Common Area. The responsibility of the Neighborhood Association is to repair, maintain and replace any and all Improvements and facilities located upon Neighborhood Common Area (except for any portions thereof the Master Association is obligated to maintain) as otherwise provided herein. Maintenance includes, but is not limited to, the following: cleanup, landscape care and replacement, lawn care, painting and upkeep of any sidewalks, and Neighborhood Association-owned roadways, if any. In the event that a Lot Owner fails to maintain his or her Lot or Residence in accordance with these Neighborhood Covenants, the Neighborhood Association shall have the right, but not the obligation, upon thirty (30) days' written notice to the Lot Owner, to enter upon the Lot for the purpose of performing the maintenance and/or repairs described in such notice to the Lot Owner, as applicable. The cost of performing such maintenance and/or repairs and the expense of collection (including, but not limited to, Legal Fees) shall be assessed by the Neighborhood Association against the Lot Owner as an Individual Expense Assessment.

9.2.2. Lawns. The Neighborhood Association shall maintain and care for any lawns and landscaping which are encompassed within an Incomplete Lot or a Completed Lot. "Maintenance and care" within the meaning of this Paragraph, shall include irrigating, mowing, edging, fertilizing, and spraying of lawns, and replacement of sod. The obligation of the Neighborhood Association to maintain the landscaping within the Lots, includes any replacement of trees, shrubs and other plant materials within the Lots.

9.3 By The Master Association.

9.3.1. Corporation Common Areas and Surface Water Management System. The Master Association, subject to the rights and obligations of the Owners set forth in the Master Declaration, shall be responsible for the management, operation, maintenance and control of the

Corporation Common Areas and Surface Water Management Systems located within Caravella. The foregoing obligations include, but are not limited to, the following:

- (a) Maintenance, repair and replacement of landscaping, perimeter walls and entry features on Corporation Common Areas.
- (b) Maintenance, repair and replacement of all drainage and irrigation facilities; and of the Surface Water Management System (unless said responsibilities have been transferred to a governing agency having jurisdiction thereof, which has assumed all maintenance responsibilities).
- (c) Maintenance, repair and replacement of all Streets and any and all other improvements located within the Corporation Common Area.
- (d) Maintenance of all conservation areas in accordance with the requirements of the Master Declaration.

9.4 Conformity with Master Declaration

Notwithstanding anything contained in this Article 9 to the contrary, alterations, improvements, repairs and maintenance of the Property shall conform to the provisions of the Master Declaration and the Neighborhood Covenants and all other valid terms and provisions thereof.

10. INSURANCE

The Neighborhood Association shall purchase and maintain, or, alternatively, in the event Neighborhood Declarant so elects, the Neighborhood Association shall be covered under Neighborhood Declarant's insurance, with respect to the following insurance coverages and subject to the following provisions, and the cost of the premiums therefor shall be a part of the Operating Expenses. Notwithstanding the foregoing, in the event the Neighborhood Association determines that the cost of insurance is economically unwarranted or is not obtainable, the Neighborhood Association may determine to either reduce the amount of such insurance, increase the deductible amount or discontinue coverage.

10.1. Public Liability Insurance

A comprehensive policy or policies of general liability insurance naming the Neighborhood Association and, until the Turnover Date, Neighborhood Declarant as a named insured thereof and including the Lot Owners as insureds thereunder insuring against any and all claims or demands made by any person or persons whomsoever for injuries received in connection with, or arising from, the operation, maintenance and use of Neighborhood Common Area and any Improvements located thereon and for the Neighborhood Association's actions in maintaining the

Lots and the Residences as herein provided and for any other risks insured against by such policies with limits of not less than (i) One Million Dollars (\$1,000,000) for damages incurred or claimed by any one person for any one occurrence; (ii) not less than Five Million Dollars (\$5,000,000) for damages incurred or claimed by more than one (1) person for any one occurrence; and (iii) One Hundred Thousand Dollars (\$100,000) for property damage for any single occurrence. Such coverage shall include as appropriate, without limitation, protection against any legal liability that results from lawsuits related to employment contracts in which the Neighborhood Association is a party; bodily injury and property damage liability that results from the operation, maintenance or use of Neighborhood Common Area, Lots and Residences; water damage liability; liability for non-owned and hired automobiles; liability for property of others and such other risks as are customarily covered with respect to areas similar to Neighborhood Common Area Lots and Residences in developments similar to Caravella in construction, location and use. The insurance purchased shall contain a "Severability of Interest Endorsement," or equivalent coverage, which would preclude the insurer from denying the claim of a Lot Owner because of the negligent acts of either the Neighborhood Association, Neighborhood Declarant, or any other Lot Owners or deny the claim of either Neighborhood Declarant or the Neighborhood Association because of negligent acts of the other or the negligent acts of a Lot Owner.

10.2. Casualty Insurance

Insurance for all buildings and fixtures, equipment and other personal property which comprise a portion of the Neighborhood Common Area, if any (but not the Lots and Residences), in an amount equal to one hundred percent (100%) of the "Replacement Value" thereof with an "Agreed Amount and Inflation Guard Endorsement," if available, a "Construction Code Endorsement" (including a "Demolition Cost Endorsement," "Contingent Liability from Operation of Building Laws Endorsement" and an "Increased Cost of Construction Endorsement") or its equivalent, if necessary. The term "Replacement Value" shall mean one hundred percent (100%) of the current replacement costs exclusive of land, foundation, excavation, and other items normally excluded from coverage. The Board may determine the kinds of coverage and proper and adequate amount of insurance including, but not limited to:

(i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage; and

(ii) such other risks as shall customarily be covered with respect to areas similar to any Neighborhood Common Area and in developments similar to Caravella in construction, location and use.

The Neighborhood Association shall not be obligated to insure the Lots and Residences against casualty.

10.3. Flood Insurance

If determined appropriate by the Board or if required by any Institutional Mortgagee, a master or blanket policy of flood insurance covering the Neighborhood Common Area, if any (but not the Lots and Residences), if available, under the National Flood Insurance Program, which flood insurance shall be in the form of a standard policy issued by a member of the National Flood Insurers Association, and the amount of the coverage of such insurance shall be the lesser of the maximum amount of flood insurance available under such program, or one hundred percent (100%) of the current replacement cost of all buildings and other insurable property located in the flood hazard area.

10.4. Conditions of Insurance

All insurance purchased by the Neighborhood Association pursuant to this Article shall be subject to the following provisions:

10.4.1. The Neighborhood Association shall have the right to designate an insurance trustee ("Insurance Trustee") to act in the manner provided in these Neighborhood Covenants, which Insurance Trustee (if required) shall be a commercial bank or trust company which is authorized to do business in the State of Florida and which has an office in the County and thereafter, at any time and from time to time, the Neighborhood Association shall have the right to change the Insurance Trustee to another such bank or trust company, provided, however, for so long as Neighborhood Declarant owns any Lot(s), Neighborhood Declarant shall have the right, but not the obligation, to require the Neighborhood Association to designate an Insurance Trustee other than the Board. Notwithstanding anything in these Neighborhood Covenants to the contrary, the Board may act as the Insurance Trustee hereunder unless otherwise required by written request of an Institutional Mortgagee or by the Neighborhood Association. If no Insurance Trustee is required, the Board shall receive, hold and expend insurance proceeds in the manner hereinafter provided as if it were the Insurance Trustee.

10.4.2. If an Insurance Trustee other than the Board is required, pursuant to the request of either an Institutional Mortgagee or the determination of the Neighborhood Association, then, in that event, all policies of insurance purchased by the Neighborhood Association shall be deposited with the Insurance Trustee upon its written acknowledgment that the policies and any proceeds thereof will be held in accordance with the terms hereof. Said policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Insurance Trustee, and the Insurance Trustee may deduct from the insurance proceeds collected a reasonable fee for its services as Insurance Trustee. The Board is hereby irrevocably appointed agent for each Lot Owner to adjust all claims arising under insurance policies purchased by the Neighborhood Association in which Lot Owners have or may have an interest. The Insurance Trustee shall not be liable in any manner for the payment of any premium on policies, the renewal of policies, the sufficiency of the coverage of any such policies or any failure to collect any insurance proceeds under any policies.

10.4.3. The duty of the Insurance Trustee shall be to receive any and all proceeds from the insurance policies held by it as such Insurance Trustee and to hold such proceeds in trust for the Neighborhood Association, Lot Owners and mortgagees under the following terms:

10.4.3.1. In the event that a loss of One Hundred Thousand Dollars (\$100,000) or less, as determined by detailed estimates or bids for repair and reconstruction obtained by the Board, occurs to any portion of Neighborhood Common Area, the Insurance Trustee shall pay the proceeds received as a result of such loss to the Neighborhood Association. Upon receipt of such proceeds, the Neighborhood Association shall promptly cause the necessary repairs to be made to Neighborhood Common Area. In the event the insurance proceeds are insufficient to pay for the cost of repair of Neighborhood Common Area, the Board shall hold a special meeting of the Board to determine a special charge against all of the Lots to obtain any necessary funds to repair and restore damaged Neighborhood Common Area. Upon the determination by the Board of the amount of such special charge, the Board shall immediately levy such special charge against the Lots setting forth the date or dates for payment of same.

10.4.3.2. In the event the Insurance Trustee receives proceeds in excess of One Hundred Thousand Dollars (\$100,000) as a result of damages to Neighborhood Common Area, then the Insurance Trustee shall hold in trust all insurance proceeds received with respect to such damages, together with any and all other monies paid to the Insurance Trustee as provided below and shall distribute such funds in the following manner:

(i) The Board shall obtain detailed estimates or bids for the cost of rebuilding and reconstruction of such damaged property for the purpose of determining whether such insurance proceeds are sufficient to pay for the same.

(ii) In the event the insurance proceeds are sufficient to rebuild and reconstruct all of such damaged improvements or if the insurance proceeds, together with the funds as described below are sufficient for such purpose, then such damaged improvements shall be completely repaired and restored. The Board shall negotiate for the repair and restoration of such damaged Neighborhood Common Area and the Neighborhood Association shall negotiate and enter into a construction contract(s) with a contractor or contractors to do the work on a fixed price basis or on any other reasonable terms acceptable to the Board, which contractor(s) shall post a performance and payment bond with respect to such work. The Insurance Trustee shall disburse the insurance proceeds and other applicable funds held in trust in accordance with provisions for progress payments to be contained in such construction contract(s); provided, however, prior to any payment of such funds, the payees of such funds shall deliver to the Insurance Trustee any paid bills, waivers of liens under any lien laws and executed affidavits required by law, the Neighborhood Association or any respective Institutional Mortgagees.

(iii) In the event the insurance proceeds are insufficient to repair and replace all of the damaged Improvements, the Board shall hold a special meeting to determine a Special Assessment against the Lots to obtain any necessary funds to repair and to restore such damaged Improvements. Upon the determination by the Board of the amount of such special charge, the Board shall immediately levy such Special Assessment against the Lots setting forth the date or dates of payment of the same, and any and all funds received from the Lot Owners pursuant to such Special Assessment shall be delivered to the Insurance Trustee and disbursed as provided in the Paragraph immediately preceding. In the event the deficiency between the estimated cost of the repair and replacement of the damaged Improvements and the insurance proceeds exceeds the sum of One Hundred Thousand Dollars (\$100,000), and three-fourths (3/4) of the Lot Owners subject to such Special Assessment advise the Board in writing on or before the date for the first payment thereof that they are opposed to a special charge, then the Insurance Trustee shall disburse the net insurance proceeds to the Neighborhood Association, whereupon the Neighborhood Association shall use such proceeds for as much of the damaged Improvements as possible. In making such Insurance Proceeds Distribution to the Lot Owners subject to such special charge and their Institutional Mortgagees, the Insurance Trustee may rely upon a certificate of an abstract company as to the names of the then Lot Owners involved and their respective Institutional Mortgagees.

10.4.3.3. In the event that after the completion of and payment for the repair and reconstruction of the damage to Neighborhood Common Area and after the payment of the Insurance Trustee's fee with respect thereto, any excess insurance proceeds remain in the hands of the Insurance Trustee, then such excess shall be disbursed to the Lot Owners in proportion to their contributions. In the event, however, such repairs and replacements were paid for by any special charge as well as by the insurance proceeds, then it shall be presumed that the monies disbursed in payment of any repair, replacement or reconstruction were first disbursed from insurance proceeds and any remaining funds held by the Insurance Trustee shall be distributed to the Lot Owners in proportion of their contributions by way of special charge.

