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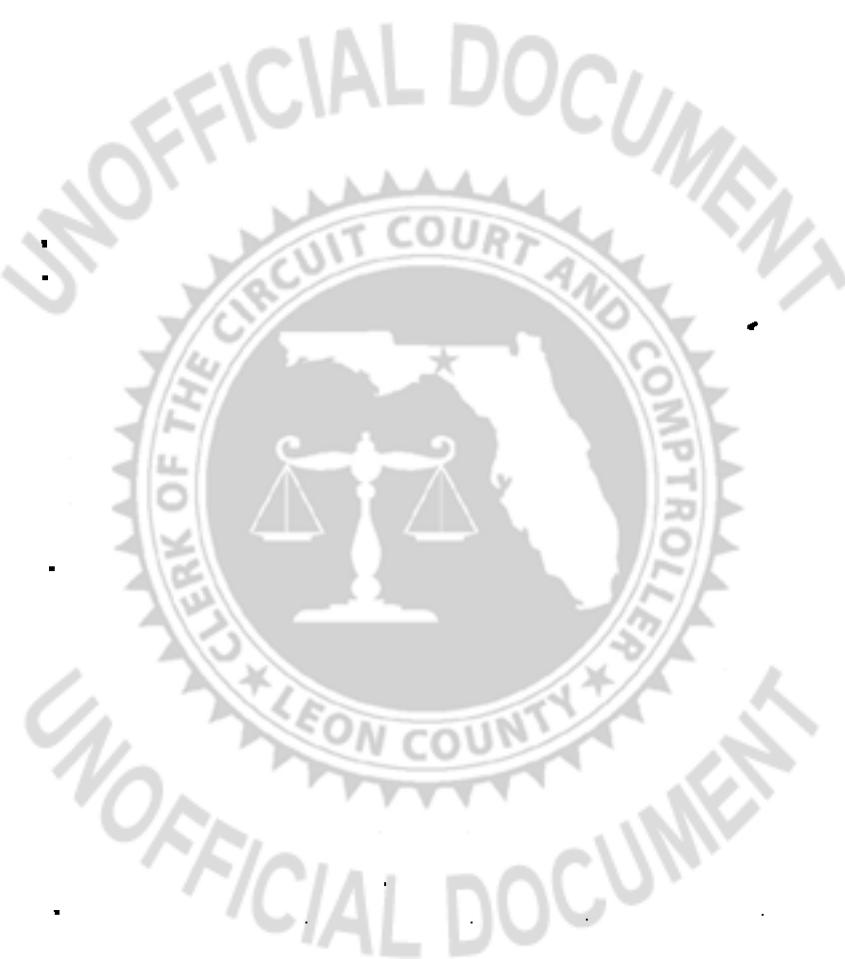
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**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR**

**THE SOUTHWOOD
RESIDENTIAL COMMUNITY**

**HYATT & STUBBLEFIELD, P.C.
Attorneys and Counselors
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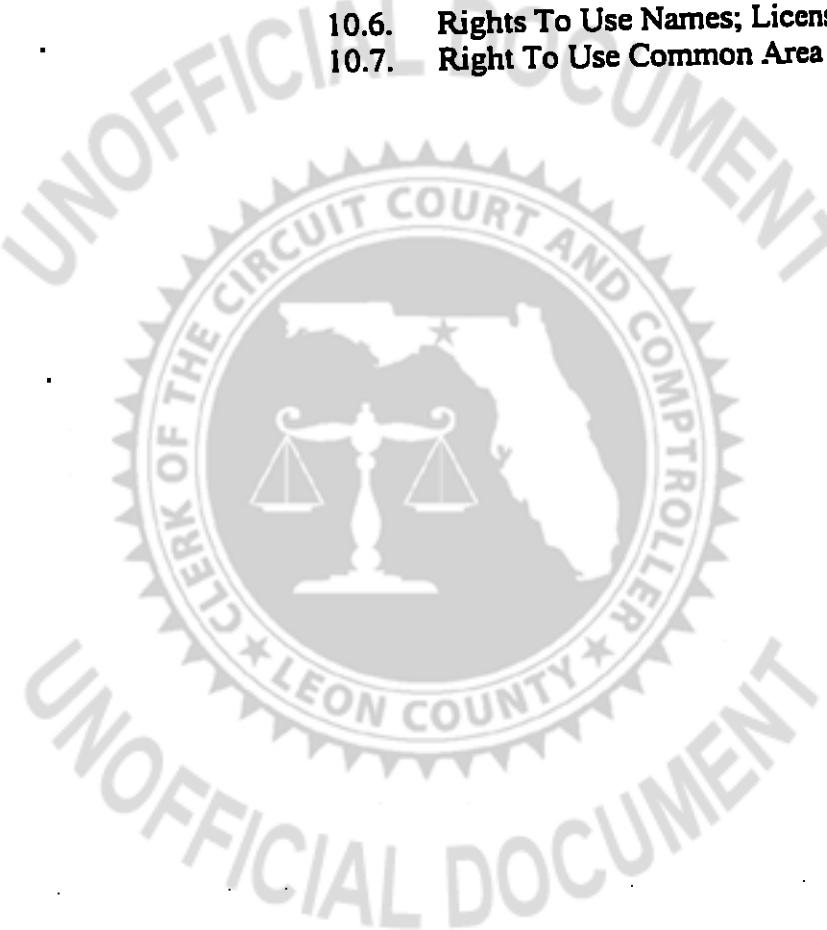
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"C"	Initial Use Restrictions	2
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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

THE SOUTHWOOD RESIDENTIAL COMMUNITY

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made this 17 day of SEPT 2000, by The St. Joe Company, a Florida corporation.

PART ONE: INTRODUCTION TO THE COMMUNITY

The St. Joe Company has created this Declaration to provide a governance structure and a flexible system of standards and procedures for the overall development, expansion, administration, maintenance, and preservation of Southwood's residential properties.

Article I Creation of the Community

1.1. Purpose and Intent.

Declarant, as the owner of the real property described in Exhibit "A" (or if not the owner, with the owner's consent), is Recording this Declaration to establish a general plan of development for Southwood's residential properties. This Declaration provides for the Community's overall development, administration, maintenance, and preservation, and provides a flexible and reasonable procedure for its future expansion. An integral part of the development plan is the creation of the Southwood Residential Community Association, Inc., an association comprised of all Southwood property owners, to own, operate, and/or maintain various common areas and community improvements, and to administer and enforce this Declaration and the other Governing Documents.

This document does not and is not intended to create a condominium under Florida law.

1.2. Binding Effect.

This Declaration governs the property described in Exhibit "A," and any other property submitted to this Declaration in the future. This Declaration shall run with the title to such property and shall bind anyone having any right, title, or interest in any portion of such property, their heirs, successors, successors-in-title, and assigns.

Declarant, the Association, any aggrieved Owner, and their respective legal representatives, heirs, successors, and assigns may enforce this Declaration. This Declaration shall be effective for a minimum of 25 years from the date it is Recorded. After 25 years, this Declaration shall be extended automatically for successive 10 year periods unless at least 75% of the then Owners sign a document stating that the Declaration is terminated and that document is Recorded within the year before any extension. In such case, this Declaration shall expire on the date specified in the termination document.

In any event, if any provision of this Declaration would be invalid under the Florida Uniform Statutory Rule Against Perpetuities, that provision shall expire 90 years after this Declaration is Recorded. This Section does not permit termination of any easement created in this Declaration without the consent of the holder of such easement.

1.3. Governing Documents.

The Residential Community's Governing Documents consist of the following, as each may be amended:

Declaration _____ (Recorded)	creates obligations which are binding upon the Association and all present and future owners of property in the Residential Community
Supplemental Declaration _____ (Recorded)	adds property to the Residential Community; <i>may</i> impose additional obligations or restrictions on such property
Articles of Incorporation _____ (filed with the Department of State)	establishes the Association as a non-profit corporation under Florida law
By-Laws _____ (Board adopts)	governs the Association's internal affairs, such as voting rights, elections, meetings, officers, etc.
Architectural Guidelines _____ (Declarant adopts)	establish architectural standards and guidelines for improvements and modifications to Lots, including structures, landscaping, and other items on Lots
Use Restrictions _____ (initial set attached as Exhibit "C")	govern use of property and activities within the Residential Community
Board Resolutions and Rules _____ (Board adopts)	establish rules, policies, and procedures for internal governance and Association activities; regulate operation and use of Common Area
Community Covenant _____ (Recorded; Administered by Community Council)	establishes obligations and authority of Community Council over the Residential Community

Additional restrictions or provisions which are more restrictive than the provisions of this Declaration may be imposed on any portion of the Residential Community, in which case, the more restrictive provisions will be controlling. However, no Person shall Record any additional covenants, conditions, or restrictions affecting any portion of the Residential Community without Declarant's written consent, so long as Declarant or any Affiliate of Declarant owns any property described in Exhibit "A" or "B." Thereafter, Neighborhood Representatives representing at least 75% of the Association's total Class "A" votes must consent. Any instrument Recorded without the required consent is void and of no force and effect.

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If there are conflicts between Florida law, the Declaration, the Articles, and the By-Laws, Florida law, the Declaration, the Articles, and the By-Laws (in that order) shall prevail. If there is a conflict between the Governing Documents and any Neighborhood Association's covenants, restrictions, or policies, the Governing Documents will control.

The Governing Documents apply to all Owners and any occupants of a Lot. They also apply to tenants, guests, visitors, and invitees.

If any court determines that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or other applications of the provision.

Diagrams in the Governing Documents illustrate concepts and assist the reader. The diagrams are for illustrative purposes only. If there is a conflict between any diagram and the text of the Governing Documents, the text shall control.

1.4. Southwood Community Council.

Declarant has created the Community Council as a vehicle for generating, enhancing, and preserving a genuine sense of community within Southwood. While the Association is created primarily to manage the real property and enforce restrictions and standards established for the Residential Community, the Community Council exists to empower, encourage, and provide a means for each Owner and resident of the Residential Community, and others within Southwood, to participate in and benefit from community-oriented affairs, services, programs, and activities. It is Declarant's intent that the Association and the Community Council work together and cooperate in performing these complementary roles within the Residential Community.

In addition to this Declaration, the Association and all Owners are subject to the Community Covenant and the Community Council's jurisdiction. The Community Council has rights and responsibilities which are described in and governed by the Community Covenant and its by-laws and articles of incorporation. Unless otherwise indicated, any reference in the Governing Documents to approval or other action by the Community Council refers to action by the Council Board, as governed by the Community Council's governing documents. In any event, the Community Council's approval shall not unreasonably be withheld, conditioned, or delayed. In the event of a conflict between the Governing Documents and the Community Council's governing documents, with respect to the Community Council's rights and responsibilities, the Community Council's governing documents shall control.

1.5. Community Development District.

Southwood is or shall be included within a Community Development District, established and existing pursuant to Chapter 190, Florida Statutes, to own, operate, maintain, and finance the construction of certain infrastructure and other improvements and facilities within Southwood. Upon its establishment, the Community Development District may impose and levy taxes or assessments, or both taxes and assessments, on all property within Southwood, including the Residential Community. Such taxes and

assessments are in addition to Association and Community Council assessments, and all other taxes and County and other local governmental taxes and assessments, and all other taxes and assessments provided for by law.

Article II Concepts and Definitions

The terms used in the Governing Documents are given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms are defined as follows:

"Affiliate": Any Person which (either directly or indirectly, through one or more intermediaries) controls, is in common control with, or is controlled by, another Person, and any Person that is a director, trustee, officer, employee, independent contractor, shareholder, agent, co-venturer, subsidiary, personal representative, or attorney of any of the foregoing. For the purposes of this definition, the term "control" means the direct or indirect power to direct or cause the direction of an entity's management or policies, whether through the ownership of voting securities, by contract, or otherwise.

"Architectural Guidelines": The Residential Community's architectural, design, and construction guidelines and review procedures adopted pursuant to Article IV.

"Architectural Review Committee" or "ARC": The committee established to review plans and specifications for the construction or modification of improvements and to administer and enforce the architectural controls described in Article IV.

"Art of Living Director": The Community Council employee or agent hired or contracted to create, foster, and enhance community, the quality of life, and a vibrant atmosphere within Southwood, as identified and more fully described in the Community Covenant.

"Articles": The Articles of Incorporation of Southwood Community Association Inc., filed with Florida's Department of State, as they may be amended.

"Association": Southwood Residential Community Association, Inc., a Florida not-for-profit corporation, its successors or assigns.

"Benefited Assessment": Assessments charged against a particular Lot or particular Lots for Association expenses as described in Section 8.7.

"Board of Directors" or "Board": The body responsible for the general governance and administration of the Association, selected as provided in the By-Laws.

"Builder": Anyone acquiring Lots for the purpose of constructing homes for later sale to consumers, or who purchases land within the Residential Community for further subdivision, development, and/or resale in the ordinary course of its business.

"By-Laws": The By-Laws of Southwood Residential Community Association, Inc., as they may be amended. A copy of the initial By-Laws is attached to this Declaration as Exhibit "D."

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"Class "B" Control Period": The time period during which the Class "B" Member may appoint a majority of the Board members. The Class "B" Control Period ends when any one of the following occurs:

- (a) when 75% of the Lots permitted under the Master Plan are issued certificates of occupancy and are owned by Class "A" Members other than Builders;
- (b) December 31, 2025; or
- (c) when, in its discretion, the Class "B" Member so determines.

"Common Area": All real and personal property, including easements, which the Association owns, leases, or otherwise has a right to possess or use for the common use and enjoyment of the Owners. Common Area includes the Limited Common Area, as defined below.

"Common Expenses": The actual and estimated expenses the Association incurs, or expects to incur, for the general benefit of all Owners. Common Expenses include any reserves the Board finds necessary or appropriate.

"Common Maintenance Areas": The Common Area, together with any other area for which the Association has or assumes maintenance or other responsibility.

"Community Council": The Southwood Community Council Inc., a Florida not-for-profit corporation, its successors and assigns.

"Community Covenant": The Recorded Community Covenant for Southwood Community, as may be amended.

"Community Development District": A special taxing district formed in accordance with the provisions of Chapter 190 of the Florida Statutes.

"Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing throughout the Residential Community, or the minimum standards established pursuant to the Architectural Guidelines, Use Restrictions, and Board resolutions, whichever is the highest standard. Declarant initially shall establish such standard. The Community-Wide Standard may contain objective elements, such as specific lawn or house maintenance requirements, and subjective elements, such as matters subject to the Board's or the ARC's discretion. The Community-Wide Standard may or may not be set out in writing. The Community-Wide Standard may evolve as development progresses and as Southwood changes.

"Council Board": The Community Council's board of trustees, selected and acting in accordance with the Community Covenant and the Community Council's by-laws.

"Declarant": The St. Joe Company, a Florida corporation, or any successor or assign as developer of all or any portion of Southwood who is designated as Declarant in a Recorded



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instrument the immediately preceding Declarant executes. On all matters, Declarant may act through any of its Affiliates, including, without limitation, St. Joe-Arvida Home Building, L.P., a Florida limited partnership, and St. Joe/Arvida Co., L.P., a Florida limited partnership.

"Limited Common Area": A portion of the Common Area primarily benefiting one or more, but less than all, Neighborhoods or Owners, as more particularly described in Article XII.

"Lot": A portion of the Residential Community, whether improved or unimproved, which may be independently owned and conveyed, and upon which a dwelling is intended for development, use, and occupancy. The term shall refer to the land, if any, which is part of the Lot as well as any improvements on the Lot. The boundaries of each Lot shall be shown on a Plat; provided, in the case of a building containing multiple dwellings for independent sale (e.g., attached condominium, townhouse, or airspace units), each dwelling which may be sold independently shall be a separate Lot.

A parcel shall be deemed to be a single Lot until such time as a Plat subdivides all or a portion of the parcel. After a Plat is Recorded, the subdivided portion shall contain the number of Lots shown, created, designated, or described on the Plat. Any portion not subdivided shall continue to be a single Lot.

"Master Plan": The land use plan(s) for Southwood approved by Leon County or the City of Tallahassee, as may be amended, which include(s) all of the property described in Exhibit "A" and all or any portion of the property described in Exhibit "B." Declarant is not obligated to submit property shown on the Master Plan to this Declaration. In addition, Declarant may submit property to this Declaration which is not shown on the Master Plan.

"Member": Each Lot Owner, as described in Section 6.2. There are two membership classes, Class "A" and Class "B."

"Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Lot. The term "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

"Neighborhood": A group of Lots designated as a separate Neighborhood in accordance with Section 6.4(a). Lots within a Neighborhood may share Limited Common Areas and/or receive benefits or services from the Association which are not provided to all Lots. A Neighborhood may include more than one housing type and may include parcels which do not border on each other. If the Association provides benefits or services to less than all Lots within a particular Neighborhood, then the Association may levy a Neighborhood Assessment or Benefited Assessments against just those Lots for such benefits or services.

"Neighborhood Assessments": Assessments levied against the Lots in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as described in Section 8.2.

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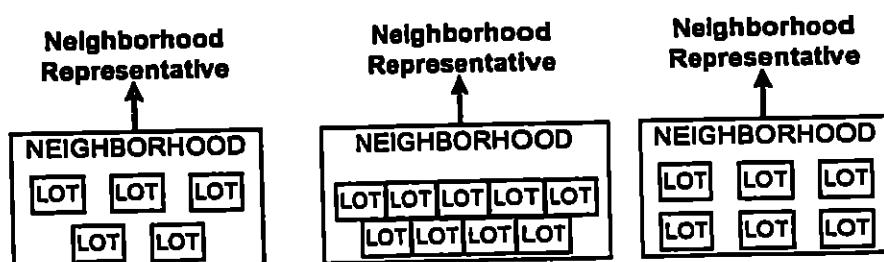


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"Neighborhood Association": Any owners association having jurisdiction over a Neighborhood which is subordinate to the Association's rights under this Declaration. This Declaration does not require the creation of any Neighborhood Association.

"Neighborhood Expenses": The actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood, including any reserve for capital repairs and replacements and administrative charges authorized by this Declaration or the Supplemental Declaration(s) applicable to such Neighborhood.

"Neighborhood Representative": The individual selected by the Class "A" Members within a Neighborhood to cast their votes on Association matters (except where Members are required to cast their own votes) and to serve on the Council Board.



[Note: Number of Lots shown in each Neighborhood is for demonstrative purposes only. Actual numbers may vary from one Neighborhood to another and could be substantially more or less than number of Lots shown. Refer to Section 6.4(b) and 6.5 for a more detailed explanation of representative voting.]

"Owner": The title holder to any Lot, but excluding, in all cases, anyone holding an interest merely as security for the performance of an obligation (e.g., a Mortgagee). If a Lot is sold under a Recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

"Person": An individual, a corporation, a partnership, a trustee, or any other legal entity.

"Plat": Any Recorded land survey plat for all or any portion of Southwood.

"Private Amenity(ies)": Real property and facilities located within, adjacent to, or near Southwood, which Persons other than the Association own and operate for recreational and related purposes. The Private Amenities shall include, without limitation, any golf course which is so located and its related and supporting facilities and improvements.

"Record," "Recording," or "Recorded": To file, the filing of, or filed of record a legal instrument in the Official Records of Leon County, Florida, or such other place designated as the official Leon County location for recording documents affecting title to real estate.

"Regular Assessment": Annual assessments levied to fund Common Expenses for the general benefit of all Lots, as determined in accordance with Section 8.1.

"Residential Community": The real property described in Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article IX.

"Southwood": The mixed-use master planned community located in the City of Tallahassee, Leon County, Florida, which includes the Residential Community and is described on the Master Plan.

"Special Assessment": Assessments charged against all Owners or all Owners in a Neighborhood in accordance with Section 8.5.

"Supplemental Declaration": A Recorded instrument which subjects additional property to this Declaration, designates Neighborhoods, identifies Common Area and Limited Common Area, designates Voting Groups, and/or imposes additional restrictions and obligations on the land described.

"Use Restrictions": The initial use restrictions, rules, and regulations governing the use of and activities on the Lots and the Common Areas set forth in Exhibit "C," as they may be changed in accordance with Article III or otherwise amended.

"Voting Group": One or more Neighborhood Representatives, or a group of Members, who vote on a common slate for electing directors, as described in Section 6.5.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

Standards for use and conduct, maintenance, and architecture are what give the Residential Community its identity and make it a place that people want to call "home." This Declaration establishes procedures for adopting, modifying, applying, and enforcing such standards while providing the flexibility for community standards to evolve as the Residential Community changes and grows.

Article III Use and Conduct

3.1. Restrictions on Use, Occupancy, and Alienation.

The restrictions set forth in this Section may be amended only in accordance with Article XX.

(a) **Residential and Related Uses.** Lots shall be used primarily for residential and related purposes. No business shall be conducted in, on, or from any Lot, except that an Owner or another resident of the Lot may conduct business activities on such Lot if the business activity:

- (i) is not apparent or detectable by sight, sound, or smell from outside of a permitted structure;
- (ii) complies with applicable zoning requirements;
- (iii) does not involve regular visitation of the Lot by clients, customers, suppliers, or other business invitees, or door-to-door solicitation within the Residential Community; and

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(iv) is consistent with the residential character of the Residential Community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of others, as determined in the Board's sole discretion.

"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required. Leasing a dwelling for residential purposes is not a "business" within the meaning of this subsection.

This Section shall not apply to restrict Declarant's activities, nor shall it restrict the activities of Persons Declarant approves with respect to the development and sale of property in Southwood. This Section shall not apply to Association or Community Council activities related to the provision of services or to operating and maintaining the Residential Community, including the Residential Community's recreational and other amenities.

(b) Leasing. "Leasing" is the regular, exclusive occupancy of a dwelling by any Person other than the Owner, for which the Owner receives any consideration or benefit, including a fee, service, or gratuity. The principal dwelling on the Lot may be leased only in its entirety (e.g., separate rooms within the same dwelling may not be separately leased); provided, a detached "in-law suite" or "guest house" may be independently leased. Leasing shall be for residential purposes only.

All leases shall be in writing and shall have a term of at least seven months, except: (i) with the Board's prior written consent, or (ii) as Declarant authorizes in a Supplemental Declaration for Lots located within certain Neighborhoods. All leases must require that tenants and all occupants of the leased Lot are bound by and obligated to comply with the Governing Documents; provided, the Governing Documents shall apply regardless of whether such obligation is specifically set forth in the lease. The restrictions on lease terms set forth in this paragraph shall not apply to Lots Declarant or its Affiliates own.

Within ten days of a lease being signed, an Owner shall notify the Board or the Association's managing agent of the lease and provide any additional information the Board may reasonably require. The Owner must give the tenant copies of the Governing Documents. In addition to this sub-section (b), the Board may adopt reasonable Use Restrictions and rules regulating leasing and subleasing.

(c) Occupants Bound. Every Owner shall cause anyone occupying or visiting his or her Lot to comply with the Governing Documents and shall be responsible for all violations and losses they cause to the Common Maintenance Areas, notwithstanding the fact that such Persons also are responsible for complying and may be sanctioned for any violation.

(d) Subdivision of a Lot and Time-Sharing. Lots may not be subdivided or their boundary lines changed except with the Board's prior written approval; provided, Declarant may subdivide, change the boundary line of, and replat any Lot it or any Affiliate of Declarant owns. In addition, for so long as Declarant owns any portion of the Residential Community, it may convert Lots into Common Area. The use of any Lot for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Lot rotates among participants in the program on a fixed or floating time schedule over a period of years is prohibited, except that Declarant, its Affiliates, and assigns may operate such a program.

3.2. Framework for Regulation.

As part of the general plan of development, the Governing Documents establish a framework of covenants, easements, and restrictions which govern the Residential Community. This includes the initial Use Restrictions set forth in Exhibit "C." Within that framework, the Board and the Members must be able to respond to unforeseen problems and changes affecting the Residential Community. This Article establishes procedures for modifying and expanding the Use Restrictions to respond to such changes.

The procedures described in this Article are not intended to apply to reasonable rules and regulations relating to use and operation of the Common Area, which the Board may adopt by resolution, or other administrative rules, unless the Board chooses, in its discretion, to submit to such procedures.

3.3. Owners' Acknowledgment and Notice to Purchasers.

Each Owner, by accepting a deed, acknowledges and agrees that the use, enjoyment, and marketability of his or her Lot is limited and affected by the Use Restrictions and Board rules, which may change from time to time. All Lot purchasers are on notice that the Association may have adopted changes to the Use Restrictions and that such changes may not be set forth in a Recorded document. Copies of the current Use Restrictions and Board rules may be obtained from the Association.

3.4. Rule Making Authority.

(a) Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and the Members, the Board may change (i.e., modify, cancel, limit, create exceptions to, or add to) the Use Restrictions. The Board shall send the Neighborhood Representatives notice of any proposed change at least five business days before the Board meeting to consider the change. The Neighborhood Representatives shall have a reasonable opportunity to be heard at such Board meeting.

(b) Alternatively, the Neighborhood Representatives, representing a majority of the Class "A" votes in the Association, at an Association meeting duly called for such purpose, may vote to change the Use Restrictions then in effect. Any such change shall require approval of the Class "B" Member, if any.

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(c) Before any Use Restriction change becomes effective, the Board shall send a copy of the new or changed Use Restriction to each Owner. The change does not become effective until 30 days following distribution to the Owners. The Association shall provide to any requesting Member or Mortgagee, without cost, a copy of the Use Restrictions then in effect.

The proposed change shall be approved unless disapproved by Neighborhood Representatives representing a majority of the Association's Class "A" votes, or by the Class "B" Member, if any. The Board is not obligated to call a meeting of the Neighborhood Representatives to consider disapproval unless it receives a petition which meets the By-Law's requirements for special meetings. If the Board receives such a petition before the change's effective date, the change shall not become effective until after a meeting is held, and then subject to the outcome of the meeting.

(d) At least once every three years after the Class "B" Control Period ends, the Board shall present the then current Use Restrictions to the Community Council for review and advice as to continued viability or necessity within the Residential Community.

(e) No action taken under this Article shall have the effect of modifying, repealing, or expanding the Architectural Guidelines or any provision of this Declaration other than the initial Use Restrictions. In the event of a conflict between the Architectural Guidelines and the Use Restrictions, the Architectural Guidelines shall control. In the event of a conflict between the Use Restrictions and any provision within this Declaration (exclusive of the Use Restrictions), the Declaration provision shall control.

3.5. Protection of Owners and Others.

Except as may be set forth in this Declaration (either initially or by amendment) or in the initial Use Restrictions set forth in Exhibit "C," the Association's actions with respect to Use Restrictions and rules must comply with the following:

(a) Similar Treatment. Similarly situated Owners must be treated similarly; however, the Use Restrictions and rules may vary by Neighborhood.

(b) Displays. Owners' rights to display religious and holiday signs, symbols, and decorations on their Lots of the kinds normally displayed in single-family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions with respect to such displays.

The Association shall not regulate the content of political signs; however, it may regulate the time, place, and manner of posting such signs (including design criteria).

(c) Household Composition. The Association shall not interfere with any Owner's freedom to determine the composition of his/her household, except that it may impose and enforce reasonable occupancy limits.

(d) Activities Within Dwellings. The Association shall not interfere with activities carried on within a dwelling, except it may prohibit activities not normally associated with



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residential property, and it may restrict or prohibit activities that create monetary costs for the Association or other Owners, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that are an unreasonable source of annoyance.

(e) Alienation. The Association shall not prohibit leasing or transfer of any Lot, or require the Association's or the Board's consent prior to leasing or transferring a Lot. The Association may require that Owners use Association-approved lease forms (or include specific lease terms) and may impose a reasonable review or administrative fee on the lease or transfer of any Lot. In addition, among other things, Section 3.1(b) imposes a minimum lease term.

(f) Abridging Existing Rights. The Association may not require an Owner to dispose of personal property that was in or on a Lot in compliance with previous rules. This exemption shall apply only during the period of such Owner's ownership of the Lot and shall not apply to subsequent Owners who take title to the Lot after adoption of the rule.

(g) Reasonable Rights to Develop. The Association may not impede Declarant's right to develop the Residential Community or any other portion of Southwood.

(h) Interference with Private Amenities. The Association may not interfere with the use, ownership, appearance, or operation of any Private Amenity.

The limitations in subsections (a) through (f) of this Section shall not apply to amendments to this Declaration adopted in accordance with Article XX.

Article IV Architecture and Landscaping

4.1. General.

Except for work done by or on behalf of Declarant or any Affiliate of Declarant, no structure or thing shall be placed, erected, or installed upon any Lot, and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations, or planting or removal of landscaping) shall take place within Southwood, except in compliance with this Article and the Architectural Guidelines.

Any Owner may remodel, paint, or redecorate the interior of any structure on his or her Lot without approval. However, modifications to the interior of screened porches, patios, and any other portions of a Lot visible from outside a structure are subject to approval.

Each dwelling shall be designed by and built in accordance with the plans and specifications of a licensed architect acceptable to Declarant, unless Declarant, in its sole discretion, or its designee otherwise approves. The landscaping for each Lot shall be designed and installed in accordance with the plans and specifications of a licensed landscape architect acceptable to Declarant, unless Declarant, in its sole discretion, or its designee otherwise approves. Dwellings shall be constructed by licensed or certified Builders acceptable to Declarant, unless Declarant, in its sole discretion, or its designee otherwise approves.

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Approval under this Article and the Architectural Guidelines is not a substitute for any approvals or reviews required by Leon County or any other municipality or governmental agency or entity having jurisdiction over architectural or construction matters.

This Article does not apply to Declarant's activities, or to the Association's activities during the Class "B" Control Period.

4.2. Architectural Review.

(a) By Declarant. Declarant shall have exclusive authority to administer and enforce architectural controls and to review and act upon all applications for architectural and other improvements within the Residential Community. Declarant's rights under this Article shall continue for as long as Declarant or any Affiliate of Declarant owns any portion of the Residential Community or has a unilateral right to annex property under Section 9.1, unless Declarant earlier terminates its rights in a Recorded instrument. Declarant may designate one or more Persons to act on its behalf in reviewing any application. In reviewing and acting upon any request for approval, Declarant or its designee acts solely in Declarant's interest and owes no duty to any other Person.

Declarant may from time to time delegate or assign all or any portion of its rights under this Article to any other Person or committee, including the Architectural Review Committee. Any such delegation shall be in writing, shall specify the delegated responsibilities, and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume its prior jurisdiction, and (ii) Declarant's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of other entities shall be limited to such matters as Declarant specifically delegates.