10.4.3.4. In the event the Insurance Trustee has on hand, within ninety (90) days after any casualty or loss, insurance proceeds and, if necessary, funds from any special charge sufficient to pay fully for any required restoration and repair with respect to such casualty or loss, then no mortgagee shall have the right to require the application of any insurance proceeds or special charge to the payment of its loan. Any provision contained herein for the benefit of any Institutional Mortgagee may be enforced by an Institutional Mortgagee.

10.4.3.5. Any repair, rebuilding or reconstruction of damaged Improvement(s) upon Neighborhood Common Area shall be substantially in accordance with the architectural plans and specifications for: (i) the originally constructed Improvements; (ii) the Improvements as such were previously reconstructed; or (iii) new plans and specifications approved by the Committees and the Master Association; provided, however, any material or substantial change in new plans and specifications approved by the Committees and the Master Association from the plans and specifications of the previously constructed buildings and/or Improvements

(except such as are required by applicable law or building codes) shall require approval by the Institutional Mortgagee holding mortgages thereon. Neither the Master Association, the Committees, the Board nor their members shall incur any liability with regard to the approval of any plans and specifications. Additionally, until the Turnover Date, any such material or substantial change in new plans and specifications approved by the Committees and the Master Association from the plans and specifications of the previously constructed building or Improvements (except such changes as are required by applicable law or building codes) shall also require the consent of a majority of the Members, which consent may be evidenced by a writing signed by the required number of Members or by the affirmative vote of the required number of Members at any regular or special meeting of the Neighborhood Association called and held in accordance with the Bylaws evidenced by a certificate of the Secretary or an assistant Secretary of the Neighborhood Association.

10.5. Form of Policies

10.5.1. Nothing herein contained shall prohibit the Neighborhood Association from obtaining a "master" or "blanket" form of insurance for all of Caravella or portions thereof, provided that the coverages required hereunder are fulfilled.

10.5.2. Notwithstanding anything in this Article 10 to the contrary, the amounts set forth for the purchase of insurance hereunder are the minimum amounts to be purchased. Therefore, Lot Owners or the Neighborhood Association, as the case may be, may purchase insurance in excess of the amounts set forth herein. The amounts set forth do not constitute a representation or warranty of any kind by Neighborhood Declarant or the Neighborhood Association as to the proper amount or kinds of insurance required.

10.5.3. Policies insuring Neighborhood Common Area purchased pursuant to the requirements of this Article 10 shall provide that any insurance trust agreement shall be recognized; the right of subrogation against Lot Owners will be waived; the insurance will not be prejudiced by any acts or omission of individual Lot Owners who are not under the control of the Neighborhood Association; and the policy will be primary, even if a Lot Owner has other insurance that covers the same loss.

10.6. Fidelity Coverage

Adequate fidelity coverage to protect against dishonest acts of the officers and employees of the Neighborhood Association and the Directors and all others who handle and are responsible for handling funds of the Neighborhood Association (whether or not they receive compensation), shall be maintained. Such coverage shall be in the form of fidelity bonds which meet the following requirements: (i) such bonds shall name the Neighborhood Association as an obligee and premiums therefor shall be paid by the Neighborhood Association; (ii) such bonds shall be written in an amount equal to at least three (3) months aggregate assessments for all Lots plus Reserves, but in no event, less than Ten Thousand Dollars (\$10,000) for each such person; and (iii)

such bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

Notwithstanding the foregoing, in the event the Neighborhood Association determines that the cost of such insurance is economically unwarranted or is not obtainable, the Neighborhood Association may determine to either reduce the amount of such insurance, increase the deductible amount or discontinue coverage.

10.7. Cancellation or Modification

All insurance policies purchased by the Neighborhood Association shall provide that they may not be canceled (including for nonpayment of premiums) or substantially modified without at least ten (10) days' prior written notice to the Neighborhood Association and to each first mortgage holder named in the mortgage clause.

11. PROVISIONS RELATING TO CONDEMNATION OR EMINENT DOMAIN PROCEEDINGS

11.1. Deposit of Awards With Insurance Trustee

The taking of any portion of Neighborhood Common Area by condemnation shall be deemed to be a casualty, and the awards for that taking shall be deemed to be proceeds from insurance resulting from the casualty and shall be deposited with the Insurance Trustee.

11.2. Neighborhood Common Area

In the event the Neighborhood Association receives any award or payment arising from the taking of Neighborhood Common Area 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 Neighborhood Association and approved by Lot Owners owning at least a majority of the Lots and the remaining balance thereof, if any, shall then be held by the Neighborhood Association.

12. PROVISIONS SETTING FORTH CERTAIN RIGHTS OF NEIGHBORHOOD DECLARANT

Neighborhood Declarant reserves and shall have the right to enter into and transact within Caravella any business necessary to consummate the sale, lease or encumbrance of Lots being developed and sold by Neighborhood Declarant in other portions of Palmira Golf and Country Club, including the right to maintain models and a sales and/or leasing office, place signs, employ sales and leasing personnel and show Residences and including the right to carry on construction activities of all types necessary to construct all buildings in Caravella pursuant to these Neighborhood Covenants. Any such models,

sales office, signs and any other items pertaining to such sales efforts shall not be considered a part of Caravella and shall remain the property of Neighborhood Declarant. In addition, Neighborhood Declarant reserves and shall have the right to use Neighborhood Common Area for marketing purposes. This Article 12 may not be suspended, superseded or modified in any manner by any amendment to these Neighborhood Covenants, unless such amendment is consented to in writing by Neighborhood Declarant. This right of use and transaction of business as set forth herein may be assigned in writing by Neighborhood Declarant in whole or in part.

13. GENERAL PROVISIONS

13.1. Duration

All of the covenants, agreements and restrictions covering the Committed Property, including the land use covenants and the affirmative covenants to pay Operating Expenses, shall run with and bind the Committed Property and shall inure to the benefit of and be binding upon Neighborhood Declarant, the Neighborhood Association and all Lot Owners, their respective legal representatives, heirs, successors and assigns for a term of ninety-nine (99) years from the date the Master Declaration was recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless after the ninety-nine (99) year term or any ten (10) year extension thereof an instrument signed by the persons or entities then owning two-thirds (2/3) of all Neighborhood Contributing Lots is recorded amongst the Public Records, agreeing to terminate said covenants and restrictions. No such instrument shall be effective, however, unless made and recorded at least one (1) year in advance of the effective date of such termination.

13.2. Plan of Development

Neighborhood Declarant, the Neighborhood Association and all Lot Owners and their respective grantees, successors or assigns, by acceptance of their instrument of conveyance for a Residence, acknowledge that Caravella is being developed under a common plan as set forth in Article 2 herein and in the other Neighborhood Documents. Such parties further acknowledge that the easement rights, use covenants and obligations to pay Operating Expenses are an integral part of the common plan of development and are required to provide access to and from the various portions of Caravella and publicly dedicated rights-of-way as well as the operation and maintenance of Caravella. Accordingly, such parties hereby covenant that no amendment or termination of any document governing any property in Caravella shall be made which will interfere with such common plan or the rights and obligations constituting an integral part of such common plan without the approval of the Neighborhood Association and, until the Turnover Date, of Neighborhood Declarant, as well.

13.3. Compliance With Regulations of Public Bodies

The Neighborhood Association shall perform such acts and do such things as shall be lawfully required in Neighborhood Common Area by any public body having jurisdiction over the same in order to comply with sanitary requirements, fire hazard requirements, zoning requirements, setback requirements, drainage requirements and other similar requirements designed to protect the public. The cost of the foregoing shall be an Operating Expense.

13.4. Lawful Use of Land

The Neighborhood Association covenants and agrees that it will conform to and observe all ordinances, rules, laws and regulations of the County, the State of Florida, and the United States of America, and all public authorities and boards of officers relating to Neighborhood Common Area and Improvements upon the same, or use thereof, and will not during such time permit the same to be used for any illegal or immoral purpose, business or occupation.

13.5. Amendment and Modification

The process of amending or modifying these Neighborhood Covenants shall be as follows:

13.5.1. Prior to Turnover Date. Until the Turnover Date, all amendments or modifications shall only be made by Neighborhood Declarant without the requirement of the consent of the Neighborhood Association or the Lot Owners; provided, however, that the Neighborhood Association shall, forthwith upon request of Neighborhood Declarant, join in any such amendments or modifications and execute such instruments to evidence such joinder and consent as Neighborhood Declarant shall, from time to time, request.

13.5.2. After Turnover Date. After the Turnover Date, these Neighborhood Covenants may be amended by: (i) the consent of the Lot Owners owning two-thirds (2/3) of all Lots; together with (ii) the approval or ratification of a majority of the Board and (iii) the approval of Neighborhood Declarant. The aforementioned consent of the Lot Owners owning two-thirds (2/3) of the Lots may be evidenced by a writing signed by the required number of Lot Owners or by the affirmative vote of the required number of Lot Owners at any regular or special meeting of the Neighborhood Association called and held in accordance with the Bylaws evidenced by a certificate of the Secretary or an Assistant Secretary of the Neighborhood Association.

13.5.3. Scrivener's Error. Notwithstanding anything to the contrary herein contained, Neighborhood Declarant reserves the right to amend these Neighborhood Covenants and any exhibits thereto so as to correct any scrivener's or other errors or omissions not materially affecting the rights of Lot Owners, lienors, or mortgagees. Such amendment need be executed and acknowledged only by Neighborhood Declarant and need not be approved by the Neighborhood

Association, Lot Owners, lienors, or mortgagees, whether or not elsewhere required for amendment. Such right shall pass to the Board after the Turnover Date.

13.5.4. No Impairment or Prejudice. Notwithstanding anything to the contrary herein contained, no amendment to these Neighborhood Covenants shall be effective which shall impair or prejudice the rights or priorities of Neighborhood Declarant, Parklands Development, or any Institutional Mortgagee under these Neighborhood Covenants, the Neighborhood Documents, or the Master Declaration without the specific written approval of Neighborhood Declarant, Parklands Development, or such Institutional Mortgagee(s) affected thereby. In addition, for as long as Neighborhood Declarant owns any Lots in Caravella, no amendment shall be passed which shall grant the Neighborhood Association the right to approve or in any manner screen tenants or lessees of any Lot Owner without the specific written approval of Neighborhood Declarant. Any amendment that would affect the Surface Water Management System, including the Surface Water Management System, must have the prior approval of the applicable governmental authority.

Notwithstanding anything contained herein to the contrary, as long as the "Class B Membership" (as described in the Articles) exists, the following actions require the prior approval of FHA and VA if Caravella is an approved project by FHA and/or VA: annexation of additional properties (exclusive of Uncommitted Property), dedication of common area, mergers and consolidations, dissolution and amendment to the Articles and a material amendment to these Neighborhood Covenants.

13.5.5. No amendment which would discriminate against the rights hereunder of any Additional Owner shall be made without the written consent of at least two-thirds (2/3) of the Additional Owners.

13.5.6. Notwithstanding anything contained herein to the contrary, Neighborhood Declarant may, without the consent of the Lot Owners, record any amendment which may be required by an Institutional Mortgagee for the purpose of satisfying its Planned Unit Development criteria or such criteria as may be established by such mortgagee's secondary mortgage market purchasers, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Association; provided, however, that any such Neighborhood Declarant-recorded amendments must be in accordance with any applicable rules, regulations and other requirements promulgated by the United States Department of Housing and Urban Development and must not conflict with the Master Documents.

13.6. Subordination

Neighborhood Declarant and the Neighborhood Association agree that their respective interests in these Neighborhood Covenants shall be subordinated to the lien and encumbrance of any existing mortgages and additional or subsequent mortgages obtained by Neighborhood Declarant for the purpose of financing the construction of Improvements to take place

in whole or in part upon Caravella and any replacement mortgages. While the provisions of this Paragraph are self-operative, Neighborhood Declarant and the Neighborhood Association nevertheless agree to execute such instruments as may be necessary to evidence the subordination of their interests to such mortgages.

13.7. Severability

Invalidation of any one of these covenants or restrictions or of any of the terms and conditions herein contained, or the reduction in time by reason of any rule of law known as the "rule against perpetuities" shall in no way affect any other provision which shall remain in full force and effect for such period of time as may be permitted by law. In the event any court should hereafter determine any provisions as originally drafted herein in violation of the rule of law known as the "rule against perpetuities" or any other rule of law because of the duration of the period involved, the period specified in these Neighborhood Covenants shall not thereby become invalid, but instead shall be reduced to the maximum period allowed under such rule of law, and for such purpose, "measuring lives" shall be those of the incorporators of the Neighborhood Association.

13.8. Delegation

The Neighborhood Association, pursuant to a resolution duly adopted by the Board, shall have the continuing authority to delegate all or any portion of its responsibilities for maintenance, operation and administration, as provided herein, to any managing agency or entity selected by the Board from time to time and whether or not related to Neighborhood Declarant or Parklands Development.

13.9. Rights of Mortgagees

13.9.1. Right to Notice. The Neighborhood Association shall make available for inspection upon request, during normal business hours or under reasonable circumstances, the Neighborhood Documents and the books, records and financial statements of the Neighborhood Association to Lot Owners and the holders, insurers or guarantors of any first mortgages encumbering Lots. In addition, evidence of insurance shall be issued to each Lot Owner and mortgagee holding a mortgage encumbering a Lot upon written request to the Neighborhood Association.

13.9.2. Rights of Listed Mortgagee. Upon written request to the Neighborhood Association, identifying the name and address of the holder, insurer, guarantor (such holder, insurer or guarantor is herein referred to as a "Listed Mortgagee") of a mortgage encumbering a Lot and the legal description of such Lot, the Neighborhood Association shall provide such Listed Mortgagee with timely written notice of the following:

13.9.2.1. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Neighborhood Association;

13.9.2.2. Any proposed action which would require the consent of mortgagees holding a mortgage encumbering a Lot; and

13.9.2.3. Any failure by a Lot Owner owning a Lot encumbered by a mortgage held, insured or guaranteed by such Listed Mortgagee to perform his or her obligations under the Neighborhood Documents, including, but not limited to, any delinquency in the payment of Assessments or any other charge owed to the Neighborhood Association by said Lot Owner where such failure or delinquency has continued for a period of sixty (60) days.

13.9.3. Right of Listed Mortgagee to Receive Financial Statement. Any Listed Mortgagee shall, upon written request made to the Neighborhood Association, be entitled to financial statements of the Neighborhood Association for the prior fiscal year free of charge and the same shall be furnished within a reasonable time following such request.

13.10. Lot Owner Approval of Neighborhood Association Action

Notwithstanding anything contained herein to the contrary, the Neighborhood Association shall be required to obtain the approval of the Lot Owners of three-fourths (3/4) of all Lots (at a duly called meeting called by the Members on behalf of the Neighborhood Association at which a quorum is present) prior to the payment of or contracting for legal or other fees to persons or entities engaged by the Neighborhood Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (i) the collection of Assessments;
- (ii) the collection of other charges which Lot Owners are obligated to pay pursuant to the Neighborhood Documents;
- (iii) the enforcement of the use and occupancy restrictions contained in the Neighborhood Documents;
- (iv) the enforcement of any restrictions on the sale and other transfer of Lots contained in the Neighborhood Documents;
- (v) in an emergency where waiting to obtain the approval of the Lot Owners creates a substantial risk of irreparable injury to Neighborhood Common Area or to Lot Owner(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths [3/4] of the Lot Owners); or

(vi) filing a compulsory counterclaim.

13.11. Neighborhood Declarant Approval of Neighborhood Association Actions

If Neighborhood Declarant holds Lots or Additional Units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by Neighborhood Declarant:

13.11.1. Assessment of Neighborhood Declarant as a Lot Owner or Additional Owner for capital improvements or any other purposes; and

13.11.2. Any action by the Neighborhood Association that would be detrimental to the sales of Residences by Neighborhood Declarant. The determination as to what actions would be detrimental to sales shall be in the sole discretion of Neighborhood Declarant; provided, however, that an increase in assessments for Operating Expenses without discrimination against Neighborhood Declarant, shall not be deemed to be detrimental to the sales of Residences.

13.12. Notices

Any notice or other communication required or permitted to be given or delivered hereunder shall be deemed properly given and delivered upon the mailing thereof by United States mail, postage prepaid, to: (i) any Lot Owner, at the address of the person whose name appears as the Lot Owner on the records of the Neighborhood Association at the time of such mailing and, in the absence of any specific address, at the address of the Lot owned by such Lot Owner; (ii) the Neighborhood Association, certified mail, return receipt requested, at 5801 Pelican Bay Boulevard, Suite 600, Naples, Florida 34108, or such other address as the Neighborhood Association shall hereinafter notify Neighborhood Declarant and the Lot Owners of in writing; (iii) Neighborhood Declarant, certified mail, return receipt requested, at 5801 Pelican Bay Boulevard, Suite 600, Naples, Florida 34108, or such other address or addresses as Neighborhood Declarant shall hereafter notify the Neighborhood Association of in writing, and (iv) Parklands Development, certified mail, return receipt requested, at 3185 Horseshoe Drive South, Naples, Florida 34104, or such other address or addresses as Parklands Development shall hereafter notify the Neighborhood Association of in writing; any such notice to the Neighborhood Association of a change in Neighborhood Declarant's address being deemed notice to the Lot Owners. Upon request of a Lot Owner, the Neighborhood Association shall furnish to such Lot Owner the then current address for Neighborhood Declarant as reflected by the Neighborhood Association records.

13.13. Enforcement

Each Lot and all Lot Owners shall be governed by and shall comply with the Neighborhood Documents and the Master Documents, the enforcement of which within Caravella is primarily the responsibility of the Neighborhood Association. The covenants and restrictions herein

contained may be enforced by Neighborhood Declarant, The Master Association, the Neighborhood Association, any Lot Owner, any Additional Owner as to Neighborhood Common Area and any Institutional Mortgagee holding a mortgage on any portion of the Property in any judicial proceeding seeking any remedy recognizable at law or in equity, including damages, injunction or any other form of relief against any person, firm or entity violating or attempting to violate any covenant, restriction or provision hereunder. The Neighborhood Association shall have the right to enter any premises in Caravella to remove and abate any violation. The failure by any party to enforce any such covenant, restriction or provision herein contained shall in no event be deemed a waiver of such covenant, restriction or provision or of the right of such party to thereafter enforce such covenant, restriction or provision. The prevailing party in any such litigation shall be entitled to all costs thereof including, but not limited to, Legal Fees. The failure of the Board to object to Lot Owners' or other parties' failure to comply with covenants or restrictions contained herein or in any other of the Neighborhood Documents now or hereafter promulgated shall in no event be deemed to be a waiver by the Board or of any other party having an interest therein of its rights to object to same and to seek compliance therewith in accordance with the provisions of the Neighborhood Documents.

13.14. Captions, Headings and Titles

Article and Paragraph captions, headings and titles inserted throughout these Neighborhood Covenants are intended as a matter of convenience only and in no way shall such captions, headings or titles define, limit or in any way affect the subject matter or any of the terms and provisions thereunder or the terms and provisions of these Neighborhood Covenants.

13.15. Context

Whenever the context so requires or admits, any pronoun used herein may be deemed to mean the corresponding masculine, feminine or neuter form thereof, and the singular form of any nouns and pronouns herein may be deemed to mean the corresponding plural form thereof and vice versa. Whenever reference is made to these Neighborhood Covenants, Articles, Bylaws and Neighborhood Association Rules, or any other document pertaining to Caravella, such reference shall include any and all amendments and supplements thereto.

13.16. Disputes as to Use

In the event there is any dispute as to whether the use of the Committed Property or any portion or portions thereof complies with the covenants, restrictions, easements or other provisions contained in these Neighborhood Covenants, such dispute shall be referred to the Board, and a determination rendered by the Board with respect to such dispute shall be final and binding on all parties concerned therewith. Notwithstanding anything to the contrary herein contained, any use by Neighborhood Declarant of Caravella or any parts thereof in accordance with subparagraph 2.6.3.1 hereof shall be deemed a use which complies with these Neighborhood Covenants and shall not be subject to a contrary determination by the Board.

13.17. Incorporation of Neighborhood Documents

Any and all deeds conveying a Lot or any other portion of the Property shall be conclusively presumed to have incorporated therein all of the terms and conditions of the applicable Neighborhood Documents including, but not limited to, these Neighborhood Covenants, whether or not the incorporation of the terms and conditions of the Neighborhood Documents is specifically set forth by reference in such deed. Acceptance by the grantee of such a deed shall be deemed to be acceptance by such grantee of all of the terms and conditions of the Neighborhood Documents.

13.18. Conflict

Notwithstanding anything to the contrary contained herein, in the event the terms and provisions of these Neighborhood Covenants should conflict with the terms and provisions of any other Neighborhood Documents, the terms and provisions of these Neighborhood Covenants shall control in every instance; and, in the event the terms and provisions of these Neighborhood Covenants should conflict with the Master Documents, the Master Documents shall control.

13.19. Security

The Neighborhood Association may, but shall not be obligated to, maintain or support certain activities within Caravella designed to make Caravella safer than it otherwise might be. Neighborhood Declarant shall not in any way or manner be held liable or responsible for any violation of these Neighborhood Covenants by any person other than Neighborhood Declarant. Additionally, NEITHER NEIGHBORHOOD DECLARANT NOR THE NEIGHBORHOOD ASSOCIATION MAKES ANY REPRESENTATIONS WHATSOEVER AS TO THE SECURITY OF THE PREMISES OR THE EFFECTIVENESS OF ANY MONITORING SYSTEM OR SECURITY SERVICE. ALL MEMBERS AGREE TO HOLD NEIGHBORHOOD DECLARANT AND THE NEIGHBORHOOD ASSOCIATION HARMLESS FROM ANY LOSS OR CLAIM ARISING FROM THE OCCURRENCE OF ANY CRIME OR OTHER ACT. NEITHER THE NEIGHBORHOOD ASSOCIATION, NEIGHBORHOOD DECLARANT, NOR ANY SUCCESSOR NEIGHBORHOOD DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY. NEITHER THE NEIGHBORHOOD ASSOCIATION, NEIGHBORHOOD DECLARANT, NOR ANY SUCCESSOR NEIGHBORHOOD DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY. ALL MEMBERS, LOT OWNERS AND OCCUPANTS OF ANY RESIDENCE, TENANTS, GUESTS AND INVITEES OF ANY LOT OWNER, ACKNOWLEDGE THAT THE NEIGHBORHOOD ASSOCIATION AND ITS BOARD, NEIGHBORHOOD DECLARANT, OR ANY SUCCESSOR NEIGHBORHOOD DECLARANT DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM, IF

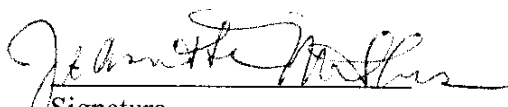
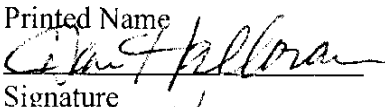
ANY, DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES OR STANDARDS ESTABLISHED BY NEIGHBORHOOD DECLARANT OR THE COMMITTEES MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH MEMBER, LOT OWNER AND OCCUPANT OF ANY RESIDENCE, AND EACH TENANT, GUEST AND INVITEE OF A LOT OWNER, ACKNOWLEDGES AND UNDERSTANDS THAT THE NEIGHBORHOOD ASSOCIATION, ITS BOARD AND THE COMMITTEES, NEIGHBORHOOD DECLARANT, OR ANY SUCCESSOR NEIGHBORHOOD DECLARANT ARE NOT INSURERS AND THAT EACH MEMBER, LOT OWNER AND OCCUPANT OF ANY RESIDENCE, AND EACH TENANT, GUEST AND INVITEE OF ANY MEMBER OR LOT OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO RESIDENCES, AND TO THE CONTENTS OF RESIDENCES AND FURTHER ACKNOWLEDGES THAT THE NEIGHBORHOOD ASSOCIATION, ITS BOARD AND THE COMMITTEES, NEIGHBORHOOD DECLARANT, OR ANY SUCCESSOR NEIGHBORHOOD DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY LOT OWNER, MEMBER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED, IF ANY, OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

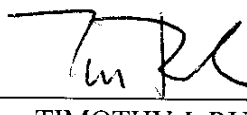
13.20. Assignment of Neighborhood Declarant's Rights

Neighborhood Declarant shall have the right to assign in whole or part, any rights granted to it under these Neighborhood Covenants.