(b) Architectural Review Committee. Upon Declarant's delegation or upon expiration or termination of Declarant's rights under this Article, the Association, acting through the ARC, shall assume jurisdiction over architectural matters. When appointed, the ARC shall consist of at least three, but not more than seven, persons. Members of the ARC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers, or similar professionals, who may be compensated in such manner and amount, if any, as the Board may establish. At least a majority of the ARC members shall be Community Council designees and may be removed and replaced in the Community Council's discretion; the remainder shall serve and may be removed and replaced in the Board's discretion.

The Board may create and appoint subcommittees of the ARC. Subcommittees may be established to preside over particular areas of review (e.g., landscape plans) and shall be governed by procedures the Board or the ARC may establish. Any subcommittee's actions are subject to review and approval by Declarant, for as long as Declarant may review the ARC's decisions, and the ARC. Notwithstanding the above, neither the ARC nor Declarant shall be obligated to review all actions of any subcommittee, and the failure to take action in any instance shall not be a waiver of the right to act in the future.

Unless and until such time as Declarant delegates any of its reserved rights to the ARC or Declarant's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

Declarant and the Association may employ architects, engineers, or other Persons to perform the review required under this article.

(c) Reviewer. The entity having jurisdiction in a particular case, whether Declarant or its designee on the ARC, shall be referred to as the "Reviewer."

(d) Fees; Assistance. The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. The Board may include the compensation of such Persons in the Association's annual operating budget.

4.3. Guidelines and Procedures.

(a) Architectural Guidelines. Declarant may prepare the initial Architectural Guidelines, which may contain general provisions applicable to all of the Residential Community as well as specific provisions which vary from Neighborhood to Neighborhood. The Architectural Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer. The Architectural Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Architectural Guidelines does not guarantee an application's approval.

Declarant shall have sole and full authority to amend the Architectural Guidelines as long as it or any Affiliate of Declarant owns any portion of the Residential Community or has a unilateral right to annex property under Section 9.1. Declarant's right to amend shall continue even if its reviewing authority is delegated to the ARC, unless Declarant also delegates the power to amend to the ARC. Upon termination or delegation of Declarant's right to amend, the Board may amend the Architectural Guidelines with the Community Council's consent.

Amendments to the Architectural Guidelines shall be prospective only. They shall not require modifications to or removal of structures previously approved once the approved construction or modification has begun. However, any new work on such structures must comply with the Architectural Guidelines as amended. Subject to the Community-Wide Standard, there is no limit to the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

The Reviewer shall make the Architectural Guidelines available to Owners and Builders who seek to engage in development or construction within the Residential Community. In Declarant's discretion, the Architectural Guidelines may be Recorded, in which event the Recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time.

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(b) Procedures. Unless the Architectural Guidelines provide otherwise, no construction activities or other activities described in Section 4.1 may begin until a request is submitted to and approved by the Reviewer. The request must be in writing and be accompanied by plans and specifications and other information the Reviewer or the Architectural Guidelines require. Plans and specifications shall show, as applicable, site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed exterior design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that aesthetic determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations are not subject to review so long as they are made in good faith and in accordance with the required procedures.

The Reviewer shall make a determination on each application within 45 days after receipt of a completed application and other information it requires. The Reviewer may permit or require that an application be submitted or considered in stages, in which case, a final decision shall not be required until 45 days after the final, required submission stage. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

As long as Declarant or any Affiliate of Declarant owns any portion of the Residential Community or has the unilateral right to annex property under Section 9.1, the ARC shall notify Declarant in writing within three business days of any action (*i.e.*, approval, partial approval, or disapproval) it intends to take under this Article. A copy of the application and any additional information that Declarant may require shall accompany the notice. During such time, Declarant shall have the right, in its sole and absolute discretion, to veto any ARC action; provided, Declarant's right to veto must be exercised within 10 business days after it receives notice of the ARC's action. The party submitting the plans for approval shall not be notified of the ARC's action until after Declarant's right to veto has been exercised or has expired.

The Reviewer shall notify the applicant in writing of a final determination on any application within five days after such determination is made or, with respect to any ARC determination subject to Declarant's veto right, within five days after the earlier of: (i) receipt of notice of Declarant's veto or waiver thereof; or (ii) expiration of the 10-day period for exercise of Declarant's veto. In the case of disapproval, the Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

If the Reviewer fails to respond in a timely manner, approval shall be deemed given, subject to Declarant's veto right. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Guidelines unless a written variance has been granted pursuant to Section 4.5.

Notice shall be deemed given at the time the envelope containing the response is deposited in the U.S. mail. Personal or electronic delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant.

As part of any approval, the Reviewer may require that approved construction commence within a specified time period. If construction does not commence within the required period, the approval shall expire and the Owner must reapply for approval before commencing any activities. Once commenced, construction must be diligently pursued to completion. All construction work shall be completed within one year of commencement unless otherwise specified in the notice of approval or the Architectural Guidelines, or unless the Reviewer, in its discretion, grants an extension in writing. If approved work is not completed within the required time, it shall be in violation of this Article and shall be subject to enforcement action by the Association or Declarant.

Declarant or the Board, with Declarant's consent, by resolution, may exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution. For example, Builders may submit and receive pre-approval of landscaping or other plans for general application. Such pre-approved plans shall not require resubmission prior to use on a particular Lot.

4.4. No Waiver of Future Approvals.

Each Owner acknowledges that the people reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, at which time, it may or may not be unreasonable to require that such objectionable features be changed. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval of similar applications, plans, or other matters subsequently or additionally submitted for approval.

4.5. Variances.

The Reviewer may authorize variances from compliance with the Architectural Guidelines and any procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) prevent the Reviewer from denying a variance in other circumstances. A variance requires Declarant's written consent for so long as Declarant or any Affiliate of Declarant owns any portion of the Residential Community or has the unilateral right to annex property, and, thereafter, requires the Board's written consent.

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4.6. Limitation of Liability.

This Article establishes standards and procedures as a mechanism for maintaining and enhancing the overall aesthetics of the Residential Community. The standards and procedures do not create any duty to any Person. Review and approval of any application pursuant to this Article may be based on purely aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that every dwelling is of comparable quality, value, or size, of similar design, or aesthetically pleasing or otherwise acceptable to other Owners.

Declarant, Declarant's Affiliates, the Association, its officers, the Board, the ARC, the Association's management agent, the Community Council, any committee, or any member of any of the foregoing shall not be held liable for the approval of, disapproval of, or failure to approve or disapprove any plans; soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a Builder within Southwood; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Lot. In all matters, the Association shall defend and indemnify the Board, the ARC, the Council Board, the members of each, and the Association officers as provided in Section 7.6.

4.7. Certificate of Compliance.

Any Owner may request in writing that the Reviewer issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Architectural Guidelines. The Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. The issuance of a certificate of architectural compliance shall prevent the Association from taking enforcement action against an Owner for any condition known to the Association on the date of the certificate.

4.8. Enforcement.

Any construction, alteration, or other work done in violation of this Article or the Architectural Guidelines is subject to enforcement action. Upon written request from the Association or Declarant, an Owner shall, at his/her own cost and expense, and within a reasonable time frame identified in the request, cure the violation or restore the Lot to substantially the same condition as existed before the violation occurred. Should an Owner fail to cure the problem or otherwise restore the property as required, the Association, Declarant, or their designees shall have the right to enter the property, remove the violation, and restore the property. All costs, together with interest at the rate the Board establishes (not to exceed the maximum rate then allowed by law), may be assessed against the benefited Lot and collected as a Benefited Assessment.

Any approvals granted under this Article are conditioned upon completion of all elements of the approved work, unless approval to modify any application has been obtained. In the event

that any Person fails to commence and diligently pursue to completion all approved work by the deadline imposed, Declarant or the Association may, after notifying the Owner and allowing an opportunity to be heard in accordance with the By-Laws, enter upon the Lot and remove or complete any incomplete work and assess all costs incurred against the Lot and its Owner as a Benefited Assessment.

Any act of any contractor, subcontractor, agent, employee, or invitee of an Owner shall be deemed as an act done by or on behalf of such Owner. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Architectural Guidelines may be excluded from the Community, subject to the notice and hearing procedures contained in the By-Laws. Declarant, Declarant's Affiliates, the Association, and their respective officers and directors, shall not be held liable to any Person for exercising the rights granted by this paragraph.

The Association shall be primarily responsible for enforcing this Article. If, however, in Declarant's discretion, the Association fails to take appropriate enforcement action within a reasonable time period, Declarant, for so long as it or any Affiliate of Declarant owns any portion of the Residential Community or has the unilateral right to annex property into the Residential Community under Section 9.1, may, but shall not be obligated to, exercise the enforcement rights set forth above. In such event, Declarant may assess and collect Benefited Assessments against the violating Owner and assert the Association's lien rights pursuant to Article VIII. The Association hereby assigns to Declarant such rights and authority, including the right to all funds collected, and no further assignments shall be required.

In addition to the foregoing, the Association and Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the Reviewer's decisions. The alternative dispute resolution provisions set out in Article XIV shall not apply to actions by Declarant or the Association to enforce the provisions of this Article or the Reviewer's decisions.

Article V Maintenance and Repair

5.1. Maintenance of Lots.

Each Owner must maintain his or her Lot, including all structures, landscaping, and other improvements comprising the Lot, in a manner consistent with the Governing Documents, the Community-Wide Standard, and any other applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to (and accepted by, if appropriate) the Association, a Neighborhood Association, or a CDD under this Declaration, any Supplemental Declaration, additional covenants applicable to such Lot, or by law.

Each Owner also is responsible for maintaining and irrigating the landscaping located in the public right-of-way adjacent to his or her Lot. Prior to the issuance of a certificate of occupancy for, and the actual occupying of, a dwelling on a Lot, the Association shall provide for such maintenance and irrigation and assess its costs against the benefited Lot and Owner as a Benefited Assessment. After issuance of a certificate of occupancy for, and the actual occupying

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of, a dwelling on the Lot, the Lot Owner shall maintain and irrigate such landscaping at his or her own expense.

An Owner may be relieved of maintenance responsibilities described above to the extent that the Association or a Neighborhood Association assumes or is assigned such responsibility pursuant to this Declaration or a Supplemental Declaration, or a CDD assumes all or part of such maintenance responsibility.

5.2. Maintenance of Neighborhood Property.

If designated in a Supplemental Declaration, Owners within a Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining, and insuring certain portions of the Common Maintenance Areas within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining buildings and other improvements, landscaping, signage, entry features, rights-of-way, and green space between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that the Association may perform such maintenance. The Board also may assign such costs to the Owners within a Neighborhood pursuant to an agreement with the Owners in a Neighborhood or with a Neighborhood Association or by resolution based upon a perceived need; provided, in the absence of specific agreements, Neighborhoods which are similarly situated shall be treated the same.

If a Neighborhood Association is created, it shall maintain its common property and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants.

5.3. Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance includes responsibility for repair and replacement as necessary to maintain the property to a level consistent with the Community-Wide Standard.

Each Owner shall carry property insurance for the full replacement cost of all insurable improvements on his or her Lot, less a reasonable deductible, unless either a Neighborhood Association (if any) or the Association carries such insurance (which they may, but are not obligated to do). If the Association assumes responsibility for insuring a Lot, the insurance premiums shall be levied as a Benefited Assessment against the benefited Lot and the Owner.

Within three months of any damage to or destruction of a structure on a Lot, the Owner shall repair or reconstruct the structure in a manner consistent with the original construction or other plans and specifications approved in accordance with Article IV; provided, under special circumstances the Board, in its discretion, may extend such period. Alternatively, the Owner shall clear the Lot and maintain it in a neat and attractive condition consistent with the Community-Wide Standard. The Owner shall pay any costs insurance proceeds do not cover.

Additional Recorded covenants applicable to any Neighborhood may establish additional insurance requirements and more stringent standards for rebuilding or reconstructing structures on the Lots within the Neighborhood and for clearing and maintaining the Lots in the event the structures are not rebuilt or reconstructed.

This Section applies to a Neighborhood Association with respect to common property within the Neighborhood in the same manner as if the Neighborhood Association was an Owner and the common property was a Lot.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

This Declaration establishes the Association as a way for each Owner to participate in the governance and administration of the Residential Community. While the Board of Directors has responsibility for the Association's day-to-day management and operation, some decisions are considered of such importance that they are reserved for the Association's membership -- the Lot Owners.

Article VI The Association and its Members

6.1. Function of Association.

The Association is the entity responsible for management, maintenance, operation, and control of the Common Maintenance Areas. The Association also has primary responsibility for administering and enforcing the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and Florida law. The Board shall be responsible for management for the Association and, as the Governing Documents permit, may contract with a property manager for such purposes. The Board is appointed or elected as provided in the By-Laws.

6.2. Membership.

Every Owner is a Member of the Association; provided, there is only one membership per Lot. If a Lot is owned by more than one Person, each co-Owner shares the privileges of the membership, subject to reasonable Board regulation and the voting restrictions described in Section 6.3(c) and in the By-Laws. Co-Owners are jointly and severally obligated to perform the responsibilities of an Owner. The membership rights of an Owner which is not an individual (e.g., a corporation) may be exercised by any officer, director, partner, or trustee, or by an individual the Owner designates from time to time in a written instrument provided to the Association's Secretary.

6.3. Voting.

The Association shall have two classes of membership, Class "A" and Class "B."

(a) Class "A". Class "A" Members are all Owners except the Class "B" Member. Class "A" Members have one equal vote for each Lot they own, except that there is only one vote per Lot. No vote shall be exercised for any property which is exempt from assessment under Section 8.11.

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(b) Class "B". The Class "B" Member, collectively, shall be Declarant and any Affiliate of Declarant. The Class "B" Member shall not vote, but may appoint a majority of the Board members during the Class "B" Control Period, as specified in the By-Laws, and may exercise the additional rights specified throughout the Governing Documents. Unless Declarant delegates such authority, Declarant shall act on behalf of and as the Class "B" Member on all matters.

The Class "B" membership terminates upon the earlier of:

(i) when 95% of the Lots permitted for the Residential Community under the Master Plan are issued certificates of occupancy and are owned by Class "A" Members other than Builders; or

(ii) when, in its discretion, Declarant declares in a Recorded instrument.

Upon termination of the Class "B" membership, Declarant and Affiliates of Declarant shall be Class "A" Members entitled to one Class "A" vote for each Lot they own.

(c) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the By-Laws, Neighborhood Representatives shall exercise the vote for each Lot a Class "A" Member owns; provided, until a Neighborhood Representative is first elected for a Neighborhood, each Owner within such Neighborhood may personally to cast the vote attributable to his or her Lot on any issue requiring a membership vote under the Governing Documents. A Neighborhood Representative may cast the number of votes corresponding to the number of eligible Class "A" votes within his or her Neighborhood.

Prior to any scheduled vote, a Neighborhood Representative shall poll the Owners within the Neighborhood and allow a reasonable time for response. Polling may be done through posting notice of the vote in a conspicuous, prominent place within Southwood, by publication in a newsletter circulated to eligible voters, via the Residential Community's intranet site, or such other method as the Neighborhood Representative deems, in its discretion, reasonably calculated to provide notice to such Owners. Any notice shall provide specific instructions on how voting direction may be conveyed to the Neighborhood Representative. For each Lot for which specific voting direction is given, the Neighborhood Representative shall vote as directed. For each Lot from which no direction or conflicting direction is given, the Neighborhood Representative may cast the vote for such Lot as he or she, in his or her discretion, deems appropriate.