IN WITNESS WHEREOF, these Neighborhood Covenants have been signed by Neighborhood Declarant and the Neighborhood Association on the respective dates set forth below.

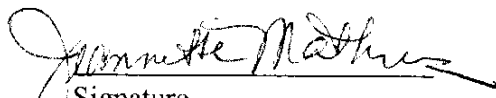
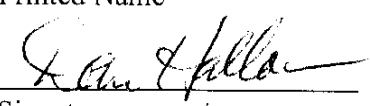
CENTEX HOMES,
a Nevada general partnership
By: **CENTEX REAL ESTATE**
CORPORATION, a Nevada corporation
Its: **Managing General Partner**

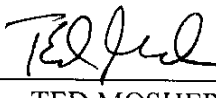

Signature
Jeannette Mathews
Printed Name

Signature
DAN HANNON
Printed Name

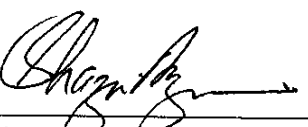
By: 
TIMOTHY J. RUEMLER, Division
President, Naples/Fort Myers Division

(CORPORATE SEAL)

CARAVELLA AT PALMIRA
NEIGHBORHOOD ASSOCIATION, INC.,
a Florida not-for-profit corporation


Signature
Jeannette Mathews
Printed Name

Signature
DAN HANNON
Printed Name

By: 
TED MOSHER, President

Attest: 
SHAZIA AZAMI, Secretary

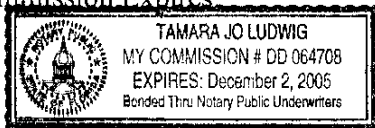
(CORPORATE SEAL)

STATE OF FLORIDA)
) SS:
 COUNTY OF COLLIER)

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized and acting in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by TIMOTHY J. RUEMLER, the Division President of CENTEX REAL ESTATE CORPORATION, a Nevada corporation, on behalf of CENTEX HOMES, a Nevada general partnership, freely and voluntarily under authority duly vested in him by said corporation and that the seal affixed thereto is the true corporate seal of said corporation, who is personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid this 2 day of July, 2003.

My Commission Expires:



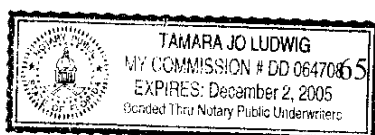
Tamara J. Ludwig
 Notary Public
Tamara J. Ludwig
 Typed, printed or stamped name of Notary Public

STATE OF FLORIDA)
) SS:
 COUNTY OF COLLIER)

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized and acting in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by TED MOSHER and SHAZIA AZAMI, the President and Secretary, respectively, of CARAVELLA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC., a Florida corporation not-for-profit, freely and voluntarily under authority duly vested in them by said corporation and that the seal affixed thereto is the true corporate seal of said corporation, both who are personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid this 2 day of July, 2003.

My Commission Expires:



Tamara J. Ludwig
 Notary Public
Tamara J. Ludwig
 Typed, printed or stamped name of Notary Public

TABLE OF EXHIBITS

- EXHIBIT A - Legal Description of the Property
- EXHIBIT B - Legal Description of the Committed Property
- EXHIBIT C - Site Plan of Caravella at Palmira
- EXHIBIT D - Articles of Incorporation of Caravella at Palmira Neighborhood Association, Inc.
- EXHIBIT E - Bylaws of the Caravella at Palmira Neighborhood Association, Inc.

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

Lots 1 through 34, as indicated on that certain Plat of Palmira Golf and Country Club Parcel 8-A, as recorded in Plat Book 72, Pages 88 and 89, of the Public Records of Lee County, Florida; and Lots 1 through 42, as indicated on that certain Plat of Palmira Golf and Country Club Parcel 8-B, as recorded in Plat Book 72, Pages 90 and 91, of the Public Records of Lee County, Florida.

EXHIBIT B
LEGAL DESCRIPTION OF THE COMMITTED PROPERTY

Lots 1, 2, 3, 4, 5, 6, 9, 10, 12, 13, 14, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30 and 32, Parcel 8A, as indicated on that certain Plat of Palmira Golf and Country Club Parcel 8-A, as recorded in Plat Book 72, Pages 88 and 89, of the Public Records of Lee County, Florida

PLAT OF A PORTION OF PARCEL 8 AND TRACT CC-1
MALMIRA GOLF AND COUNTRY CLUB, PLAT BOOK 68,
PAGES 59 THROUGH 67
SECTION 4, TOWNSHIP 48 SOUTH, RANGE 26 EAST,
LEE COUNTY, FLORIDA



GENERAL NOTES

GENERAL NOTES

1) BEARINGS REFER TO A BEARING OF $N 00^{\circ} 37' 43'' E$ ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 SOUTH, RANGE 36 EAST, 11E, COUNTY, FLORIDA.

2) DIMENSIONS SHOWN HEREON ARE IN FEET AND DECIMALS THEREOF.

	P.O.B.	POINT OF BEGINNING	PERMANENT REFERENCE MOVEMENT
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(4'x4'x24" CONCRETE MOMENT IN THE ALUMINUM C.J.D. P.A.M. C.B. #8751)

P.U.E.
P/X MAIL & GROSS DISK. (P.C.P. L.B. #0753)
PUBLIC UTILITY [ASSIGNMENT]

LINE	ACCOUNT	AMOUNT	DATE	DESCRIPTION	UTILITY
D.C.	COAL MINE FINANCE EASEMENT				
D.C.	DRAINAGE EASEMENT				
U.E.	PARKLANDS WEST COMMUNITY DEVELOPMENT				

LO, M.A.L. LAKE DRAINAGE MAINTENANCE ACCESS EASEMENT
C.C. COW COURSE TRACT
PMD. FOUND

SEC. 36
TWP. 36
RNG. 36

P. #	PLAT BOOK	SECTION 4, TOWNSHIP 36 NORTH, RANGE 26 EAST
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WINE CORKS
LICENSED BUSINESS
CURVE LABEL

COLE AND COUNTRY CLUB IS LOCATED IN THE WEST.

THE INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 07-25-94 BY 60322 UCBAW/PJL

ALL INFORMATION IS TO BE SET IN ACCORDANCE WITH CHAPTER 17280 OF THE
DOCUMENTATION IS TO BE SET IN ACCORDANCE WITH CHAPTER 17280 OF THE

VALUES ARE RADICAL UNLESS OTHERWISE NOTED

REMARKS: POSITION OF
PARCELS:

ALPINA GOLF AND COUNTRY CLUB,
PLAT BOOK 66, PAGES 59-63
(FUTURE DEVELOPMENT)

—

Age Group	Percentage of Respondents
18-29	65
30-49	75
50-69	85
70+	80

37.85°

1

CURE		AGE		CURVE TABLE	
C	20	30	40	50	60
C1	30.00	33.85	43.70	52.67	61.60
C2	30.00	33.85	43.70	52.67	61.60
C3	30.00	33.85	43.70	52.67	61.60
C4	30.00	33.85	43.70	52.67	61.60
C5	30.00	33.85	43.70	52.67	61.60
C6	30.00	33.85	43.70	52.67	61.60
C7	30.00	33.85	43.70	52.67	61.60
C8	30.00	33.85	43.70	52.67	61.60
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C84	30.00	33.85	43.70	52.67	61.60
C85	30.00	33.85	43.70	52.67	61.60
C86	30.00	33.85	43.70	52.67	61.60
C87	30.00	33.85	43.70	52.67	61.60
C88	30.00	33.85	43.70	52.67	61.60
C89	30.00	33.85	43.70	52.67	61.60
C90	30.00	33.85	43.70	52.67	61.60
C91	30.00	33.85	43.70	52.67	61.60
C92	30.00	33.85	43.70	52.67	61.60
C93	30.00	33.85	43.70	52.67	61.60
C94	30.00	33.85	43.70	52.67	61.60
C95	30.00	33.85	43.70	52.67	61.60
C96	30.00	33.85	43.70	52.67	61.60
C97	30.00	33.85	43.70	52.67	61.60
C98	30.00	33.85	43.70	52.67	61.60
C99	30.00	33.85	43.70	52.67	61.60
C100	30.00	33.85	43.70	52.67	61.60

PAGE 1 OF 2

State of Florida



Department of State

I certify from the records of this office that CARAVELLA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC. is a corporation organized under the laws of the State of Florida, filed on July 1, 2003.

The document number of this corporation is N03000005627.

I further certify that said corporation has paid all fees due this office through December 31, 2003, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

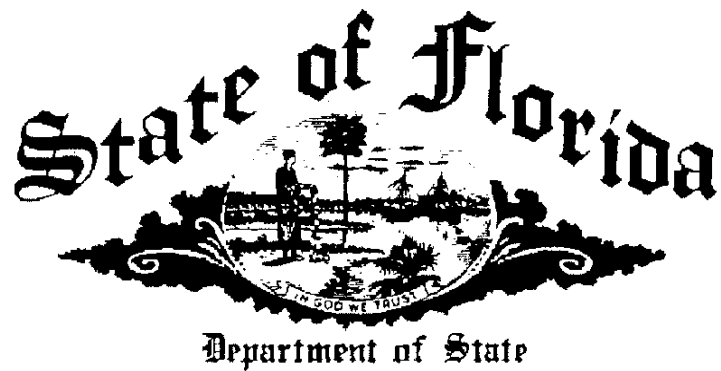
I further certify that this is an electronically transmitted certificate authorized by section 15.16, Florida Statutes, and authenticated by the code, 003A00039712-070203-N03000005627-1/1, noted below.

Authentication Code: 003A00039712-070203-N03000005627-1/1

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Second day of July, 2003



Glenda E. Hood
Glenda E. Hood
Secretary of State



I certify the attached is a true and correct copy of the Articles of Incorporation of CARAVELLA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC., a Florida corporation, filed on July 1, 2003, as shown by the records of this office.

I further certify the document was electronically received under FAX audit number H03000224096. This certificate is issued in accordance with section 15.16, Florida Statutes, and authenticated by the code noted below

The document number of this corporation is N03000005627.

Authentication Code: 003A00039712-070203-N03000005627-1/1



Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Second day of July, 2003

Glenda E. Hood
Glenda E. Hood
Secretary of State

**ARTICLES OF INCORPORATION
OF
CARAVELLA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC.
(Florida Corporation Not For Profit)**

In order to form a corporation not for profit under and in accordance with the provisions of Chapters 617 and 720 of the Florida Statutes, the undersigned hereby incorporates this Corporation not for profit for the purposes and with the powers hereinafter set forth and, to that end, the undersigned, by these Articles of Incorporation, certifies as follows:

**ARTICLE I
DEFINITIONS**

The following words and phrases when used in these Articles of Incorporation (unless the context clearly reflects another meaning) shall have the following meanings:

- A. "Articles" means these Articles of Incorporation and any and all amendments hereto.
- B. "Board" means the Board of Directors of the Neighborhood Association.
- C. "Bylaws" means the Bylaws of the Neighborhood Association and any and all amendments thereto.
- D. "Caravella" means the name given to the planned residential development being developed in the County in accordance with the "Plan for Development" described in the Neighborhood Covenants.
- E. "County" means Lee County, Florida.
- F. "Director" means a member of the Board.
- G. "Legal Fees" means (a) reasonable fees for attorney and paralegal services incurred in negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and post-judgment proceedings; and (b) court costs through and including all trial and appellate levels and post-judgment proceedings.
- H. "Lot" means a portion of Caravella as shown on the Plat of Palmira Golf and Country Club Parcel 8-A, as recorded in Plat Book 72, Pages 88 and 89, and the Plat of Palmira Golf and Country Club Parcel 8-B, as recorded in Plat Book 72, Pages 90 and 91, upon which a Residence is permitted to be constructed.
- I. "Lot Owner" means the owner or owners of the fee simple title to a Lot and includes Declarant for so long as it is the owner of the fee simple title to a Lot. A Lot Owner shall not mean nor refer to a holder of a mortgage or security deed, its successors and assigns, unless and until such

holder has acquired title pursuant to foreclosure proceedings or by deed in lieu of foreclosure, nor shall the term "Lot Owner" refer to any lessee or tenant of a Lot Owner.