In any situation where a Member is entitled personally to exercise the vote for his or her Lot, and there is more than one Owner of such Lot, the vote for such Lot shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

6.4. Neighborhoods and Neighborhood Representatives.

(a) Neighborhoods. Every Lot shall be located within a Neighborhood. Lots within a particular Neighborhood may be subject to covenants in addition to those contained in this Declaration and, if required by law or if Declarant otherwise approves, the Owners within the Neighborhood may be members of a Neighborhood Association in addition to the Association.

Exhibit "A" to this Declaration, any Supplemental Declaration, and any Plat may assign property to a specific new or existing Neighborhood (by name or other identifying designation). So long as it has the right to subject additional property to this Declaration pursuant to Section 9.1, Declarant may unilaterally Record a Supplemental Declaration or amend this Declaration or any Supplemental Declaration to create Neighborhoods, re-designate Neighborhood boundaries, or combine two or more existing Neighborhoods. Thereafter, the Board may amend this Declaration or any Supplemental Declaration to re-designate Neighborhood boundaries; provided, it may not combine two or more existing Neighborhoods without the consent of Owners of a majority of the Lots in the affected Neighborhoods.

Owners within any Neighborhood may request that the Association provide a higher level of service than the Association generally provides to all Neighborhoods or may request that the Association provide special services for the benefit of Lots in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Lots within the Neighborhood, the Association shall provide the requested services. In addition, the Association may provide a higher level of special services to any Neighborhood in accordance with a Supplemental Declaration, or if the Board, in its discretion, deems such services necessary or appropriate. The Board shall assess the cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate against the Lots within such Neighborhood as a Neighborhood Assessment; provided, any such administrative charge shall apply at the same rate per Lot to all Neighborhoods receiving the same service.

(b) Neighborhood Representatives. Subject to the procedures outlined below, the Class "A" Members within each Neighborhood shall elect two Neighborhood Representatives to represent the Neighborhood. One of the Neighborhood Representatives shall cast the Class "A" Member votes within the Neighborhood, and, to the extent provided in the Community Council by-laws, both Neighborhood Representatives shall serve as trustees on the Council Board. Neighborhood Representatives shall be Owners in good standing of a Lot in the Neighborhood they represent. Each Neighborhood Representative shall serve a two-year term, and may serve no more than two consecutive terms.

Declarant shall appoint an initial Neighborhood Representative from each Neighborhood no later than at such time as 25% of the Lots anticipated for the Residential Community under the Master Plan have been conveyed to Class "A" Members other than Builders; provided, a Neighborhood Representative need not be appointed for any particular Neighborhood prior to the time that 25% of the Lots anticipated for such Neighborhood have been conveyed to Class "A" Members other than Builders. Within 13 months following Declarant's appointment of the initial Neighborhood Representatives, the Board shall call for an election by the Class "A" Members of an additional Neighborhood Representative from each Neighborhood. Thereafter, the Board



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shall call for an annual election of one Neighborhood Representative from each Neighborhood to succeed the Neighborhood Representative whose term is expiring. As such, each Neighborhood shall have two Neighborhood Representatives, with the two-year term of each being staggered.

Except with respect to the initial Neighborhood Representative, the Neighborhood Representative serving in the second year of his or her term shall serve as the voting representative for the Neighborhood. The initial Neighborhood Representative shall be the voting representative during both years of his or her term. All references in the Governing Documents to votes, consents, or approvals of the Neighborhood Representatives shall be deemed to refer to such voting representative.

For any Neighborhood Representative election, the candidate who receives the greatest number of votes shall be elected. The candidate receiving the next greatest number of votes shall be elected as the alternate Neighborhood Representative and shall act in the Neighborhood Representative's absence.

Votes for Neighborhood Representatives may be cast by written ballots through the mail, by computer (e.g., electronic mail or intranet system), or at a meeting of the Class "A" Members within the Neighborhood, as the Board determines. If the Class "A" Members holding at least 10% of the votes attributable to Lots within any Neighborhood sign a written petition and present it to the Board, the Neighborhood Representative election shall be held at a meeting. Candidates for election as Neighborhood Representatives may be nominated by the Board, a nominating committee the Board appoints, and from the floor during an election meeting, or, in addition or in the alternative, any Person may submit their home for consideration.

The presence, in person or by proxy, or the filing of ballots by Class "A" Members representing at least 25% of the total Class "A" votes attributable to Lots in the Neighborhood shall constitute a quorum at any Neighborhood meeting or election. In the event of a failure to obtain a quorum or if there is a vacancy in such positions for any Neighborhood, the Board may appoint a Neighborhood Representative or alternate Neighborhood Representative to represent the Neighborhood until a successor is elected.

Any Neighborhood Representative (other than Declarant's designee) may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the Lots owned by Class "A" Members in the Neighborhood which the Neighborhood Representative represents. The removal of the Neighborhood Representative also shall be a removal of such person from the Council Board.

6.5. Voting Groups.

Before the Class "B" Control Period expires, Declarant, in its sole discretion, may combine different Neighborhoods into Voting Groups for the purpose of electing directors to the Board and, as set forth in the Community Council's by-laws, selecting trustees to serve on the Council Board. The purpose of Voting Groups is to provide for representation on the Board by groups with dissimilar interests and to avoid particular groups dominating the Board due to the number of votes held by such groups. Declarant shall establish Voting Groups, if at all, by Recording a Supplemental Declaration identifying the Voting Group in any manner by which the

Lots within the Voting Group can clearly be determined. Declarant may amend such designations, in its sole discretion, at any time during the Class "B" Control Period. In any event, each Voting Group shall elect an equal number of directors to the Board.

After Declarant's right to appoint Voting Groups expires, the Board, with the approval of Neighborhood Representatives representing a majority of the Neighborhoods and a majority of the total Class "A" votes in the Association, may create one or more Voting Groups, or change existing Voting Groups, by Recording a Supplemental Declaration or amending a previous Supplemental Declaration.

Neither Recording nor amending a Supplemental Declaration to create or change Voting Groups shall be an amendment to this Declaration, and no consent or approval of any Person shall be required except as stated in this Section. Until Voting Groups are established, the Community shall be a single Voting Group. After Voting Groups are established, all portions of the Community not assigned to a specific Voting Group shall together constitute a single Voting Group. No more than five Voting Groups shall be created.

6.6. At-Large Representatives.

At the same time as votes are being cast for Neighborhood Representatives as described in Section 6.4(b), "At-Large Representatives" shall be designated or elected to serve as directors on the Board and as trustees on the Council Board. At-Large Representatives shall be residents of the Residential Community and, except for Declarant's designee, elected by votes cast by the Class "A" Members. For each At-Large Representative election, the candidate who receives the greatest number of votes shall be elected as the At-Large Representative. Each At-Large Representative shall serve a two-year term, and may serve no more than two consecutive terms.

Declarant shall appoint the initial At-Large Representative, along with the initial Neighborhood Representatives, no later than at such time as 25% of the Lots anticipated for the Residential Community under the Master Plan have been conveyed to Class "A" Members other than Builders. Within 13 months following the appointment of the initial At-Large Representative, the Board shall call for an election by the Class "A" Members of an additional At-Large Representative. Thereafter, a new At-Large Representative shall be elected annually. As such, following the appointment of the initial At-Large Representative, the Residential Community shall have two At-Large Representatives at all times, with the two-year term of each being staggered.

Elections for At-Large Representatives shall take place at the same time as elections for Neighborhood Representatives. Elections shall be by written ballot without the necessity of a meeting. The person receiving the greatest number of votes shall be elected. A quorum shall not be required to elect an At-Large Representative.

Any At-Large Representative (other than Declarant's designee) may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the Lots owned by Class "A" Members. The removal of the At-Large Representative also shall be a removal of such person from the Board and the Council Board.

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Article VII Association Powers and Responsibilities

7.1. Acceptance and Control of Association Property.

(a) The Association may acquire, hold, mortgage or otherwise encumber, lease (as landlord or tenant), operate, and dispose of tangible and intangible personal property and real property subject to Section 16.9. The Association may enter into leases, licenses, or operating agreements, for payment or no payment, as the Board deems appropriate, permitting use of portions of the Common Area by others.

(b) Declarant or its designees may transfer to the Association, and the Association shall accept, personal property and/or fee title or other property interests in any improved or unimproved real property included within the property described in Exhibit "A" or "B." Upon Declarant's written request, the Association shall transfer back to Declarant any unimproved real property originally conveyed to the Association for no payment, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

(c) The Association is responsible for management, operation, and control of the Common Area, subject to any covenants, easements, or restrictions set forth in the deed or other instrument transferring the property to the Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate. The Association may enter into a property management agreement with any Person, including Declarant or any Affiliate of Declarant.

7.2. Maintenance of Common Maintenance Areas.

The Association shall maintain the Common Maintenance Areas in accordance with the Community-Wide Standard. The Common Maintenance Areas shall include, but are not limited to:

- (a) the Common Area, including landscaping, structures, and other improvements;
- (b) such portions of any additional property as may be dictated by Declarant, this Declaration, any Supplemental Declaration, any Plat, or any contract, covenant, or agreement for maintenance entered into by, or for the benefit of, the Association; and
- (c) all ponds, streams, and/or wetlands located within Southwood which serve as part of the Community's stormwater drainage system, including associated improvements and equipment, but not including any such areas maintained by a Community Development District.

Without limiting the generality of the foregoing, unless otherwise assigned to a Community Development District by Declarant, the Association shall assume all of Declarant's (and Declarant's Affiliates') responsibilities to Leon County and its governmental or quasi-governmental subdivisions, any state and federal agencies, and similar entities of any kind with respect to the Common Area, and shall indemnify and hold Declarant and its Affiliates harmless with respect to such assumed responsibilities.

The Association may maintain other property which it does not own, including property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard and the property owner consents.

The Association shall not be liable for any damage or injury occurring on or arising out of the condition of property which it does not own except to the extent that it has been negligent in performing its maintenance responsibilities.

The Association shall maintain the facilities and equipment within the Common Maintenance Areas in continuous operation, except for any periods necessary, as determined by the Board, to perform required maintenance or repairs, unless the Board and Neighborhood Representatives representing 75% of the Class "A" votes in the Association agree in writing to discontinue such operation (which may include closing and/or demolishing such facilities or equipment); provided, if the property is Limited Common Area, at least 75% of the Owners to whom such Limited Common Area is assigned (or such higher percentage as a Supplemental Declaration may require) also must agree in writing. Notwithstanding the above, the Common Maintenance Areas may not be reduced, nor shall operation of its facilities and equipment be discontinued, without Declarant's prior written approval as long as Declarant or any Affiliate of Declarant owns any property described in Exhibit "A" or "B" to this Declaration.

The costs associated with maintenance, repair, and replacement of the Common Maintenance Areas shall be a Common Expense. However, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Common Maintenance Areas pursuant to this Declaration, a Supplemental Declaration, or other Recorded covenants or agreements. The cost of maintenance, repair, and replacement of Limited Common Areas shall be assessed against the Lots to which such areas are assigned.

Unless Declarant expressly agrees in writing with the Association to pay the costs of maintaining any portion of the Common Maintenance Areas, Declarant shall have no such obligation, regardless of any inferences which may be drawn from promotional or other materials.

7.3. Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within other portions of the Common Maintenance Areas to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All Association property insurance policies shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

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(ii) Commercial general liability insurance on the Common Maintenance Areas, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$2,000,000.00 per occurrence and in the aggregate with respect to bodily injury, personal injury, and property damage;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage; and

(v) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment, but not less than an amount equal to one-quarter of the annual Regular Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

In the exercise of its business judgment, the Board may obtain additional insurance coverage and higher limits.

Premiums for Common Maintenance Area insurance shall be a Common Expense, except that (i) premiums for property insurance on Lots within a Neighborhood shall be a Neighborhood Expense; and (ii) premiums for insurance on Limited Common Areas may be assessed against the Owners of Lots served by the Limited Common Area or in such other manner as the Board reasonably determines is more appropriate.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the metropolitan Tallahassee area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or tenants, then the Board may assess the full amount of such deductible against such Owner(s) and their Lots as a Benefited Assessment.

To the extent available at reasonable cost and terms, all Association insurance coverage shall:

(i) be written with a company authorized to do business in Florida which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Owners within the Neighborhood and their Mortgagees, as their interests may appear;

(iii) not be brought into contribution with insurance purchased by individual Owners, their Mortgagees, or any occupants of a Lot;

(iv) contain an inflation guard endorsement;

(v) include an agreed amount endorsement, if the policy contains a co-insurance clause;

(vi) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);

(vii) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

(viii) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners (as a class) as additional insureds and provide:

(i) a waiver of subrogation as to any claims against Declarant, Declarant's Affiliates, the Association, or their respective directors, officers, employees, and agents, or the Owners and their tenants, servants, agents, and guests;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(iv) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

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(v) a cross liability provision; and

(vi) a provision vesting in the Board exclusive authority to adjust losses; provided, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless the Neighborhood Representatives representing at least 75% of the total Class "A" votes in the Association and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct. If the damage is to Limited Common Area, repairs shall be made unless at least 75% of the Owners to whom such Limited Common Area is assigned vote not to repair or reconstruct and the Class "B" Member, if any, consents. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period may be extended until such funds or information are available. No Mortgagees shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

The Association shall retain in a reserve fund for capital items any insurance proceeds remaining after paying the costs of repair or reconstruction, or after an agreed-upon settlement, for the benefit of the Members or the Owners of Lots within the insured Neighborhood, as appropriate. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the applicable insurance coverage premiums.

7.4. Compliance and Enforcement.

(a) The Board may impose sanctions for Governing Document violations, which include those listed below and any others described elsewhere in the Governing Documents. The Board may establish a range of penalties for different violations, with violations of the Declaration, unsafe conduct, and harassment or intentionally malicious conduct treated more



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severely than other violations. The following sanctions require prior notice and an opportunity for a hearing in accordance with the By-Laws:

(i) imposing reasonable monetary fines, not to exceed \$100.00 per violation (or per day in the case of a continuing violation), which shall constitute a lien upon the violator's Lot. Fines may be imposed within a graduated range. There is no limit on the aggregate amount of any fine for a continuing violation;

(ii) suspending an Owner's right to vote (except that no notice or hearing is required if the Owner is more than 90 days delinquent in paying any Regular Assessment);

(iii) suspending any Person's right to use Common Area amenities (except that no notice or hearing is required if the Owner is more than 30 days delinquent in paying any assessment or other charge owed the Association); provided, nothing shall authorize the Board to impair an Owner or occupant's access to his or her Lot;

(iv) suspending any services provided by the Association or the Community Council (except that no notice or hearing is required if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Association);

(v) exercising self-help or taking action to abate any violation of the Governing Documents occurring on a Lot in a non-emergency situation (including removing personal property that violates the Governing Documents); and

(vi) levying Benefited Assessments to cover costs the Association incurs to bring a Lot into compliance with the Governing Documents.