J. "Member" means a member of the Neighborhood Association as more particularly described in Article V hereof.

K. "Neighborhood Association" means Caravella at Palmira Neighborhood Association, Inc., a Florida corporation not for profit, which is NOT a condominium Neighborhood Association, and which has been organized to own, maintain and administer the Neighborhood Common Area and to maintain certain portions of the Lots and Residences in accordance with the Neighborhood Covenants.

L. "Neighborhood Common Area" means that portion of the real property and all improvements now or hereafter located thereon described in the Neighborhood Covenants as such.

M. "Neighborhood Covenants" means the Neighborhood Covenants of Protective Covenants and Restrictions for Caravella at Palmira to be recorded amongst the Public Records of the County, and any and all amendments thereto.

N. "Neighborhood Declarant" (also sometimes referred to herein as "Centex") means Centex Homes, a Nevada general partnership, its successors, grantees and assigns. A Lot Owner shall not, solely by the purchase of a Lot, be deemed a successor or assign of Declarant or of the rights of Declarant under the Neighborhood Documents unless such Lot Owner is specifically so designated as a successor or assign of such rights in the instrument of conveyance or any other instrument executed by Declarant.

O. "Neighborhood Documents" means in the aggregate the Neighborhood Covenants, these Articles, the Bylaws and the rules and regulations of the Neighborhood Association, and all of the instruments and documents referred to or incorporated therein, including, but not limited to, amendments to any of the foregoing, as applicable.

P. "Operating Expenses" means the expenses for which all Lot Owners are liable to the Neighborhood Association as described in the Neighborhood Covenants.

Q. "Parklands Development" means Parklands Development Limited Partnership, a Delaware limited partnership, its successors and assigns. Parklands Development has developed, or may cause to be developed, Palmira Golf and Country Club, and is the Declarant under the Master Documents (as defined in the Neighborhood Covenants).

R. "Residence" means a residential dwelling unit in Caravella intended as an abode for one family.

ARTICLE II NAME AND ADDRESS

The name of this corporation shall be CARAVELLA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC., a Florida not-for-profit corporation. For convenience, the corporation shall be herein referred to as the Neighborhood Association, whose principal address and mailing address is 5801 Pelican Bay Boulevard, Suite 600, Naples, Florida 34108.

ARTICLE III PURPOSES

The purpose for which the Neighborhood Association is organized is to take title to, operate and maintain the Neighborhood Common Area and to maintain certain portions of the Lots and Residences, all in accordance with the terms, provisions and conditions contained in the Neighborhood Covenants, and to carry out the covenants and enforce the provisions of the Neighborhood Documents and to operate, lease, trade, sell and otherwise deal with the personal and real property of the Neighborhood Association.

ARTICLE IV POWERS

The Neighborhood Association shall have the following powers and shall be governed by the following provisions:

A. The Neighborhood Association shall have all of the common law and statutory powers of a corporation not for profit.

B. The Neighborhood Association shall have all of the powers to be granted to the Neighborhood Association in the Neighborhood Documents. All of the provisions of the Neighborhood Covenants and Bylaws which grant powers to the Neighborhood Association are incorporated into these Articles.

C. The Neighborhood Association shall have all of the powers reasonably necessary to implement its purposes, including, but not limited to, the following:

1. To perform any acts required or contemplated by it under the Neighborhood Documents.

2. To make, establish, amend and enforce reasonable rules and regulations governing Caravella or any portions thereof including, without limitation, the Neighborhood Common Area;

3. To make, levy and collect assessments for the purpose of obtaining funds from its Members to pay Operating Expenses and costs of collection, including the operational expenses of the Neighborhood Association, and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Neighborhood Association;

4. To administer, manage and operate Caravella in accordance with the Neighborhood Documents and to maintain, repair, replace and operate the Neighborhood Common

Area and certain portions of the Lots and Residences in accordance with the Neighborhood Documents;

5. To enforce by legal means the obligations of the membership of the Neighborhood Association and the provisions of the Neighborhood Documents;

6. To employ personnel, retain independent contractors and professional personnel and enter into service and management contracts to provide for the maintenance, operation, management and administration of the Neighborhood Common Area and certain portions of the Lots and Residences and to enter into any other agreements consistent with the purposes of the Neighborhood Association including, but not limited to, agreements with respect to the installation, maintenance and operation of a security and communications system; street light systems, and professional management of the Neighborhood Common Area and certain portions of the Lots and Residences and to delegate to such professional management certain powers and duties of the Neighborhood Association;

7. To elect as the "Representative", as defined in the Master Declaration, the President of the Neighborhood Association. The next most senior official of the Neighborhood Association shall be the alternate Representative. The Representative shall cast the votes in the Master Neighborhood Association of all of the Home Owners on their behalf. The Representative may cast all such votes as he or she, in his or her sole discretion, deems appropriate; and

8. To enter into the Neighborhood Covenants and any amendments, supplements and modifications thereto and instruments referred to therein;

9. To deal with other corporations on matters of mutual interest;

10. Notwithstanding anything contained herein to the contrary, the Neighborhood Association shall be required to obtain the approval of three-fourths (3/4) of all Members (at a duly called meeting of the Members at which a quorum is present) prior to the engagement of persons or entities for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

(a) the collection of assessments;

(b) the collection of other charges which Lot Owners are obligated to pay pursuant to the Neighborhood Documents;

(c) the enforcement of any applicable use and occupancy restrictions contained in the Neighborhood Documents;

(d) in an emergency where waiting to obtain the approval of the Members creates a substantial risk of irreparable injury to the Neighborhood Common Area or to Member(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths (3/4) of the Members); or

(e) filing a compulsory counterclaim.

11. To establish the procedure by which the Members cast their votes on "Neighborhood Association" (as defined in the Neighborhood Covenants) matters.

12. To provide, to the extent deemed necessary by the Board, any and all services and do any and all things which are incidental to or in furtherance of things listed above or to carry out the Neighborhood Association mandate to keep and maintain Caravella in a proper and aesthetically pleasing condition and to provide the Members with services, amenities, controls and enforcement which will enhance the quality of life at Caravella.

ARTICLE V MEMBERS

The qualification of Members, the manner of their admission to membership, the manner of the termination of such membership and the manner of voting by Members shall be as follows:

A. Until such time as the first deed of conveyance of a Lot from Declarant to a Lot Owner is recorded amongst the Public Records of the County ("First Conveyance"), the membership of the Neighborhood Association shall be comprised solely of the incorporator of these Articles ("Incorporator"). The Incorporator shall be entitled to cast one (1) vote on all matters requiring a vote of the membership.

B. Upon the First Conveyance, membership of the Incorporator in the Neighborhood Association shall be automatically terminated and thereupon Declarant shall be a Member as to each of the remaining Lots until each such Lot is conveyed to another Lot Owner, and thereupon and thereafter each and every Lot Owner, including Declarant as to Lots owned by Declarant, shall be Members and exercise all of the rights and privileges of Members.

C. Membership in the Neighborhood Association for Lot Owners other than Declarant shall be established by the acquisition of ownership of fee title to a Lot as evidenced by the recording of an instrument of conveyance amongst the Public Records of the County. Where title to a Lot is acquired by conveyance from a party other than Declarant by means of sale, gift, inheritance, devise, judicial decree or otherwise, the person, persons or entity thereby acquiring such Lot shall not be a Member unless or until such Lot Owner shall deliver a true copy of a deed or other instrument of acquisition of title to the Neighborhood Association.

D. The Neighborhood Association shall have two (2) classes of voting membership:

1. "Class A Members" shall be all Members, with the exception of Neighborhood Declarant until the Turnover Date, who shall be entitled to one (1) vote for each Lot owned.

2. The "Class B Member" shall be the Declarant who shall be entitled to three (3) votes for each Lot owned by Neighborhood Declarant. Class B membership shall cease and be

converted to Class A membership upon the earliest to occur of the following events ("Turnover Date"):

(i) Three (3) months after the conveyance of ninety percent (90%) of the "Total Developed Lots" (as defined in Paragraph X.C hereof) by Declarant to Class A members, as evidenced by the recording of instruments of conveyance of such Lots amongst the Public Records of the County; or

(ii) At such time as Declarant shall designate in writing to the Neighborhood Association.

On the Turnover Date, Class A Members including Declarant shall assume control of the Neighborhood Association and elect the Board.

E. The designation of different classes of membership are for purposes of establishing the number of votes applicable to certain Lots and nothing herein shall be deemed to require voting solely by an individual class on any matter which requires the vote of Members, unless otherwise specifically set forth in the Neighborhood Documents.

F. No Member may assign, hypothecate or transfer in any manner his or her membership in the Neighborhood Association except as an appurtenance to his or her Lot.

G. Any Member who conveys or loses title to a Lot by sale, gift, devise, bequest, judicial decree or otherwise shall, immediately upon such conveyance or loss of title, no longer be a Member with respect to such Lot and shall lose all rights and privileges of a Member resulting from ownership of such Lot.

H. There shall be only one (1) vote for each Lot, except for the Class B Member as set forth herein. If there is more than one Member with respect to a Lot as a result of the fee interest in such Lot being held by more than one person, such Members collectively shall be entitled to only one (1) vote. The vote of the Lot Owners of a Lot owned by more than one natural person or by a corporation or other legal entity shall be cast by the person named in a certificate signed by all of the Lot Owners of the Lot, or, if appropriate, by properly designated officers, partners or principals of the respective legal entity, and filed with the Secretary of the Neighborhood Association, and such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not filed with the Secretary of the Neighborhood Association, the vote of such Lot shall not be considered for a quorum or for any other purpose.

Notwithstanding the foregoing provisions, whenever any Lot is owned by a husband and wife they may, but shall not be required to, designate a voting member. In the event a certificate designating a voting member is not filed by the husband and wife, the following provisions shall govern their right to vote:

I. Where both are present at a meeting, each shall be regarded as the agent and proxy of the other for purposes of casting the vote for each Lot owned by them. In the event they are

unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.

2. Where only one (1) spouse is present at a meeting, the person present may cast the Lot vote without establishing the concurrence of the other spouse, absent any prior written notice to the contrary by the other spouse. In the event of prior written notice to the contrary to the Neighborhood Association by the other spouse, the vote of said Lot shall not be considered.

3. Where neither spouse is present, the person designated in a "Proxy" (as defined in the Bylaws) signed by either spouse may cast the Lot vote, absent any prior written notice to the contrary to the Neighborhood Association by the other spouse or the designation of a different Proxy by the other spouse. In the event of prior written notice to the contrary to the Neighborhood Association or the designation of a different Proxy by the other spouse, the vote of said Lot shall not be considered.

1. A quorum shall consist of persons entitled to cast at least thirty percent (30%) of the total number of votes of the Members.

ARTICLE VI TERM

The term for which the Neighborhood Association is to exist shall be perpetual. In the event of dissolution of the Neighborhood Association (unless same is reinstated), other than incident to a merger or consolidation, all of the assets of the Neighborhood Association shall be conveyed to a similar homeowners' association or a public agency having a similar purpose, or any Member may petition the applicable Circuit Court of the State of Florida for the appointment of a receiver to manage the affairs of the dissolved Neighborhood Association and its properties in the place and stead of the dissolved Neighborhood Association and to make such provisions as may be necessary for the continued management of the affairs of the dissolved Neighborhood Association and its properties.

ARTICLE VII INCORPORATOR

The name and address of the Incorporator of these Articles are:

Timothy J. Ruemler
5801 Pelican Bay Boulevard
Suite 600
Naples, Florida 34108

ARTICLE VIII OFFICERS

A. The affairs of the Neighborhood Association shall be managed by the President of the Neighborhood Association, assisted by one or more Vice President(s), the Secretary and the

Treasurer, and, if any, by the Assistant Secretary(ies) and Assistant Treasurer(s), subject to the directions of the Board.

B. The Board shall elect the President, Secretary and Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall, from time to time, determine. The President shall be elected from amongst the Directors, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, the offices of President and a Vice President shall not be held by the same person, nor shall the offices of President and Secretary or Assistant Secretary be held by the same person.

ARTICLE IX FIRST OFFICERS

The names of the officers who are to serve until the first election of officers by the Board are as follows:

President	Ted Mosher
Vice President	Dan Beiter
Secretary/ Treasurer	Shazia Azami

ARTICLE X BOARD OF DIRECTORS

A. The number of Directors on the first Board of Directors of the Neighborhood Association ("First Board") and the "Initial Elected Board" (as hereinafter defined) shall be three (3). The number of Directors elected by the Members subsequent to the "Declarant's Resignation Event" (as hereinafter defined) shall be not less than three (3) nor more than seven (7), as the Board shall from time to time determine prior to each meeting at which Directors are to be elected; provided, however, the number of Directors shall always be an odd number. Except for Declarant-appointed Directors, Directors must be Class A Members or the parents, children or spouses of Class A Members. There shall be only one (1) vote for each Director.

B. The names and addresses of the persons who are to serve as Directors on the First Board are as follows:

<u>NAMES</u>	<u>ADDRESSES</u>
Ted Mosher	5801 Pelican Bay Boulevard Suite 600 Naples, Florida 34108

Dan Beiter

5801 Pelican Bay Boulevard
Suite 600
Naples, Florida 34108

Shazia Azami

5801 Pelican Bay Boulevard
Suite 600
Naples, Florida 34108

Declarant reserves the right to replace and/or designate and elect successor Directors to serve on the First Board for so long as the First Board is to serve, as hereinafter provided.

C. Declarant intends that Caravella, when ultimately developed, will contain seventy-six (76) single-family Residences. For purposes hereof, the term "Total Developed Lots" shall mean the total number of single-family Residences which Declarant intends to develop in Caravella.

D. Upon the Turnover Date, the Members other than Declarant ("Purchaser Members") shall be entitled to elect not less than a majority of the Board. The election of not less than a majority of the Board by the Purchaser Members shall occur at a special meeting of the membership to be called by the Board for such purpose ("Initial Election Meeting"). The First Board shall serve until the Initial Election Meeting.

E. At the Initial Election Meeting, Purchaser Members shall elect two (2) of the Directors in accordance with the procedures set forth in the Bylaws for election of Directors, and Declarant, until the Declarant's Resignation Event, shall be entitled to designate one (1) Director (same constituting the "Initial Elected Board"). If Declarant so elects, Declarant may increase the size of the Initial Elected Board and in such event, Declarant shall have the right to designate up to one-third (1/3) of the Directors. Declarant reserves and shall have the right, until the Declarant's Resignation Event, to name the successor, if any, to any Director it has so designated.

F. The Board shall continue to be so designated and elected, as described in Paragraph E above, at each subsequent "Annual Members' Meeting" (as defined in the Bylaws), until the Annual Members' Meeting following the Declarant's Resignation Event or until he is removed in the manner hereinafter provided.

A Director (other than a Declarant-appointed Director) may be removed from office upon the affirmative vote of a majority of the Purchaser Members, for any reason deemed to be in the best interests of the Purchaser Members. A meeting of the Purchaser Members to so remove a Director (other than a Declarant-appointed Director) shall be held upon the written request of ten percent (10%) of the Purchaser Members.

G. The Initial Election Meeting shall be called by the Neighborhood Association, through the Board, within sixty (60) days after the Purchaser Members are entitled to elect a majority of Directors as provided in Paragraph D hereof. A notice of meeting shall be forwarded to all Members in accordance with the Bylaws; provided, however, that the Members shall be given at least fourteen (14) days notice of such meeting. The notice shall also specify the number of Directors which shall

be elected by the Purchaser Members and the remaining number of Directors designated by Declarant.

H. Upon the earlier to occur of the following events ("Declarant's Resignation Event"), Declarant shall cause all of its designated Directors to resign:

1. When the sum of all Lots held by Declarant no longer equals at least five percent (5%) of all Lots to be developed for sale in the ordinary course of business and all Lots sold by Declarant have been conveyed as evidenced by the recording of instruments of conveyance of such Lots amongst the Public Records of the County; or

2. When Declarant causes the voluntary resignation of all of the Directors designated by Declarant and does not designate replacement Directors.

Upon Declarant's Resignation Event, the Directors elected by Purchaser Members shall elect a successor Director to fill the vacancy caused by the resignation or removal of Declarant's designated Director. This successor Director shall serve until the next Annual Members' Meeting and until his or her successor is elected and qualified. In the event Declarant's Resignation Event occurs prior to the Initial Election Meeting, the Initial Election Meeting shall be called in the manner set forth in Paragraph G of this Article X, and all of the Directors shall be elected by the Purchaser Members at such meeting in accordance with the procedures set forth in the Bylaws.

1. At each Annual Members' Meeting held subsequent to Declarant's Resignation Event, all of the Directors shall be elected by the Members. At the first Annual Members Meeting held after the Initial Election Meeting, a "staggered" term of office of the Board shall be created as follows:

1. a number equal to fifty percent (50%) of the total number of Directors rounded to the nearest whole number is the number of Directors whose term of office shall be established at two (2) years and the Directors serving for a two (2) year term will be the Directors receiving the most votes at the meeting; and

2. the remaining Directors' terms of office shall be established at one (1) year.

At each Annual Members' Meeting thereafter, as many Directors of the Neighborhood Association shall be elected as there are Directors whose regular term of office expires at such time, and the term of office of the Directors so elected shall be for two (2) years expiring when their successors are duly elected and qualified.

J. The resignation of a Director who has been designated by Declarant or the resignation of an officer of the Neighborhood Association who has been elected by the First Board shall remise, release, acquit, satisfy and forever discharge such officer or Director of and from any and all manner of action(s), cause(s) of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which the

Neighborhood Association or Purchaser Members had, now have or will have or which any personal representative, successor, heir or assign of the Neighborhood Association or Purchaser Members hereafter can, shall or may have against said officer or Director for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of such resignation, except for such Director's or officer's willful misconduct or gross negligence.

ARTICLE XI INDEMNIFICATION

Every Director and every officer of the Neighborhood Association shall be indemnified by the Neighborhood Association against all costs, expenses and liabilities, including Legal Fees reasonably incurred by or imposed upon him or her in connection with any proceeding, litigation or settlement in which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been a Director or officer of the Neighborhood Association, whether or not he or she is a Director or officer at the time such cost, expense or liability is incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Neighborhood Association. The foregoing right of indemnification shall be in addition to and not exclusive of any and all rights to which such Director or officer may be entitled by common or statutory law.

ARTICLE XII BYLAWS

The Bylaws shall be adopted by the First Board, and thereafter may be altered, amended or rescinded in the manner provided in the Bylaws. In the event of any conflict between the provisions of these Articles and the provisions of the Bylaws, the provisions of these Articles shall control.

ARTICLE XIII AMENDMENTS

A. Prior to the First Conveyance, these Articles may be amended only by a written instrument signed by the Incorporator and filed in the Office of the Secretary of State of the State of Florida.

B. After the First Conveyance, these Articles may be amended in the following manner:

1. (a) The Board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of the Members, which may be at either the Annual Members' Meeting or a special meeting. Any number of proposed amendments may be submitted to the Members and voted upon by them at one meeting.

(b) Written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member within the time and in the manner provided in the Bylaws for the giving of notice of meetings ("Required Notice").

(c) At such meeting, a vote of the Members shall be taken on the proposed amendment(s). The proposed amendment(s) shall be adopted upon receiving the affirmative vote of a majority of the Members present in person or by proxy.

2. An amendment may be adopted by a written statement (in lieu of a meeting) signed by a majority of the Members and a majority of the Board setting forth their intention that an amendment to the Articles be adopted.

C. These Articles may not be amended without the written consent of a majority of the members of the Board.

D. No amendment may be made to the Articles which shall in any manner reduce, amend, affect or modify the provisions and obligations set forth in the Neighborhood Covenants or any amendments or supplements thereto.

E. A copy of each amendment shall be certified by the Secretary of State of the State of Florida.

F. Notwithstanding the foregoing provisions of this Article XIII, there shall be no amendment to these Articles which shall abridge, amend or alter the rights of: (i) Declarant, so long as Declarant holds at least one (1) Lot for sale in the ordinary course of business, including the right to designate and select members of the Board as provided in Article X hereof, without the prior written consent thereto by Declarant; or (ii) any "Institutional Mortgagee" (as such term is defined in the Neighborhood Covenants) without the prior written consent of such Institutional Mortgagee.

G. Any instrument amending these Articles shall identify the particular article or articles being amended and shall provide a reasonable method to identify the amendment being made. A certified copy of each of such amendment shall be attached to any certified copy of these Articles.

H. Notwithstanding the foregoing provisions, as long as the Class B membership exists the following actions require the prior approval of the Federal Housing Administration ("FHA") or Veteran's Administration ("VA") if Caravella is an approved project by FHA and/or VA: annexation of additional properties except as specifically provided in the Neighborhood Covenants, mergers and consolidations, mortgaging of common area, dedication of common area, dissolution and amendment of these Articles.

ARTICLE XIV REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the Neighborhood Association is 5801 Pelican Bay Boulevard, Suite 600, Naples, Florida 34108 and the initial registered agent for the Neighborhood Association at that address shall be Timothy J. Ruemler.

IN WITNESS WHEREOF, the Incorporator has hereunto affixed his signature, this 30th day of June, 2003.



TIMOTHY J. RUEMLER, Incorporator

The undersigned hereby accepts the designation of Registered Agent of Caravella at Palmira Neighborhood Association, Inc. as set forth in Article XIV of these Articles of Incorporation, and acknowledges that he is familiar with, and accepts the obligations imposed upon registered agents under the Florida Not For Profit Corporation Act.



TIMOTHY J. RUEMLER, Registered Agent

**BYLAWS
OF
CARAVELLA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC.**

Section 1. Identification

These are the Bylaws of CARAVELLA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC. ("Bylaws"), a corporation not for profit, organized pursuant to Chapters 617 and 720, Florida Statutes (hereinafter referred to as the "Neighborhood Association"). The Neighborhood Association has been organized for the purpose of owning, operating and administering the "Neighborhood Common Area" at "Caravella" and to maintain certain portions of the Lots and Dwelling Units, as those terms are defined in the Articles of Incorporation of the Neighborhood Association ("Articles").

1.1. The office of the Neighborhood Association shall be for the present at 5801 Pelican Bay Boulevard, Suite 600, Naples, Florida 34108 and, thereafter, may be located at any place in Lee or Collier Counties, Florida, designated by the Board of Directors of the Neighborhood Association ("Board").

1.2. The fiscal year of the Association shall be the calendar year.

1.3. The seal of the Association shall bear the name "Caravella at Palmira Neighborhood Association, Inc.," the word "Florida" and the words "Corporation Not For Profit."

Section 2. Explanation of Terminology

The terms defined in the Articles as well as in the Neighborhood Declaration of Protective Covenants and Restrictions for Caravella at Palmira are incorporated herein by reference and shall appear in initial capital letters each time such terms appear in these Bylaws.

Section 3. Membership; Members' Meetings; Voting

3.1. The qualification of members, the manner of their admission to membership and the termination of such membership shall be as set forth in the Articles.

3.2. The Members shall meet annually ("Annual Members' Meeting"). The Annual Members' Meeting shall be held at the office of the Neighborhood Association or at such other place in the County as the Board may determine and on such day and at such time as designated by the Board in the notice of such meeting commencing with the year following the year in which the Articles are filed with the Secretary of State. The purpose of the Annual Members' Meeting shall be to hear reports of the officers, elect members of the Board (when that shall be appropriate as determined by the provisions of the Articles) and transact any other business authorized to be transacted at such Annual Members' Meeting.

3.3. Special meetings (meetings other than the Annual Members' Meeting) of the Members shall be held at the offices of the Neighborhood Association or at such other place in the County as the Board may determine, whenever called by the President or Vice President or by a majority of the Board. A special meeting must be called by such President or Vice President upon receipt of a written request from Members having the right to vote at least one-third (1/3) of the total number of votes entitled to be cast by Members at any such special meeting.

3.4. In the event that Board members are to be elected at or in conjunction with the Annual Members' Meeting, a first notice of such meeting shall be mailed to each Member not less than sixty (60) days before the scheduled election. The first notice must contain the name and correct mailing address of the Neighborhood Association. Proof of such mailing shall be given by either: (i) affidavit of the person who mailed such first notice; or (ii) post office certificate of mailing. The first notice shall state the time, place and the purpose of the Annual Members' Meeting (i.e., electing three (3) members of the Board).

3.5. Any Lot Owner or other eligible person desiring to be a candidate for the Board may give "written notice" to the Neighborhood Association before the scheduled election, or may nominate himself or herself as a candidate for the Board at the meeting where the election is to be held. Any Lot Owner or other eligible person may nominate himself or herself or may nominate another Lot Owner or eligible person, if permission has been granted in writing to nominate the other person. If the candidate so desires, a one page, 8-1/2" by 11", one-sided candidate information sheet may be prepared describing the candidate's background, education and qualifications as well as such other factors deemed relevant by the candidate.