In addition, the Board may take the following enforcement actions to ensure compliance with the Governing Documents without the necessity of complying with the procedures set forth in the By-Laws:

(i) exercising self-help or taking action to abate a violation on a Lot in an emergency situation (including towing vehicles that are in violation of parking rules and regulations);

(ii) exercising self-help or taking action to abate a violation on the Common Area under any circumstances; or

(iii) bringing suit at law for monetary damages or in equity to stop or prevent any violation, or both.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may Record a notice of violation or perform the required maintenance and assess its costs against the Lot and the Owner as a Benefited Assessment. If a Neighborhood Association fails to perform its maintenance responsibilities, the Association may perform the maintenance and assess the costs as a Benefited Assessment against

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all Lots within the Neighborhood. Except in an emergency situation, the Association shall provide the Owner or Neighborhood Association reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

The above sanctions shall not apply to Declarant or any Affiliate of Declarant or to any Lot owned by Declarant or any of its Affiliates. All sanctions and remedies set forth in the Governing Documents are in addition to any remedies available at law or in equity. In any action to enforce the Governing Documents, the prevailing party may recover all of its costs incurred in the action, including, without limitation, court costs and reasonable attorneys' fees.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

(i) the Association's position is not strong enough to justify taking any or further action;

(ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(iv) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

By contract or other agreement, the Association may enforce applicable city and county ordinances. In addition, Leon County and the City of Tallahassee may enforce their ordinances within the Residential Community.

7.5. Implied Rights; Board Authority.

The Association may exercise any right or privilege given to it expressly or by reasonable implication by the Governing Documents, and may take action reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents or by law, all of the Association's rights and powers may be exercised by the Board without a vote of the membership.

The Board may institute, defend, settle, or intervene on the Association's behalf in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Common Maintenance Areas, enforcement of the Governing Documents, or any

other civil claim or action. However, the Board has no legal duty to institute any civil action or proceeding on behalf of or in the name of the Association or the Members.

In exercising the Association's rights and powers, making decisions on the Association's behalf (including, without limitation, deciding whether to file a lawsuit or take other legal action under any circumstances) and conducting the Association's affairs, Board members and the Association's officers are subject to, and their actions shall be judged in accordance with, the standards set forth in the By-Laws.

7.6. Indemnification of Officers, Directors, and Others.

The officers, directors, and committee members, acting in such capacity, shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability for any contract or other commitment made or action taken in good faith on the Association's behalf.

Subject to Florida law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which the indemnitee's personal liability is limited under this Section.

This right to indemnification shall not be exclusive of any other rights which any present or former officer, director, or committee member may have. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.7. Powers of the Association Relating to Neighborhoods.

A Neighborhood Committee is an Association committee, and the Board shall have all of the power and control over Neighborhood Committees that it has over other Association committees.

The Association may require that a Neighborhood Association take specific action in connection with its obligations and responsibilities, such as requiring that specific maintenance or repairs or aesthetic changes be made and requiring that a proposed budget include certain items and that expenditures be made therefor. A Neighborhood Association shall take such action within the reasonable time frame the Association sets. If the Neighborhood Association fails to comply, the Association may act on behalf of the Neighborhood Association and levy Benefited Assessments to cover the costs, as well as an administrative charge and sanctions.

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7.8. Provision of Services.

In addition to services the Community Council provides, the Association may provide, or provide for, services and facilities for all or any of the Members and their Lots, and may enter into contracts or agreements with other entities, including Declarant or its Affiliates, to provide such services and facilities. The Board may charge use or service fees for any such services and facilities, or may include the costs in the Association's budget as a Common Expense and assess it as part of the Regular Assessment, if provided to all Lots. If provided to less than all Lots, the Board may assess such costs as a Neighborhood or Benefited Assessment, as applicable. By way of example, such services and facilities might include landscape maintenance, pest control service, cable television service, telephone, internet access, security monitoring, caretaker, transportation, fire protection, utilities, trash collection and recycling, and similar services and facilities.

Nothing in this Section shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided. In addition, subject to the contract terms, the Board may modify or cancel existing contracts for services in its discretion, unless the services are otherwise required by the Governing Documents. Non-use of services provided to all Owners or Lots as a Common Expense shall not exempt any Owner from the obligation to pay assessments for such services.

7.9. Relationships with Other Properties.

The Association may enter into contractual agreements or covenants to share costs with neighboring properties or Private Amenities to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

7.10. Facilities and Services Open to the Public.

Certain portions of Southwood, including facilities, may be open for public use and enjoyment. Such facilities and areas may include, for example: property a CDD maintains, greenbelts, trails and paths, parks, areas conducive to gathering and interaction, roads, sidewalks, and medians.

7.11. Relationship with Governmental and Tax-Exempt Organizations.

The Association may enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Area to, state or local governments, public utility providers, a Community Development District, and non-profit, tax-exempt organizations for the benefit of the Community, the Association, and the Members. The Association may contribute money, real property (including Common Area), personal property, or services to any such entity. Any such contribution shall be a Common Expense and included as a line item in the Association's annual budget.

For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as, but not

limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

7.12. Right To Designate Sites for Governmental and Public Interests.

For so long as Declarant or any Affiliate of Declarant owns any property described in Exhibit "A" or "B," Declarant may, but is not obligated to, designate sites within the Community for government, education, or religious activities and interests, including without limitation, fire, police, and utility facilities, schools and educational facilities, houses of worship, parks, and other public facilities. Subject to the approval requirements set forth in Section 16.9, the sites may include Common Area, in which case the Association shall take whatever action is required to permit such use, including dedication or conveyance of the site, if so directed by Declarant.

7.13. Education and Training.

As a Common Expense, the Association shall cooperate with the Community Council and the Art of Living Director in providing educational and training opportunities within Southwood, including providing funding and permitting facilities use for such purposes. In addition to the Community Council's educational activities, the Association may provide education and training activities as a tool for fostering Owner and resident awareness of Southwood's governance, operations, and concerns. Appropriate educational topics include dispute or conflict resolution, issues involving the Governing Documents, and benefiting from and contributing to Southwood as a planned community. The Association also shall fund and support the education and training required for officers and directors under the By-Laws.

7.14. Use of Technology.

In recognition of the opportunities offered through computers and continuing advancements in the high technology fields, the Association may, as a Common Expense, provide for or offer services, or cooperate with the Community Council in providing services, which make use of computers and other technological opportunities. For example, to the extent Florida law permits, and unless otherwise specifically prohibited in the Governing Documents, the Association may send required notices by electronic means; hold Board or Association meetings and permit attendance and voting by electronic means; send and collect assessment and other invoices over the computer; sponsor a community cable television channel; create and maintain a community intranet or Internet home page offering interactive participation opportunities for users; maintain an "online" newsletter or bulletin board; and provide funding to the Community Council for any of the above purposes.

7.15. Cooperation with the Community Council.

The Association shall cooperate with the Community Council on all matters involving the Community Council's obligations and responsibilities under the Community Covenant. For example, the Association shall permit reasonable use of Common Area facilities by the Community Council, the Art of Living Director, and "chartered clubs" and other volunteer groups operated by or through the Community Council, for their offices, programs, activities, and services; provide use of Association personnel and materials; and, as reasonably appropriate

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and financially feasible as determined in the Board's discretion, incorporate the Community Council's suggestions for community operations, whether such suggestions come from Community Council surveys and focus groups or otherwise.

Article VIII Association Finances

8.1. Budgeting and Allocating Common Expenses.

The Association is authorized to levy Regular Assessments against all Lots subject to assessment under Section 8.7 to fund the Common Expenses. Before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 8.3 and contributions to the Community Council pursuant to Section 8.4. The budget shall reflect the sources and estimated amounts of funds to cover such expenses, including any prior year's surplus or deficit, any non-assessment income, and anticipated assessment income. The budget also shall separately reflect all fees for recreational activities as required under Florida law.

In determining the Regular Assessment, the Board may consider any assessment income expected to be generated from any property reasonably anticipated to become subject to assessment during the fiscal year.

The Board shall send a copy of the final budget and notice of the amount of the Regular Assessment to each Owner at least 30 days before the fiscal year begins. The budget shall not be subject to Owner approval and there shall be no obligation to call an Owners' meeting to consider the budget.

Declarant may, but shall not be obligated to, reduce the Regular Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 8.8(b)) which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. The payment of such subsidy in any year shall not obligate Declarant to continue paying a subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

If any proposed budget is disapproved under Section 8.10, or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

The Board may revise the budget and adjust the Regular Assessment from time to time during the year, subject to Section 8.10 and the notice requirements set forth above and in Florida law.

8.2. Budgeting and Allocating Neighborhood Expenses.

The Association is authorized to levy Neighborhood Assessments against all Lots subject to assessment in a Neighborhood to fund Neighborhood Expenses; provided, if specified in a Supplemental Declaration or if a majority of the Owners within the Neighborhood requests in



writing, any portion of the assessment intended for the exterior maintenance of structures, insurance on structures, or replacement reserves pertaining to particular structures shall be levied on just the benefited Lots equally, in proportion to the benefit received, or in any other reasonable manner.

Before the beginning of each fiscal year, the Board shall prepare separate Neighborhood budgets covering the estimated Neighborhood Expenses, if any, for each Neighborhood during the coming year. Each such budget shall include any costs for additional services or a higher level of services approved pursuant to Section 6.4(a) and any contribution to be made to a reserve fund pursuant to Section 8.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, including any prior year's surplus or deficit, any anticipated non-assessment income, and assessment income anticipated from the Lots in the Neighborhood.

The Board shall send a copy of the Neighborhood budget and notice of the amount of the Neighborhood Assessment for the coming year to each Owner in the Neighborhood at least 30 days before the fiscal year begins. The budget shall not be subject to Owner approval and there shall be no obligation to call an Owner's meeting to consider the budget.

If the proposed budget for any Neighborhood is disapproved under Section 8.10, or if the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the year before shall continue for the current year.

The Board may revise the budget for any Neighborhood and the amount of any Neighborhood Assessment from time to time during the year, subject to the notice requirements above and pursuant to Florida law and the right of the Owners of Lots in the affected Neighborhood to disapprove the revised budget as set forth above.

All amounts the Association collects as Neighborhood Assessments shall be held and expended solely for the benefit of the Neighborhood for which they were collected. Such amounts shall be accounted for separately from the Association's general funds.

Declarant may, but shall not be obligated to, reduce the Neighborhood Assessment for any Neighborhood for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 8.8(b)) which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the Neighborhood budget. The payment of such subsidy in any year shall not obligate Declarant to continue paying a subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

8.3. Budgeting for Reserves.

The Board may include in the Common Expense budget or the Neighborhood Expense budgets, as appropriate, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect both to amount and timing by annual contributions over the budget period. Reserve budgets shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. So long as the

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Board exercises business judgment in determining the amount or necessity of the reserve fund, the amount shall be considered adequate.

The Board may adopt resolutions regarding the expenditure of any reserve funds, including policies designating the nature of assets for which reserve funds may be expended. These policies may differ for general Association purposes and for each Neighborhood. So long as Declarant or any Affiliate of Declarant owns any property described in Exhibit "A" or "B," neither the Association nor the Board shall adopt, modify, limit, or expand such policies without Declarant's prior written consent.

The Board may enter into agreements with Declarant, on negotiated terms, under which Declarant may obligate itself to provide or contribute to reserve funds as needed on a "cash basis" in lieu of funding reserves on an accrual basis. The Board has no duty to fund reserves during any period that Declarant is funding Association budget deficits.

8.4. Budgeting for Community Council Expenses.

The Association's Common Expense budget shall include Community Council expenses as a line item. The Association shall pay such amounts to the Community Council in accordance with the Community Covenant.

8.5. Special Assessments.

In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Special Assessments may be levied against the entire membership, if the Special Assessment is for Common Expenses, or against the Lots within any Neighborhood, if the Special Assessment is for Neighborhood Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Neighborhood Representatives (if a Common Expense) or Members (if a Neighborhood Expense) representing at least a majority of the total votes allocated to Lots which will be subject to the Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if any. Special Assessments shall be payable in such manner and at such times as the Board determines, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.6. Benefited Assessments.

The Association may levy Benefited Assessments against one or more particular Lots as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which the Association may offer (which might include the items identified in Section 7.8) or which the Association otherwise provides to less than all Owners in accordance with this Declaration or any Supplemental Declaration. Benefited Assessments for special services may be levied in advance of the provision of the requested service; and



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(b) to cover costs incurred in bringing a Lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing, in accordance with the By-Laws, before levying any Benefited Assessment under this subsection.

The Association may also levy a Benefited Assessment against the Lots within any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Lots in the Neighborhood and an opportunity for such Owners to be heard before levying the assessment.

Lots which Declarant or any Affiliate of Declarant owns are exempt from Benefited Assessments.

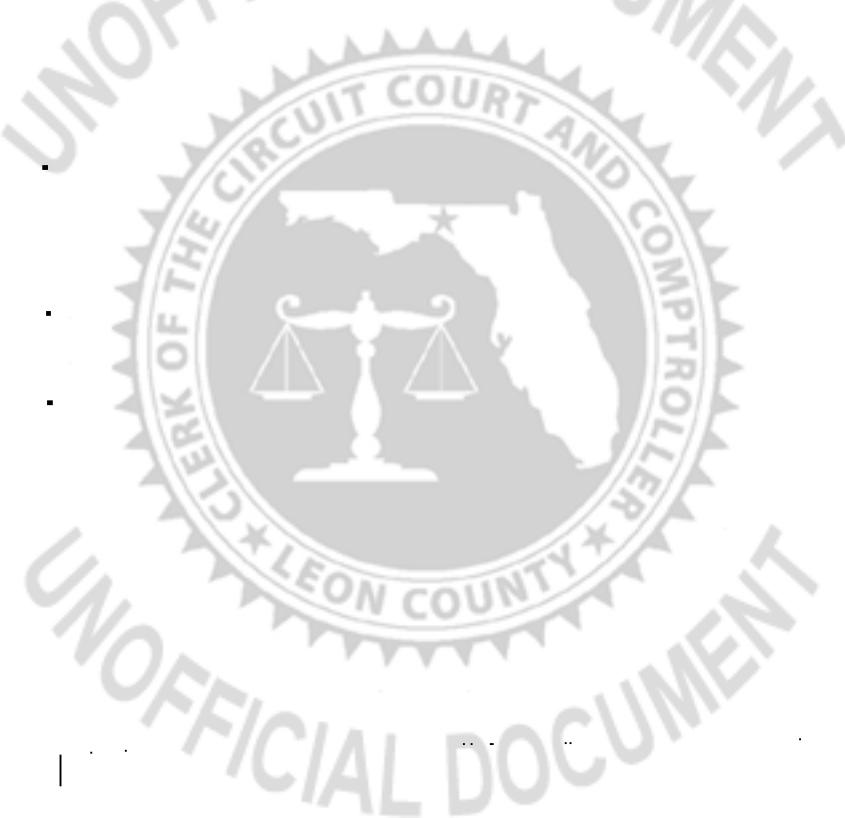
8.7. Commencement of Assessment Obligation; Time of Payment.

The obligation to pay assessments commences as to each Lot on the first day of the month following: (a) the month in which the Lot is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later; provided, until a certificate of occupancy is issued for a dwelling on a Lot, such Lot shall be assessed at 25% of the full per Lot assessment for Regular, Neighborhood, and Special Assessments. The first annual Regular Assessment and Neighborhood Assessment, if any, levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot.