3.6. Not less than thirty (30) days before the scheduled Annual Members' Meeting at which or in conjunction with election of Board members is to occur, the Neighborhood Association shall mail or deliver a second notice of the election, together with any information sheets timely submitted by candidates.

3.7. A ballot shall indicate alphabetically by surname, each and every Lot Owner or other eligible person who desires to be a candidate for the Board who has provided written notice of their candidacy at least five (5) days before the scheduled election, unless such person has withdrawn his or her candidacy in writing. The ballots distributed at the meeting where the election is to be held shall also contain blank spaces for the names of any candidate(s) nominated at such meeting, which names may be filled in by the voters. No ballot shall indicate which candidates are incumbents on the Board. A ballot shall not contain a section providing for the signature of a voter. All ballot forms shall be uniform in color and appearance.

3.8. At the Annual Members' Meeting either the Board or persons appointed by the Board shall validate and process the ballots. At the meeting, after the collection of ballots, the signatures and Lot identifications on the outer envelopes shall be checked against the list of qualified voters. The voters shall be checked off on the list as having voted. Any exterior envelope not signed by the

eligible voter shall be marked "disregarded" and any ballots contained therein shall not be counted. All inner envelopes shall be first removed from the outer envelopes and shall be placed in a receptacle. Upon commencement of the opening of the outer envelopes, no more ballots shall be accepted. Inner envelopes shall then be opened and the ballots shall be removed and counted in the presence of any Lot Owners. Any inner envelope containing more than one ballot shall be marked "disregarded" and any ballots contained therein shall not be counted. All envelopes and ballots shall be retained as part of the official records of the Neighborhood Association. Each ballot distributed at the meeting shall be distributed with an outer self-addressed envelope and a smaller inner envelope in which the ballot shall be placed. The exterior of the outer envelope shall indicate the Lot or unit numbers being voted and shall contain a signature line for the voter. Once the ballot is filled out, the voter shall place the completed ballot in the inner smaller envelope and seal the envelope. The inner envelope shall then be placed within the larger outer envelope and the outer envelope shall then be sealed.

3.9. An election and balloting are not required unless more candidates are nominated than vacancies exist on the Board to be filled. In that event, the Neighborhood Association shall announce the new Directors at the Annual Members' Meeting, and all candidates take office as Directors immediately following the adjournment of the Annual Members' Meeting.

3.10. A voter who requires assistance to vote by reason of disability, blindness, or inability to read or write, may request the assistance of any member of the Board or any Lot Owner to assist in the casting of his or her vote.

3.11. Except as otherwise provided herein or in the Articles, a written notice of all Members' meetings, whether the Annual Members' Meeting or special meetings (collectively "Meeting"), shall be given to each Member entitled to vote thereat at the Member's last known address as it appears on the books of the Neighborhood Association and shall be mailed to the said address not less than fourteen (14) days nor more than forty-five (45) days prior to the date of the Meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice or post office certificate of mailing. Any notice given hereunder shall state the time and place of the Meeting and the purposes for which the Meeting is called. The notice of all Annual Members' Meetings shall, in addition, specify the number of Directors of the Neighborhood Association to be designated by Declarant and the number of Directors to be elected by the Members, if applicable. Notwithstanding any provisions hereof to the contrary, notice of any Meeting may be waived before, during or after such Meeting by a Member or by the person entitled to vote for such Member by signing a document setting forth the waiver of such notice.

3.12. The Members may, at the discretion of the Board, act by written response in lieu of a Meeting provided written notice of the matter or matters to be agreed upon is given to the Members or duly waived in accordance with the provisions of these Bylaws. Unless some greater number is required under the Neighborhood Documents and except as to the election of Directors, which shall be accomplished by plurality vote, the decision of a majority of the votes cast by Members as to the matter or matters to be agreed or voted upon shall be binding on the Members provided a quorum is

either present at such Meeting or submits a response if action is taken by written response in lieu of a Meeting, as the case may be. The notice with respect to actions to be taken by written response in lieu of a Meeting shall set forth the time period during which the written responses must be received by the Neighborhood Association.

3.13. (a) A quorum of the Members shall consist of Members entitled to cast thirty percent (30%) of the total number of votes of the Members.

(b) When a quorum is present at any Meeting and a question which raises the jurisdiction of such Meeting is presented, the holders of a majority of the voting rights present in person or represented by written "Proxy" (as hereinafter defined) shall be required to decide the question. However, if the question is one upon which a vote other than the majority vote of a quorum is required by express provision of the Neighborhood Documents or by law, then such express provision shall govern and control the required vote on the decision of such question.

3.14. If a quorum is not in attendance at a Meeting, the Members who are present, either in person or by Proxy, may adjourn the Meeting from time to time until a quorum is present with no further notice of such adjourned Meeting being required unless otherwise determined by the Board.

3.15. Minutes of all Meetings shall be kept in a businesslike manner and be available for inspection by the Members and Directors at all reasonable times.

3.16. Voting rights of Members shall be as stated in the Articles with respect to the election of all Boards other than the First Board. Except for the election of members to the Board as set forth above, votes may be cast in person or by Proxy. "Proxy" is defined to mean an instrument in writing, signed by a Member, appointing a person to whom the Member delegates the Member's right to cast a vote or votes in the Member's place and stead. Proxies shall be valid only for the particular meeting designated therein and any lawful adjournments thereof; provided, however, that 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. Each Proxy shall contain the date, time and place of the meeting for which the Proxy is given. A limited Proxy shall set forth those items which the holder of the Proxy may vote and the manner in which the vote is cast. To the fullest extent permitted by law, Lot Owners may not vote by general Proxy, but may vote by limited Proxy. A general Proxy may be used to establish a quorum. A Proxy must be filed with the Secretary of the Neighborhood Association before the appointed time of the meeting in order to be effective. Any Proxy may be revoked prior to the time a vote is cast by virtue of such Proxy. A Proxy may not be used for the election of Directors.

3.17. The voting on any matter at a meeting shall be by secret ballot upon request of the holders of ten percent (10%) of the votes represented at such meeting and entitled to be cast on such matter, if such request is made prior to the vote in question.

3.18. After the mailing of notice of any meeting, the Neighborhood Association shall prepare an alphabetical list of the names, home numbers and addresses of all Members who are mailed a notice of the meeting ("Members' List").

3.19. The Members' List must be available for inspection by any Member for a period of time beginning ten (10) days prior to the meeting and ending at the start of the meeting at the place identified in the meeting notice. A Member, or a Member's agent or attorney is entitled, upon written demand to the Neighborhood Association, to inspect the Members' List during normal business hours, during the time period set forth above, at such Members' expense.

3.20. The Neighborhood Association shall make the Members' List available at the meeting, and any Member, or a Member's agent or attorney is entitled to inspect the Members' List at any time up to the start of any meeting or any adjournment.

3.21. The Members' List is prima facie evidence of the identity of Members entitled to examine the Members' List or to vote at a Members' meeting.

3.22. In the event that the Neighborhood Association refuses to permit a Member, or a Member's agent or attorney to inspect the Members' List before or at a meeting, the following provisions shall apply: The meeting shall be adjourned until such inspection is complied with on the demand of any Member in person or by proxy who failed to get such access, or, if not adjourned, upon such demand and the requirements of Sections 3.18, 3.19, 3.20 and 3.21 are not complied with, the circuit court of the County on application of a Member, may summarily order the inspection or copying at the Neighborhood Association's expense and may postpone the meeting for which the Members' List was prepared until the inspection or copying is complete.

3.23. Refusal or failure to comply with Sections 3.18 through 3.21 above shall not affect the validity of any action taken at the meeting.

Section 4. Board of Directors; Meetings of the Board

4.1 The business and administration of the Neighborhood Association shall be by its Board.

4.2. The election and, if applicable, designation of Directors shall be conducted in accordance with the Articles. Except for Declarant-appointed Directors, Directors must be Members or the parents or children of Members.

4.3. (a) Any person elected or designated as a Director shall have all the rights, privileges, duties and obligations of a Director of the Neighborhood Association.

(b) The term of a Director's service shall be as stated in the Articles and, if not so stated, shall extend until the next Annual Members' Meeting and thereafter until a successor is duly elected and qualified or until the Director resigns or is removed in the manner elsewhere provided.

4.4. The organizational meeting of a newly selected Board shall be held within ten (10) days of their election at the offices of the Neighborhood Association or such other place in the County as the Board may determine. Provided the organizational meeting is held directly following the Annual Members' Meeting, no further notice of the organizational meeting shall be necessary; if not, however, notice of the organizational meeting shall be given in accordance with Section 720.303(2), F.S.

4.5. Regular meetings of the Board may be held at the offices of the Neighborhood Association or such other place in the County as shall be determined from time to time by a majority of Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meeting unless such notice is waived. Notice of all Board meetings shall be posted in a conspicuous place in the community at least forty-eight (48) hours before a meeting, except in an emergency, or reasonable alternatives to such posting may be approved by the Board, including, without limitation, notice by mailing, notice by publication, or the provision of a schedule of Board meetings.

4.6. Special meetings of the Board may be called by the President or the Vice President and must be called by the Secretary at the written request of one-third (1/3) of the Directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

4.7. Any Director may waive notice of the meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

4.8. A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the Board present at a meeting at which a quorum is present shall constitute the acts of the Board. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.9. The presiding officer at the Directors' meeting shall be the President. In the absence of the presiding officer, the Directors shall designate any one of their number to preside.

4.10. Directors shall not receive any compensation for their services.

4.11. The Board shall have the power to appoint an Executive Committee of the Board consisting of not less than three (3) Directors. The Executive Committee shall have and exercise

such powers of the Board as may be given to it by the resolution of the Board establishing the Executive Committee during the period of time between meetings of the Board and such other powers of the Board as may be delegated to the Executive Committee by the Board from time to time. A quorum at an Executive Committee meeting shall consist of all of its members. The acts of the Executive Committee approved by two (2) of its three (3) members shall constitute the acts of the Executive Committee. All meetings of any Executive Committee of the Board shall be open to all Members.

4.12. Minutes of all meetings of the Board shall be kept in a businesslike manner and be available for inspection by Members and Directors at all reasonable times.

4.13. Meetings of the Board shall be open to all Members on such terms as the Board may determine. The Board may also hold closed meetings to the extent permitted by applicable law, i.e., where the discussion at a meeting is governed by attorney-client privilege.

Section 5. Powers and Duties of the Board

5.1. All of the powers and duties of the Neighborhood Association shall be exercised by the Board. Such powers and duties of the Board shall include, but not be limited to, all powers and duties set forth in the Neighborhood Documents, as well as all of the powers and duties of a director of a corporation not for profit.

5.2. The Neighborhood Association may employ a manager to perform any of the duties, powers or functions of the Neighborhood Association. Notwithstanding the foregoing, the Neighborhood Association may not delegate to the manager the power to conclusively determine whether the Neighborhood Association should make expenditures for capital additions or improvements chargeable against the Neighborhood Association fund. The members of the Board shall not be personally liable for any omission or improper exercise by the manager of any duty, power or function delegated to the manager by the Neighborhood Association.

Section 6. Late Fees

Any party who fails to timely pay any Assessment within ten (10) days of the due date shall be charged a late charge of Twenty-Five Dollars (\$25) by the Neighborhood Association for such late Assessment. In addition, any party who fails to pay any Assessment within ten (10) days of the due date shall be charged interest thereon from the date due until paid at 18% per annum. Lot Owners shall be responsible to pay all Legal Fees incurred in connection with the collection of late Assessments whether or not an action at law to collect said Assessment and foreclose the Neighborhood Association's lien has been commenced.

Section 7. Officers

7.1. Executive officers of the Neighborhood Association shall be the President, who shall be a Director, one or several Vice Presidents, a Treasurer, a Secretary and as many Assistant Secretaries and Assistant Treasurers as the Board shall determine, all of whom shall be elected annually by the Board and who may be preemptorily removed by vote of the Directors at any meeting. The Board shall, from time to time, elect such other officers and assistant officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Neighborhood Association. One person may simultaneously hold two offices, except that the offices of President and Secretary shall be held by separate persons.

7.2. The President shall be the chief executive officer of the Neighborhood Association. He or she shall have all of the powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the Members, from time to time, as he or she may, in his or her discretion, determine appropriate, to assist in the conduct of the affairs of the Neighborhood Association. He or she shall preside at all meetings of the Board. Unless these Bylaws or the Community Declaration are amended to provide otherwise, the President of the Neighborhood Association shall also serve as the Association's "Representative" as such term is defined in the Master Declaration, and shall perform the duties of a Neighborhood Representative as provided thereunder.

7.3. The Vice President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. He or she shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board. In the event there shall be more than one Vice President selected by the Board, then they shall be designated "First," "Second," etc. and shall exercise the powers and perform the duties of the presidency in such order.

7.4. The Secretary shall keep the minutes of all proceedings of the Directors. He or she shall have custody of the seal of the Neighborhood Association and affix the same to instruments requiring a seal when duly signed. He or she shall keep the records of the Neighborhood Association, except those of the Treasurer, and shall perform all of the duties required by the Board or the President. The Assistant Secretary, if any, shall perform all of the duties incident to the office of Secretary when the Secretary is absent and shall assist the Secretary.

7.5. The Treasurer shall have custody of all of the monies of the Neighborhood Association, including funds, securities and evidence of indebtedness. He or she shall keep the assessment rolls and accounts of the Members, he or she shall keep the books of the Neighborhood Association in accordance with good accounting practices; and he or she shall perform all of the duties incident to the officer of Treasurer. The Assistant Treasurer, if any, shall assist the Treasurer and perform the duties of Treasurer, if the Treasurer is absent.

7.6. The compensation, if any, of all officers and employees of the Neighborhood Association shall be fixed by the Board. This provision shall not preclude the Board from employing a Director as an employee of the Neighborhood Association or preclude the contracting with a Director for the management of any portion or all of the Neighborhood Common Area.

Section 8. Resignations

Any Director or officer may resign his or her post at any time by written resignation, delivered to the President or Secretary, which shall take effect upon its receipt unless a later date is specified in the resignation, in which event the resignation shall be effective from such date unless withdrawn. The acceptance of a resignation shall not be required to make it effective. The conveyance of all Lots owned by any Director or officer (other than appointees of Declarant or officers and Directors who were not Lot Owners) shall constitute a written resignation of such Director or officer.

Section 9. Accounting Records; Fiscal Management

9.1. The Neighborhood Association shall use the cash basis method of accounting and shall maintain accounting records in accordance with good accounting practices, which shall be open to inspection by Members and Institutional Mortgagees or their respective authorized representatives at reasonable times. Such authorization as a representative must be in writing and signed by the person giving the authorization and dated within sixty (60) days of the date of the inspection. Such records shall include, but not be limited to: (i) a record of all receipts and expenditures; (ii) an account for each lot within Caravella which shall designate the name and address of the Lot Owner thereof, the amount of Individual Lot Assessments and all other Assessments, if any, charged to the Lot, the amounts and due dates for payment of same, the amounts paid upon the account and the balance due; (iii) all tax returns, financial statements and financial reports of the Neighborhood Association; and (iv) any other records that identify, measure, record or communicate financial information.

9.2. Subsequent to the Guarantee Period or in the absence of any Guaranteed Assessments as described in the Neighborhood Covenants, the Board shall adopt a Budget (as provided for in the Neighborhood Covenants) of the anticipated Operating Expenses for each forthcoming calendar year (the fiscal year of the Neighborhood Association being the calendar year) at a special meeting of the Board ("Budget Meeting") called for that purpose to be held during the month of November of the year preceding the year to which the Budget applies, provided that the first Budget Meeting is to be held: (i) within thirty (30) days of the expiration of the Guarantee Period for purposes of adopting a Budget for the remainder of the calendar year during which the Guarantee Period expires; or (ii) prior to the completion of the first Lot in the event there is no Guaranteed Assessment. Prior to the Budget Meeting, a proposed Budget for the Operating Expenses shall be prepared by or on behalf of the Board. Within thirty (30) days after adoption of the Budget, a copy thereof shall be furnished to each Member, or a written notice that a copy of the budget is available upon request at no charge to the Member, and each Lot Owner shall be given notice of the Individual Lot Assessment applicable

to his or her Lot(s). The copy of the Budget (or written notice of the availability of same) shall be deemed furnished and the notice of the Individual Lot Assessment shall be deemed given upon its delivery or upon its being mailed to the Lot Owner shown on the records of the Neighborhood Association at the last known address as shown on the records of the Neighborhood Association.

9.3. In administering the finances of the Neighborhood Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) any monies received by the Neighborhood Association in any calendar year may be used by the Neighborhood Association to pay expenses incurred in the same calendar year; (iii) there shall be apportioned between calendar years on a pro rata basis any expenses which are prepaid in any one calendar year for Operating Expenses which cover more than such calendar year; (iv) Assessments shall be made quarterly in amounts no less than are required to provide funds in advance for payment of all of the anticipated current Operating Expenses and for all unpaid Operating Expenses previously incurred; and (v) items of Operating Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such expenses is received. Notwithstanding the foregoing, the Assessments for Operating Expenses and any periodic installments thereof shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses in any calendar year as such expenses are incurred in accordance with the cash basis method of accounting.

9.4. The Individual Lot Assessment shall be payable as provided for in the Protective Covenants.

9.5. No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Operating Expenses not budgeted or which shall exceed budgeted items, and no Board is required to engage in deficit spending. Should there exist any deficiency which results from there being greater Operating Expenses than monies from Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of a Special Assessment or an upward adjustment to the Individual Lot Assessment.

9.6. The depository of the Neighborhood Association shall be such bank or banks as shall be designated from time to time by the Board in which the monies of the Neighborhood Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board.

9.7. A report of the accounts of the Neighborhood Association shall be made annually by an auditor, accountant or certified public accountant and a copy of the report shall be furnished, upon request, to each Member no later than the first day of April of the year following the year for which the report is made. The report shall be deemed to be furnished to the Member upon its delivery or mailing to the Member at his or her last known address shown on the records of the Neighborhood Association.

Section 10. Rules and Regulations

The Board may at any meeting of the Board adopt rules and regulations or amend, modify or rescind then existing Neighborhood Association Rules; provided, however, that such Neighborhood Association Rules are not inconsistent with the terms or provisions of the Neighborhood Documents. Copies of any Neighborhood Association Rules promulgated, amended or rescinded shall be mailed or delivered to all Members at the last known address for such Members as shown on the records of the Neighborhood Association at the time of such delivery or mailing and shall not take effect until forty-eight (48) hours after such delivery or mailing. Notwithstanding the foregoing, where Neighborhood Association Rules are to regulate the use of specific portions of the Neighborhood Association Property, same shall be conspicuously posted at such facility, where feasible, and such Neighborhood Association Rules shall be effective immediately upon such posting. Care shall be taken to insure that posted Neighborhood Association Rules are conspicuously displayed and easily readable and that posted signs or announcements are designed with a view towards protection from weather and the elements. Posted Neighborhood Association Rules which are torn down or lost shall be promptly replaced.

Section 11. Parliamentary Rules

The then latest edition of Robert's Rules of Order shall govern the conduct of meetings of all Members and the Board; provided, however, if such rules of order are in conflict with any of the Neighborhood Documents, Robert's Rules of Order shall yield to the provisions of such instrument.

Section 12. Amendment of the Bylaws

12.1. These Bylaws may be amended as hereinafter set forth in this Section 12.

12.2. After the Turnover Date, any Bylaw of the Neighborhood Association may be amended or repealed, and any new Bylaw of the Neighborhood Association may be adopted by either:

(i) majority vote of the Members at any Annual Members' Meeting or any special meeting of the Members called for that purpose or by majority action of the Members who have acted by written response in lieu of a Meeting as permitted by these Bylaws; or

(ii) by the affirmative vote of a majority of the Directors then in office at any regular meeting of the Board or at any special meeting of the Board called for that purpose or by written instrument signed by all of the Directors as is permitted by these Bylaws, provided that the Directors shall not have any authority to adopt, amend or repeal any Bylaw if such new Bylaw or such amendment or the repeal of a Bylaw would be inconsistent with any Bylaw previously adopted by the Members.

12.3. Notwithstanding any of the foregoing provisions of this Section 12 to the contrary, until the Turnover Date, all amendments or modifications to these Bylaws and adoption or repeal of Bylaws shall only be made by action of the First Board as described in the Articles, which First Board shall have the power to amend, modify, adopt and repeal any Bylaws without the requirement of any consent, approval or vote of the Members.

12.4. Notwithstanding the foregoing provisions of this Section 12, there shall be no amendment to these Bylaws which shall abridge, amend or alter the rights of: (i) Declarant, without the prior written consent thereto by Declarant for so long as Declarant holds at least one (1) Lot for sale in the ordinary course of business; or (ii) any Institutional Mortgagee without the prior written consent of such Institutional Mortgagee.

12.5. Any instrument amending, modifying, repealing or adding Bylaws shall identify the particular section or sections affected and give the exact language of such modification, amendment or addition or of the provisions repealed. A copy of each such amendment, modification, repeal or addition attested to by the Secretary or Assistant Secretary of the Neighborhood Association shall be recorded amongst the Public Records of the County.

12.6. Notwithstanding anything contained herein to the contrary, as long as the Class B membership exists, FHA or VA has the right to veto any material amendments to these Bylaws.

12.7. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Neighborhood Covenants and these Bylaws, the Neighborhood Covenants shall control; and in the event of any conflict between the Articles and the Neighborhood Covenants, the Neighborhood Covenants shall control.

Section 13. Fines

13.1 In addition to all remedies, in the sole discretion of the Board, a fine or fines may be imposed upon a Lot Owner and his or her Lot for failure of a Lot Owner, his or her family, guests, invitees, lessees or employees, to comply with any covenant or restriction of the Neighborhood Covenants, the Articles, these Bylaws, the Neighborhood Association Rules or the Neighborhood Documents; provided the following procedures are adhered to:

(a) Notice: The Association shall notify the Lot Owner or occupant of the infraction or infractions. Included in the notice shall be a date and time of the next Board meeting at which time the Lot Owner or occupant shall present reasons why fines should not be imposed. The Lot Owner shall be given at least fourteen (14) days notice of any fine or suspension before the same is imposed.

(b) Hearing: The non-compliance shall be presented to the Board after which the Board shall hear reasons why fines should not be imposed. A written decision of the Board shall be

submitted to the Lot Owner or occupant by not later than twenty-one (21) days after the Board's meeting.

The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the violator is served with written notice stating:

- (1) The nature of the alleged violation;
- (2) That the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;
- (3) That any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and
- (4) That all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

If a hearing is requested, it shall be held before the Board and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

(c) Fines: The Board may impose Special Assessments (fines) per violation against the applicable Lot as follows:

- (1) First non-compliance or violation: a fine not in excess of Fifty Dollars (\$50.00).
- (2) Second non-compliance or violation: a fine not in excess of Fifty Dollars (\$50.00).
- (3) Third and subsequent non-compliance or violation or violations which are of a continuing nature: a fine not in excess of Fifty Dollars (\$50.00).

(d) Payment of Fines: Fines shall be paid not later than thirty (30) days after notice of the imposition or assessment of the fines.

(e) Collection of Fines: Fines shall be treated as an Assessment subject to the provisions for the collection of Assessments (including, without limitation, those as to liens) as set forth in the Neighborhood Covenants and these Bylaws.

(f) Application of Fines: All monies received from fines shall be allocated as directed by the Board.

(g) Non-exclusive Remedy: These fines shall not be construed to be exclusive and shall exist in addition to all other rights and remedies to which the Neighborhood Association may be otherwise legally entitled; however, any fine paid by the offending Lot Owner or occupant shall be deducted from or offset against any damages which the Neighborhood Association may otherwise be entitled to recover by law from such Lot Owner or occupant.

(h) The Board shall also have the right to record a Violation Notice in the Public Records of the County which places everyone on record notice if a Lot or Lot Owner is not in compliance with the Neighborhood Documents. Once the violation has been corrected, the Board shall cause a Termination of Violation Notice to be recorded thereby canceling of record the Violation Notice.

**CARAVELLA AT PALMIRA
NEIGHBORHOOD ASSOCIATION, INC.**
a Florida not-for-profit corporation

By: 
TED MOSHER, President

Attest: 
SHAZIA AZAMI, Secretary

(CORPORATE SEAL)