Owners shall pay assessments in the manner and on the dates the Board establishes. The Board may require advance payment of assessments at closing of the transfer of title to a Lot and may impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in quarterly or monthly installments. Unless the Board otherwise provides, the Regular Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Lot, the Board may require that the outstanding balance on all assessments be paid in full immediately.

8.8. Obligation for Assessments.

(a) **Personal Obligation.** Each Owner, by accepting a deed or entering into a Recorded contract of sale for any Lot, covenants and agrees to pay all assessments authorized in the Governing Documents for each Lot owned. All assessments, together with interest (computed from the assessment's due date at a rate of at least 12% per annum or such higher rate as the Board may establish, subject to Florida law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Lot until paid in full. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.



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The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Regular Assessments and Neighborhood Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner is exempt from liability for assessments by non-use of the Common Area, abandonment of his or her Lot, or any other means. The obligation to pay assessments is a separate and independent covenant by each Owner. No reduction or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some required function, or for inconvenience or discomfort arising from making repairs or improvements, or for any other reason.

Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

(b) Declarant's Option to Fund Budget Deficits. During the Class "B" Control Period, Declarant may satisfy the obligation for assessments on Lots which it or any Affiliate of Declarant owns either by paying assessments in the same manner as any other Owner or by funding the budget deficit. The budget deficit is the difference between the amount of assessments levied on Class "A" Member-owned Lots, plus any other income received during the fiscal year, and the amount of the Association's actual expenditures during the fiscal year, including amounts paid to the Community Council, but excluding expenses exclusively for capital improvement costs and reserves. Unless Declarant otherwise notifies the Board in writing at least 30 days before the beginning of the fiscal year, Declarant shall continue paying on the same basis as during the previous fiscal year.

Regardless of Declarant's election, Declarant's assessment obligations may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Class "B" Control Period, except with respect to Benefited Assessments, Declarant shall pay assessments on Lots which it or its Affiliates own in the same manner as any other Owner.

Declarant may make the election provided for under this Section 8.8(b) both with respect to Regular Assessments and with respect to Neighborhood Assessments within any Neighborhood.

8.9. Lien for Assessments.

The Association shall have a lien against each Lot to secure payment of delinquent assessments, as well as interest, late charges (subject to Florida law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or

charge of any Recorded first Mortgage (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value.

Notwithstanding the above, and subject to Florida law, any lien for Association assessments or charges levied solely for the purpose of acquisition, development, or construction of infrastructure or capital improvements serving the Residential Community (or to pay the cost to underwrite, service, and repay any debt incurred to finance any such acquisition, development, or construction) may be designated by the Board as a "Capital Improvement Assessment" which shall be superior to (a) the Association's lien for other Common Expenses, and (b) all other liens except those deemed superior under Florida law and which may not be made subordinate by this provision.

The Association's liens may be enforced by suit, judgment, and foreclosure in accordance with Florida law. The Association may acquire a Lot in connection with foreclosing its lien and, in such case, may hold, lease, mortgage, and convey the Lot. The Association may also sue for unpaid assessments and other charges without foreclosing or waiving its assessment lien.

Sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure by the first Mortgagee extinguishes the lien relating to any amounts due prior to the Mortgagee's foreclosure. The purchaser of a foreclosed Lot shall not be personally liable for assessments on such Lot due prior to the foreclosure sale. Such unpaid assessments shall be a Common Expense collectible from Owners of all Lots subject to assessment under Section 8.7, including such purchaser, its successors and assigns.

Notwithstanding the above, while the Association owns a Lot: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association.

8.10. Limitation on Assessment Increases.

Notwithstanding any provision to the contrary, and except for assessment increases necessary for emergency situations, after termination of the Class "B" Control Period, any Regular Assessment that is more than 10% greater than such assessments for the immediately preceding fiscal year is subject to disapproval at a meeting by Neighborhood Representatives representing 75% of the Class "A" Members subject to such assessment. Except for increases necessary for emergency situations, after termination of the Class "B" Control Period, any Neighborhood Assessment that is more than 10% greater than such assessment for the immediately preceding fiscal year is subject to disapproval at a meeting by Members representing a majority of the Class "A" votes within the Neighborhood subject to such assessment. There shall be no obligation to call a meeting for the purpose of considering the disapproval of any budget except on petition of the Members subject to assessment under the budget, as provided for special meetings in the By-Laws. Any such petition must be presented to the Board within 10 days after delivery of the budget and notice of any assessment.



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An emergency situation is any one of the following:

- (a) an extraordinary expense required by an order of a court;
- (b) an extraordinary expense necessary to repair or maintain any portion of the Residential Community for which the Association is responsible where a threat to personal safety is discovered;
- (c) an extraordinary expense necessary to repair or maintain any portion of the Residential Community for which the Association is responsible and which could not reasonably have been foreseen by the Board in preparing and distributing the pro forma budget pursuant to Section 8.1. However, prior to the imposition or collection of such an assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. Notice of the Board meeting at which such resolution is to be considered, explaining the nature of the assessment proposed, shall be provided to the Members along with the notice of such assessment; or
- (d) to defend itself in litigation, arbitration, or other legal or administrative actions brought against it.

8.11. Exempt Property.

The following property shall be exempt from payment of Regular Assessments, Neighborhood Assessments, and Special Assessments:

- (a) All Common Area and other portions of the Residential Community which are not Lots;
- (b) Any property dedicated to and accepted by any governmental authority, public utility, or Community Development District;
- (c) Property a Neighborhood Association owns for the common use and enjoyment of its members, or owned by Neighborhood Association members as tenants-in-common; and
- (d) Property the Community Council owns.

In addition, both Declarant and the Association shall have the right, but not the obligation, to grant exemptions to schools, houses of worship, hospitals, or Lots owned by and used by Persons qualifying for tax exempt status under Section 501(c) of the Internal Revenue Code. Exemptions granted by Declarant shall be binding on the Association.

8.12. Use and Consumption Fees: Licenses and Royalties.

The Board may charge use and consumption fees to any Person using Association services or facilities and may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners).

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As set forth in Section 10.6, the Association may enter into license agreements with Declarant or other parties which permit the Association's use of trade names or service marks (e.g., use of the name Southwood). To the extent permitted by such license agreements, the Board may enter into sub-license agreements, under negotiated terms, which permit others within the Residential Community to use such trade names and/or service marks. The Association may charge fees and collect royalties in connection with such sub-license agreements; provided, Declarant and any Affiliate of Declarant shall be exempt from payment of such license fees.

PART FOUR: COMMUNITY DEVELOPMENT

The Declaration reserves various rights to the developer in order to facilitate the smooth and orderly development of Southwood and to accommodate changes in the Master Plan which inevitably occur as a community the size of Southwood grows and matures.

Article IX Expansion of the Community

9.1. Annexation by Declarant.

Declarant may, from time to time, subject to this Declaration all or any portion of the property described in Exhibit "B" by a Recorded Supplemental Declaration which describes the property being subjected. A Supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

Declarant's right to annex property pursuant to this Section expires when all property described in Exhibit "B" has been subjected to this Declaration or 25 years after this Declaration is Recorded, whichever is earlier. Until then, Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibit "A" or "B." Any such transfer shall be memorialized in a Recorded instrument executed by Declarant.

Nothing in this Declaration shall require Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "B" in any manner whatsoever.

9.2. Annexation by the Association.

The Association also may annex property to the provisions of this Declaration by a Recorded Supplemental Declaration which describes the additional property. Annexation by the Association shall require the affirmative vote or written consent of Neighborhood Representatives representing more than 50% of the Class "A" votes and the consent of the property owner. In addition, so long as Declarant or any Affiliate of Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's consent is required. The Supplemental Declaration shall be signed by the President and Secretary of the Association, by the owner of the property, and by Declarant, if Declarant's consent is required.

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9.3. Additional Covenants and Easements.

By Supplemental Declaration, Declarant may impose additional covenants and easements on portions of the Residential Community, including covenants obligating the Association to maintain and insure specific property and authorizing the Association to recover its costs through Neighborhood Assessments. If someone other than Declarant owns the property, then such owner's consent and execution of the Supplemental Declaration is required. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4. Effect of Filing Supplemental Declaration.

Unless otherwise specified, a Supplemental Declaration shall be effective upon the earlier of (a) notice to the Persons who are affected by such Supplemental Declaration; or (b) Recording. The Lots subjected to this Declaration by Supplemental Declaration shall have equal voting rights in the Association and equal pro rata liability for Regular Assessments with all other Lots. All property made subject to this Declaration also shall be subject to the Community Covenant whether or not specifically stated in the Supplemental Declaration.

Article X Additional Rights Reserved to Declarant

10.1. Withdrawal of Property.

Declarant reserves the right to amend this Declaration, so long as it has a right to annex property pursuant to Section 9.1, to remove any unimproved portion of the Residential Community from the coverage of this Declaration. "Unimproved" means that no permanent structure has yet been built on the property. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant.

In addition, until termination of the Class "B" Control Period, Declarant reserves the right to amend the Declaration and remove any Neighborhood, regardless of whether Declarant owns all or any of the property within the Neighborhood, from the coverage of this Declaration. Such amendment shall not require the consent of any Person other than Declarant. In addition, in such event, the Association shall reconvey to Declarant, or its designee, any of the property being withdrawn which it owns.

10.2. Marketing and Sales Activities.

Notwithstanding anything in the Governing Documents to the contrary, Declarant, its Affiliates, and Builders may construct and maintain upon portions of the Common Area and other property they own, such facilities, activities, and things as, in Declarant's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Lots. Such permitted facilities, activities, and things shall include business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, sales offices, holding or sponsoring special events, and exterior lighting features or displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, Declarant, Declarant's



Affiliates, and Builders may park vehicles in areas other than garages or driveways, including on streets. Builder's rights under this Section are subject to Declarant's approval.

10.3. Right to Approve Changes in Community Standards.

No amendment to or modification of any Use Restrictions, rules, or the Architectural Guidelines shall be effective without prior notice to and the written approval of Declarant, so long as Declarant or any Affiliate of Declarant owns any portion of the Residential Community or has a unilateral right to annex property in accordance with Section 9.1.

10.4. Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a Recorded instrument signed by Declarant. Declarant may allow other Persons to exercise, on a one-time or limited basis, any Declarant right without transferring the entire right. In such case, a Recorded instrument is not required.

10.5. Central Telecommunication, Receiving, and Distribution System.

Declarant reserves for itself, its Affiliates, successors, and assignees, the exclusive and perpetual right and easement to operate within Southwood, and to service the buildings and the structures within any Lot, a central telecommunication (including cable television, data/Internet/intranet services, and security monitoring) receiving and distribution system, including conduits, wires, amplifiers, towers, antennae, and other related apparatus and equipment (the "Community Systems") as Declarant, in its discretion, deems appropriate. Such exclusive and perpetual right shall include, without limitation, Declarant's right to select and contract with companies licensed to provide telecommunications and cable television service in the Southwood area, and to charge individual users a reasonable fee not to exceed the maximum allowable charge for such service, as from time to time is defined by the laws, rules, and regulations of the relevant government authority, if applicable.

Declarant may require that the Association enter into a bulk rate service agreement for the provision of Community Systems to all Lots as a Common Expense. If particular services or benefits are provided to particular Owners or Lots at their request, the benefited Owner(s) shall pay the service provider directly for such services, or the Association may assess the costs as a Neighborhood Assessment or Benefited Assessment, as appropriate.

10.6. Rights To Use Names; License Agreements.

The names "Arvida®," "St. Joe," "Southwood," "The St. Joe Company," and all similar or derivative names, along with all associated logos, are the proprietary trade names and service marks of The St. Joe Company or its Affiliates. No Person shall use such trade names or service marks for advertising or any other purpose in any promotional material, whether printed, audio, video, or otherwise, in any signage, or in any logo or depiction without the prior written consent

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of the Person who owns such mark. In addition, due to the integrated nature of Southwood as a planned community, and the public identification of the Lots with Southwood, any name or "logo" to be used in connection with or displayed on any Lot, and any sales or other materials or documentation related to the use of the Lot, shall be subject to Declarant's prior written consent. Such approval may be given or withheld in Declarant's discretion and may be subject to such terms and conditions as Declarant deems appropriate.

Notwithstanding the above, Owners may use the name "Southwood" where such term is used solely to specify that particular property is located within Southwood (subject to such terms and conditions as Declarant may impose in order to protect its trade names and service marks).

10.7. Right To Use Common Area for Special Events.

As long as Declarant or any Affiliate of Declarant owns any property described in Exhibit "A" or "B," Declarant may use the Common Area to sponsor special events for charitable, philanthropic, political, or marketing purposes, subject to the following conditions:

- (a) the availability of the facilities at the time requested;
- (b) Declarant shall pay all costs and expenses incurred and shall indemnify the Association against any loss or damage resulting from the special event; and
- (c) Declarant shall return the facilities and personal property used in conjunction with the special event to the Association in the same condition as existed prior to the special events.

Declarant shall have the right to assign its rights to charitable organizations or foundations selected by Declarant. Declarant's right to use the Common Area for special events shall be enforceable by injunction, by any other remedy in law or equity, and by the terms of this Declaration.

10.8. Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Residential Community, including Lots, and a nonexclusive easement of access throughout the Residential Community to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Lot shall be only after reasonable notice to the Owner and no entry into a dwelling or other structure on a Lot shall be permitted without the Owner's consent, which consent shall not unreasonably be withheld, conditioned, or delayed. The failure or refusal to permit reasonable access to the Lot for the purposes contemplated under this paragraph shall excuse Declarant or its designee from responsibility for repairs or damages relating to defective workmanship or materials. The Person exercising this easement shall promptly repair, and pay for, any resulting damage.



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10.9. Right to Notice of Design or Construction Claims.

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Residential Community in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any Builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the property Owner and conduct an inspection.

10.10. Termination of Rights.

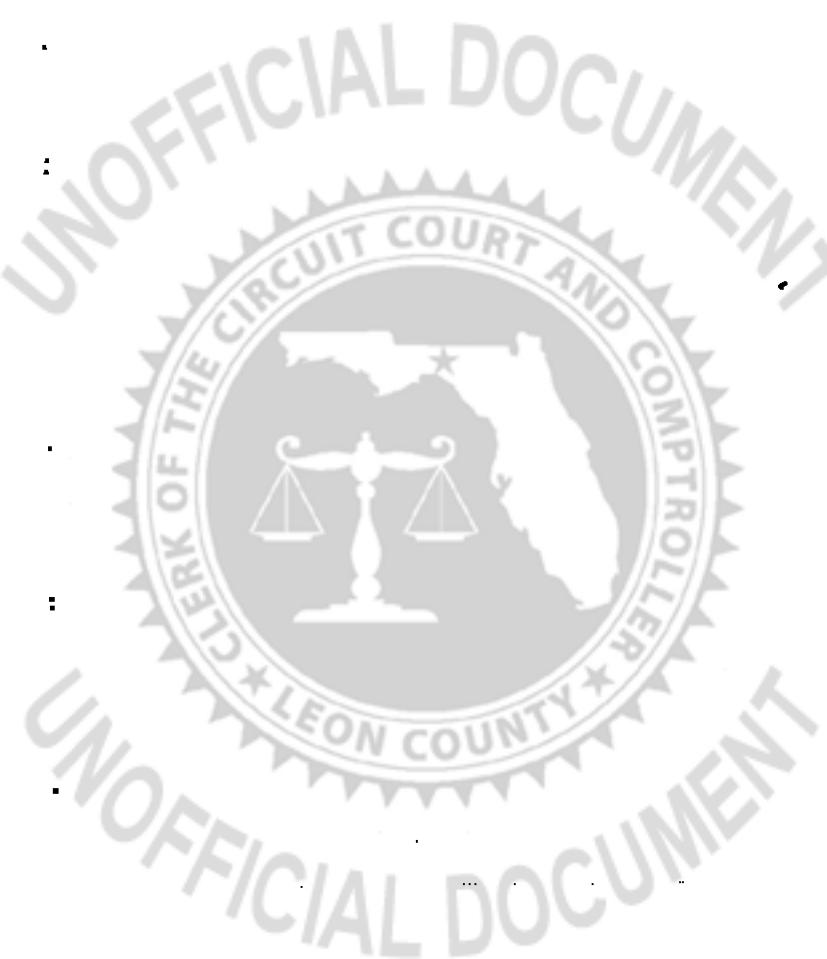
Rights granted under this Article shall terminate upon the earlier of (a) the period specified in the particular Section; (b) 40 years from the date this Declaration is Recorded; or (c) Declarant's Recording of a statement that all sales activity has ceased. Thereafter, Declarant may continue to use the Common Areas for the purposes stated in this Article only pursuant to a rental or lease agreement between Declarant and the Association which provides for rental payments based on the fair market rental value of any such portion of the Common Areas. Notwithstanding the above, Declarant reserves for itself and its Affiliates a perpetual, non-exclusive easement of access to and use of the Common Areas in connection with the marketing and sale of other properties in order to show the Residential Community and Southwood as an example of Declarant's projects. This Article shall not be amended without Declarant's written consent.

10.11. Exclusion of Declarant's other Properties.

By accepting a deed to a Lot, each Owner, specifically acknowledges that nothing contained in this Declaration shall in any way, either expressly or by implication, restrict, limit, or otherwise affect the use or disposition by Declarant or any Affiliate of Declarant of any property either of them owns, whether contained within or contiguous to Southwood. Declarant and its Affiliates shall have full, free, and unrestricted use of its other lands, notwithstanding any incompatibility of such use with restrictions this Declaration imposes upon the Lots. By accepting a deed to a Lot, each Owner, specifically and expressly disclaims any reciprocal negative easement in any property Declarant or any Affiliate of Declarant owns.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

The nature of living in a planned community, with its wide array of properties and development types and its ongoing development activity, requires the creation of special property rights and provisions to address the needs and responsibilities of the Owners, Declarant, the Association, the Community Council, and others within or adjacent to the Residential Community.



Article XI Easements

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11.1. Easements in Common Area.

Declarant grants to each Owner a right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying the property to the Association;
- (c) The Board's right to:
 - (i) adopt rules regulating Common Area use, including rules limiting the number of guests who may use the Common Area, and charge use fees for such use;
 - (ii) suspend the right of an Owner to use any Common Area amenity (A) for any period during which any assessment or other charge against the Owner's Lot remains delinquent, and (B) for a period not to exceed 30 days for a single violation, or for a longer period in the case of any continuing violation, of the Governing Documents;
 - (iii) dedicate or transfer all or any part of the Common Area, subject to any approval requirements set forth in this Declaration;
 - (iv) rent any portion of any clubhouse or other Common Area recreational facilities on an exclusive or non-exclusive short-term basis to any Person;
 - (v) permit use by the general public, which use may be subject to admission charges, membership fees, or other user fees established in the Board's discretion;
 - (vi) mortgage, pledge, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred subject to the approval requirements set forth in Section 16.9; and
- (d) The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Limited Common Areas," as described in Article XII.

Any Owner may extend his or her right to use the Common Area to the members of his or her family, tenants, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her Lot shall be deemed to have assigned all such rights to the tenants of such Lot for the lease term.

11.2. Easements of Encroachment.

Declarant grants easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Area and between

adjacent Lots. A permitted encroachment is a structure or fixture which extends unintentionally from one person's property on to another's a distance of less than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. An encroachment easement shall not exist if the encroachment results from willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3. Easements for Utilities, Etc.

(a) Installation and Maintenance. Declarant reserves for itself, so long as Declarant or any Affiliate of Declarant owns any property described in Exhibit "A" or "B," and grants to the Association and utility providers, perpetual, non-exclusive easements throughout the Residential Community (but not through a structure) to the extent reasonably necessary to:

- (i) install utilities and infrastructure to serve Southwood, cable and other systems for sending and receiving data and/or other electronic signals, drainage systems, and security and similar systems;
- (ii) install walkways, pathways and trails, street lights, and signage on property which Declarant or the Association owns or within public rights-of-way or easements reserved for such purpose on a Plat;
- (iii) inspect, maintain, repair, and replace the utilities, infrastructure, and other improvements described above; and
- (iv) access and read utility meters.

Notwithstanding the above, Declarant reserves the right to deny access to any utility or service provider, to the extent permitted by law, or to condition such access on negotiated terms.

(b) Specific Easements. Declarant also reserves for itself the non-exclusive right and power to grant and Record such specific easements as may be necessary, in Declarant's sole discretion, to develop the property described in Exhibits "A" and "B." The location of the easement shall be subject to the written approval of the burdened property Owner, which approval shall not unreasonably be withheld, delayed, or conditioned.

(c) Minimal Interference. All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to the condition existing prior to the work. The exercise of these easements shall not extend to permitting entry into the structures on any Lot, nor shall it unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

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11.4. Easements for Development.

Declarant reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Area for enjoyment, use, access, and development of Southwood, including portions not subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for (a) making, constructing, and installing improvements (within the Common Areas and elsewhere), as it deems appropriate in its discretion, (b) construction of roads, and (c) connecting and installing utilities.

If the above easement grants permanent access to any property which is not submitted to this Declaration, Declarant, or its successors or assigns, shall enter into a reasonable agreement with the Association to share the cost of maintenance that the Association provides for the benefit of the easement holder. The shared maintenance costs may include maintenance to or along any roadway providing access to the benefited property.

11.5. Easements for Maintenance, Emergency, and Enforcement.

Declarant grants to the Association, and to the Community Development District having authority within Southwood, easements over the Residential Community as necessary to fulfill their respective maintenance responsibilities. The Association shall also have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforcing the Governing Documents. Any member of the Board, and its duly authorized agents and assignees, including committee members, and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

Declarant grants to the Association, subject to any required notice, an easement and right to enter a Lot to abate a Governing Document violation and/or to remove any structure, thing, or condition which violates the Governing Documents. Any costs incurred, including reasonable attorneys' fees, shall be assessed against the Lot Owner as a Benefited Assessment.

11.6. Easements for Lake and Pond Maintenance and Flood Water.

Declarant reserves for itself, the Association, and their successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Common Maintenance Areas to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Common Maintenance Areas; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. Declarant, the Association, and their successors, assigns, and designees shall have an access easement over and across any portion of the Residential Community as is reasonably necessary to exercise their rights under this Section.

Declarant further reserves for itself, the Association, and their successors, assigns and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not inside a dwelling or other structure) adjacent to or within 100



feet of bodies of water and wetlands within Southwood, in order to (a) temporarily flood and back water upon and maintain water over such portions of Southwood; (b) alter in any manner and generally maintain the bodies of water and wetlands within the Common Maintenance Areas; and (c) maintain and landscape the slopes and banks pertaining to such areas. Anyone exercising these easements shall use reasonable care in and repair any damage resulting from his or her intentional exercise of the easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to natural occurrences or other occurrences not reasonably foreseeable or under the control of Declarant or such other Person.

11.7 Easements for Cross-Drainage.

All portions of the Residential Community shall be burdened with easements for natural drainage of stormwater runoff from other portions of Southwood; provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of stormwater onto adjacent properties without the consent of the Owner(s) of the affected property, the Board, and Declarant, as long as it or any Affiliate of Declarant owns any property described in Exhibit "A" or "B."

11.8. Rights to Stormwater Runoff, Effluent, and Water Reclamation.

Declarant reserves for itself and its designees all rights to ground water, surface water, stormwater runoff, and effluent located or produced within the Residential Community, and each Owner agrees, by acceptance of a deed to a Lot, that Declarant shall retain all such rights. Such rights shall include the reservation of an easement over the Residential Community for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff, and effluent. This Section may not be amended without Declarant's consent, and the rights created in this Section shall survive termination of this Declaration.

11.9. Easements for Golf Course.

(a) The Residential Community is burdened with an easement permitting golf balls unintentionally to travel over and come upon areas adjacent to a golf course, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area and the exterior portions of any Lot to retrieve errant golf balls; provided, if any Lot is fenced or walled, entry on the Lot shall require the Lot Owner's permission. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls.

Under no circumstances shall any of the following Persons be held liable for any damage, nuisance, injury, or death resulting from errant golf balls or the exercise of this easement: Declarant; Declarant's Affiliates; the Association or its Members (in their capacities as such); the Community Council; the owner, operator, or lessee of any golf course, or their assigns; any Builder or contractor (in their capacities as such); any employee, officer, director, or partner of any of the foregoing, or any employee, officer, or director of any partner.

(b) The owner of any golf course within or immediately adjacent to the Residential Community, its agents, successors, and assigns, shall at all times have a right and non-exclusive

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easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair, and replacement of the golf course.

(c) Any portion of the Residential Community immediately adjacent to a golf course is burdened with a non-exclusive easement for overspray of water from the golf course's irrigation system. Under no circumstances shall Declarant or its Affiliates, the Association, or the golf course owner or operator be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

Article XII Limited Common Areas

12.1. Purpose.

Certain portions of the Common Area may be designated as Limited Common Area and reserved for the exclusive use or primary benefit of all or any Owners and occupants of Lots within a particular Neighborhood or Neighborhoods. For example, Limited Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, lakes, and other portions of the Common Area. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be allocated among the Owners to whom the Limited Common Areas are assigned.

12.2. Designation.

Initially, any Limited Common Area shall be designated as such in a Supplemental Declaration, the deed conveying such area to the Association, or on a Plat; provided, any such assignment shall not preclude Declarant from later assigning use of the same Limited Common Area to additional Lots and/or Neighborhoods, so long as Declarant has a right to annex property pursuant to Section 9.1.

In addition, the Board may assign or reassign Limited Common Area upon the vote of Neighborhood Representatives representing a majority of the total Class "A" votes in the Association, and of Members representing a majority of the Class "A" votes within the Neighborhood(s) affected by the proposed assignment or reassignment. As long as Declarant or any Affiliate of Declarant owns any property subject to this Declaration or has a right to annex property pursuant to Section 9.1, Declarant's written consent also is required.

Article XIII Party Walls and Other Shared Structures

13.1. General Rules of Law to Apply.

Each wall, fence, driveway, or similar structure built as a part of the original construction on the Lots which serves and/or separates any two adjoining Lots shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to party structures. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article XIV.

13.2. Maintenance; Damage and Destruction.

Unless otherwise specifically provided in additional covenants relating to such Lots, the Owners sharing the party structure shall share the cost of necessary or appropriate party structure repairs and maintenance equally.

If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner sharing the structure may restore it and be entitled to contribution for the restoration cost in equal proportions from other sharing owners. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

The growth and success of Southwood as a community in which people enjoy living, working, and playing requires good faith efforts to resolve disputes amicably, attention to and understanding of relationships within the community and with our neighbors, and protection of the rights of others who have an interest in the community.

Article XIV Dispute Resolution

14.1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Association and its officers, directors, and committee members, the Community Council and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree to attempt to resolve disputes involving Southwood without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to, directly or indirectly, file a law suit for a Claim described in subsection (b), without first submitting the Claim to the alternative dispute resolution procedures described in Section 14.2.

(b) As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to:

- (i) the interpretation, application, or enforcement of the Governing Documents;
- (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents;

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(iii) the design or construction of improvements within the Residential Community, other than matters of aesthetic judgment under Article IV, which shall not be subject to review;

(iv) trespass, nuisance, property damage, and enforcement of laws, codes, or ordinances within Southwood.

Notwithstanding the above, the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 14.2:

(i) any Association action to collect assessments or other amounts due from any Owner;

(ii) any Association action to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Part Two of this Declaration (relating to creation and maintenance of community standards);

(iii) any dispute which affects the material rights or obligations of a party who is not a Bound Party and has not agreed to submit to the procedures set forth in Section 14.2; and

(iv) any suit as to which the applicable statute of limitations would expire within 180 days of giving the Notice required by Section 14.2(a), unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this Article.

14.2. Dispute Resolution Procedures.

(a) **Notice.** The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice ("Notice") by mail or personal delivery to each Respondent, and to the Board, stating plainly and concisely:

(i) the nature of the Claim, including the Persons involved and Respondent's role in the Claim;

(ii) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) **Negotiation.** The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If

requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the Bound Parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Tallahassee area. Each Bound Party shall present the mediator with a written summary of the Claim.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Bound Parties do not settle the Claim within 30 days after submitting the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Except as provided in Section 14.2 (e), the Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the Bound Parties. If any Bound Party thereafter fails to abide by the terms of such agreement, then any other Bound Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the Bound Party taking action to enforce the agreement shall, upon prevailing, be entitled to recover from the non-complying Bound Party (or each one in equal proportions) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

(e) Actions Involving Declarant – Final and Binding Arbitration. Any dispute between an Owner or the Association and Declarant or any Affiliate of Declarant, including Claims which remain after conclusion of the dispute resolution procedures described in Section 14.2, shall be resolved by final and binding arbitration in accordance with this subsection (e). Such disputes shall not be submitted as a lawsuit or other proceeding in any Florida state court or federal court. Notwithstanding the above, disputes affecting the material rights or obligations of a third party who is not a party to or bound by such arbitration shall not be subject to this subsection.

This subsection (e) is an agreement to arbitrate and is specifically enforceable under Florida law. Judgment may be entered upon the arbitration award in any court of competent jurisdiction to the fullest extent permitted under Florida law.

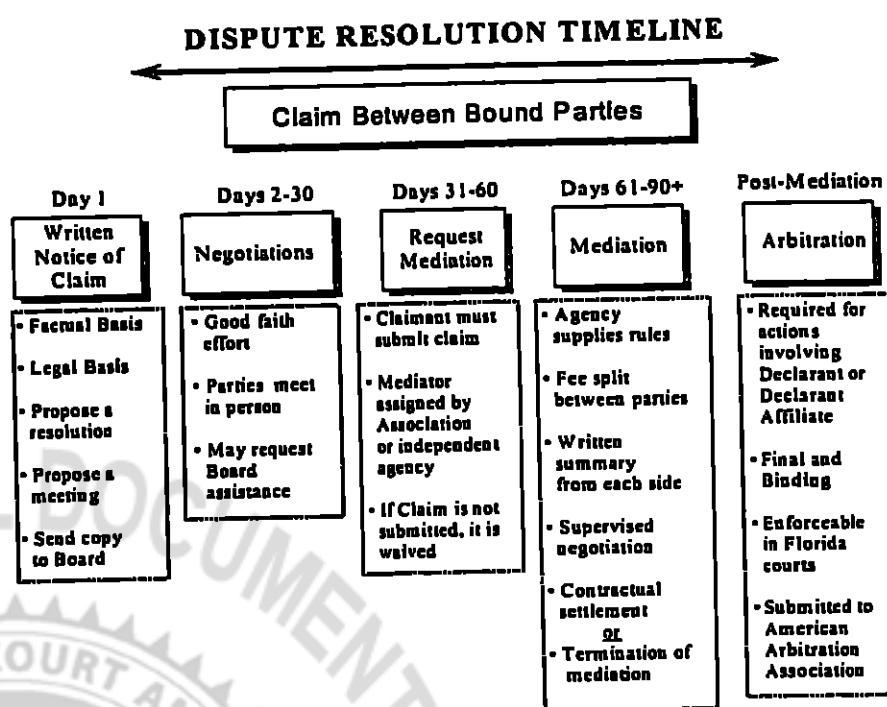
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The Owner, the Association, Declarant, or an Affiliate of Declarant, as applicable, shall have until expiration of the applicable statute of limitations under Florida law (as would apply to the same claim being brought in a Florida or federal court) to submit the dispute to the American Arbitration Association for arbitration in Leon County. The American Arbitration Association shall appoint one neutral arbitrator to conduct the arbitration in accordance with its rules, unless all of the parties to such dispute agree to a greater number of arbitrators. The arbitrator(s) shall render a written judgment accompanied by findings of fact and conclusions of law.

If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and the Respondent shall be released and discharged from any and all liability to the Claimant arising out of the dispute. The parties shall share equally the costs of conducting the arbitration until a prevailing party is determined; provided, the prevailing party shall be entitled to recover all of its costs incurred in the action, including, without limitation, reasonable attorneys' fees.



14.3. Initiation of Litigation by Association.

After the Class "B" Control Period, the Association shall not initiate any judicial or administrative proceeding which is reasonably expected to cost at least \$100,000.00 in legal fees to prosecute to completion without Board approval upon the specific recommendation of the Dispute Resolution Committee (which shall be created as provided in the By-Laws). The Dispute Resolution Committee's recommendation must be in writing and must be accompanied by a feasibility analysis including an explanation of the issues, a budget for legal and related

expenses, the amount in controversy, the expectation of success, and a copy of bids from a minimum of three qualified law firms.

This Section shall not be amended without the Community Council's written approval.

Article XV Private Amenities

15.1. Right to Use the Private Amenities.

Neither membership in the Association nor ownership or occupancy of a Lot shall automatically confer any right to use any Private Amenity. Rights to use any Private Amenity, and the terms and conditions of use, are determined only by the Private Amenity owner. Any Private Amenity owner shall have the right, from time to time, in its sole and absolute discretion and without notice, to cease operations or to amend or waive the terms and conditions relating use of the Private Amenity, including, without limitation, eligibility for and duration of use rights, categories of use, extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether, subject to the terms of any written membership agreements or documents. Use rights in or membership in any Private Amenity may be available to the general public, as determined in the Private Amenity owner's sole and absolute discretion.

15.2. Operations; Conveyance of Private Amenities.

All Persons, including all Owners, are advised that no representations or warranties have been or are authorized by Declarant, any Affiliate of Declarant, the Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership, operation, use, management, or membership structure of any Private Amenity. No purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the Record owner of any Private Amenity.

The ownership, operation, use, or management of any Private Amenity (or any portion of a Private Amenity) may change at any time by virtue of, without limitation, (a) the sale to or assumption of operations or management by an independent Person; (b) establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the Private Amenity members or an entity owned or controlled by its members become the Private Amenity owner(s) and/or operator(s); (c) the conveyance of the Private Amenity to one or more of Declarant's Affiliates, shareholders, employees, or independent contractors; or (d) the operation of the Private Amenity as a commercial enterprise open to the public. Consent of the Association, the Community Council, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenity, for or without consideration and subject to or free of any mortgage, covenant, lien, or other encumbrance.

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15.3. Assumption of Risk and Indemnification.

By purchasing a Lot in the vicinity of a golf course or other Private Amenity, each Owner expressly assumes the risk of noise, personal injury, death, or property damage caused by maintenance and operation of such Private Amenity, including, without limitation: (a) noise from maintenance equipment (it being specifically understood that maintenance typically takes place around sunrise or sunset); (b) noise caused by golfers and other Private Amenity users; (c) use of pesticides, herbicides, and fertilizers; (d) use of effluent in irrigation; (e) reduction in privacy caused by traffic (including non-residents of Southwood) to or from the Private Amenity, golf traffic on the golf course, or the removal or pruning of shrubbery or trees on the golf course; (f) errant golf balls and golf clubs; and (g) design or redesign of the golf course.

Each Owner agrees that Declarant, the Association, the Community Council, any Private Amenity owner(s), and any of Declarant's Affiliates or agents shall not be liable to any Owner or any other Person claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, death, 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 to the golf course or other Private Amenity, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, any of Declarant's Affiliates or agents, the Association, or the Community Council. The Owner agrees to indemnify and hold harmless Declarant, Declarant's Affiliates and agents, the Association, and the Community Council against any and all such claims by Owner's visitors, tenants, and others upon such Owner's Lot.

15.4. Rights of Access and Parking.

There is established for the benefit of any Private Amenity and its members (regardless of whether such members are Owners hereunder), guests, invitees, employees, agents, contractors, and designees, a right and non-exclusive easement of access and use over all roadways and golf cart paths, if any, located within the Residential Community which are reasonably necessary to travel between an entrance to the Residential Community and the Private Amenity and over those portions of the Residential Community (whether Common Area or otherwise) reasonably necessary to the operation, maintenance, repair, and replacement of the Private Amenity. Without limiting the generality of the foregoing, Private Amenity members, guests, and invitees shall have the right to park their vehicles on roads located within the Residential Community at reasonable times before, during, and after tournaments and other member or public functions held by or at the Private Amenity to the extent that the Private Amenity has insufficient parking to accommodate such vehicles.

15.5. Limitations on Amendments.

In recognition of the fact that the provisions of this Article are for the benefit of the Private Amenities, no amendment to this Article, and no amendment in derogation of any other provisions of this Declaration benefiting any Private Amenity, may be made without the affected



Private Amenity owner's written approval. The foregoing shall not apply, however, to amendments made by Declarant.

15.6. Jurisdiction and Cooperation.

Declarant intends that the Association and the Private Amenities shall cooperate to the maximum extent possible in the operation of the Residential Community and the Private Amenities. Each shall reasonably assist the other in upholding the Community-Wide Standard as it pertains to maintenance and the Architectural Guidelines. The Association shall have no power to promulgate Use Restrictions affecting activities on or use of any Private Amenity without the affected Private Amenity owner's prior written consent.

Article XVI Mortgagee Provisions

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Lots. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

16.1. Notices of Action.

An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates) (an "Eligible Holder"), will be entitled to timely written notice of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;
- (b) Any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Lot or the Owner or occupant which is not cured within 60 days;
- (c) Any lapse, cancellation, or material modification of any Association insurance policy;
- (d) Any proposed action which would require the consent of a specified percentage of Eligible Holders; or
- (e) If the U.S. Department of Housing and Urban Development is insuring or the U.S. Department of Veterans Affairs is guaranteeing the Mortgage on any Lot, material amendment to the Governing Documents or extraordinary action of the Association, as defined under VA Pamphlet 26-7.

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16.2. Special FHLMC Provision.

So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least 67% of the first Mortgagees or Neighborhood Representatives representing at least 67% of the total Association vote consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Lot (a decision, including contracts, by the Board or provisions of any declaration subsequently Recorded on any portion of the Residential Community regarding assessments for Neighborhoods or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance, or maintenance of Lots and the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or Use Restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

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

16.3. Other Provisions for First Lien Holders.

To the extent not inconsistent with Florida law:

(a) Any restoration or repair of the Residential Community after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Lots to which more than 50% of the votes of Lots subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Lots to which more than 50% of the votes of Lots subject to first Mortgages held by such Eligible Holders are allocated.

16.4. Amendments to Documents.

The following provisions do not apply to amendments to the constituent documents or termination of the Association as a result of destruction, damage, or condemnation pursuant to Section 16.3(a) and (b), or to the addition of land in accordance with Article IX.

(a) The consent of Neighborhood Representatives representing at least 67% of the Class "A" votes and of Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Lots to which at least 67% of the votes of Lots subject to a Mortgage appertain, shall be required to terminate the Association.

(b) The consent of Neighborhood Representatives representing at least 67% of the Class "A" votes and of Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of first Mortgages on Lots to which more than 50% of the votes of Lots subject to a Mortgage appertain, shall be required materially to amend any provisions of the Declaration, By-Laws, or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern, or regulate any of the following:

- (i) voting;
- (ii) assessments, assessment liens, or subordination of such liens;
- (iii) reserves for maintenance, repair, and replacement of the Common Area;
- (iv) insurance or fidelity bonds;
- (v) rights to use the Common Area;
- (vi) responsibility for maintenance and repair of Southwood;
- (vii) expansion or contraction of the Residential Community or the addition, annexation, or withdrawal of properties to or from the Association;
- (viii) boundaries of any Lot;
- (ix) leasing of Lots;
- (x) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Lot;
- (xi) establishment of self-management by the Association where professional management has been required by an Eligible Holder; or

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(xii) any provisions included in the Governing Documents which are for the express benefit of holders, guarantors, or insurers of first Mortgages on Lots.

16.5. No Priority.

No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

16.6. Notice to Association.

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering the Owner's Lot.

16.7. Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

16.8. Construction of Article XVI.

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

16.9. HUD/VA Approval.

As long as there is a Class "B" membership, the following actions shall require the prior approval of the U.S. Department of Housing and Urban Development ("HUD") or the U.S. Department of Veterans Affairs ("VA"), if either such agency is insuring or guaranteeing the Mortgage on any Lot: merger, consolidation, or dissolution of the Association; annexation of additional property other than that described in Exhibit "B"; dedication, conveyance (other than to correct errors on property descriptions or other inconsequential or immaterial conveyances), or mortgaging of Common Area; or material amendment of this Declaration or the By-Laws. In addition, so long as HUD or VA insures or guarantees the Mortgage on any Lot, the above actions also shall require the prior approval of at least two-thirds (2/3) of the Class "A" Members and the consent of the Class "B" Member.

Notwithstanding anything to the contrary in Section 19.1 or this Section, the Association, acting through the Board, may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership, or HUD or VA.

Article XVII Disclosures and Waivers.

17.1. Changes in Master Plan

Each Owner acknowledges that Southwood is a master planned community, the development of which is likely to extend over many years, and agrees and consents to all changes in (a) uses or density of Lots or dwellings within Southwood, or (b) changes in the Master Plan.

Each Owner further acknowledges and agrees that the present plans and themes for Southwood's development may change and that it has not relied on any representation, warranty, or assurance by any Person (a) that any Lots, or other property or facilities will be added, modified, or eliminated within Southwood; or (b) as to the financial or other impact of such action on any Owner. Each Owner acknowledges and agrees that it is not entitled to rely upon and has not received or relied upon any representations, warranties, or guarantees whatsoever as to: (a) the design, construction, completion, development, use, benefits, or value of Southwood; or (b) the number, types, sizes, prices, or designs of any residential or non-residential structures or improvements built or to be built in any part of Southwood.

17.2. No Liability For Third Party Acts.

Owners and occupants of Lots, and their respective guests and invitees, are responsible for their own personal safety and for their property in Southwood. The Association or the Community Council may, but neither is obligated to, maintain or support certain activities within the Community which promote or enhance safety or security within the Residential Community. However, the Association, the Community Council, and Declarant shall not in any way be considered insurers or guarantors of safety or security within the Residential Community, nor shall they be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including fire protection, burglar alarm, or other security monitoring systems, or any mechanism or system for limiting access to the Residential Community or Southwood, cannot be compromised or circumvented, nor that any such systems or measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of its Lot that the Association, the Community Council, their respective boards and committees, and Declarant are not insurers or guarantors of security or safety and that each Person within the Residential Community assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Lots, resulting from acts of third parties.

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17.3. View Impairment.

Neither Declarant nor the Association guarantee or represent that any view over and across the Lots, any open space within the Residential Community, or any golf course or other Private Amenity will be preserved without impairment. Neither Declarant nor the Association nor any Private Amenity owner shall be obligated to relocate, prune, or thin trees or other landscaping except to maintain the Community-Wide Standard or as otherwise required under a separate covenant or agreement. The Association (with respect to the Common Area) and Private Amenity owners (with respect to Private Amenity property) have the right to add trees and other landscaping from time to time subject to applicable law. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Any golf course owner may, in its sole and absolute discretion, but shall not be obligated to change the location, landscaping, topography, hydrology, configuration, size, and elevation of the tees, bunkers, fairways, greens, buildings, improvements, landscaping and water bodies on such golf course from time to time. Any such additions or changes to such golf course may diminish or obstruct the view from the Lots.

17.4. Notices and Disclaimers as to Community Systems.

In recognition of the fact that interruptions in cable television and other Community Systems services (as defined in Section 10.5) will occur from time to time, neither Declarant nor any of Declarant's successors or assigns shall in any manner be liable for, and no Community System user shall be entitled to refund, rebate, discount, or offset in applicable fees, for any interruption in Community Systems services, regardless of whether or not such interruption is caused by reasons within the service provider's control.

17.5. Blasting and Other Activities.

All Owners, occupants, and users of Lots are hereby placed on notice that Declarant, Declarant's Affiliates, and/or their agents, contractors, subcontractors, licensees, and other designees, successors, or assigns, may, from time to time, conduct blasting, excavation, construction, and other activities within Southwood. By the acceptance of a deed or other conveyance or mortgage, leasehold, license, or other interest, and by using any portion of a Lot or Southwood generally, the Owners and all occupants and users of Lots acknowledge, stipulate, and agree (a) that such activities shall not be deemed nuisances, or noxious or offensive activities, under any applicable covenants or at law generally; (b) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise) any property within or in proximity to the Lot where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (c) that Declarant, any Affiliate of Declarant, and all of their agents, contractors, subcontractors, licensees, and other designees, successors, and assigns, shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (d) that any purchase or use of any portion of a



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Lot has been and will be made with full knowledge of the foregoing; and (e) that this acknowledgment and agreement is a material inducement to Declarant or its Affiliates to sell, convey, lease, and/or allow the use of Lots within the Residential Community.

17.6. Water Management.

Each Owner acknowledges that Declarant and its Affiliates are not related to the local permitting authority for surface water permits. Each Owner further acknowledges and agrees that any lakes or wetlands within Southwood are designed as water management areas and are not designed as aesthetic features. Due to fluctuations in water elevations within the immediate area, the water level of lakes will rise and fall and Declarant has no control over such elevations. Therefore, each Owner agrees to release and discharge Declarant and its Affiliates from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including reasonable attorneys' fees and costs at all tribunal levels, related to or arising out of any claims relating to such fluctuations in the water elevations. Owners shall not alter, modify, expand, or fill any lakes or wetlands located within or in the vicinity of Southwood without the prior written approval of the local permitting authority, Declarant, and such other local, state, and federal authorities as may have relevant jurisdiction over such matters.

17.7. Liability for Association Operations.

The Association shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Declarant (including its successors and assigns) from and against any and all losses, claims, demands, damages, costs, and expenses of whatever kind or nature (including, without limitation, reasonable attorneys' fees and costs at all tribunal levels and whether or not suit is instituted, including those incurred in establishing the right to be indemnified, defended, and held harmless pursuant thereto) which relate to or arise out of Association management and operations, including, without limitation, improvement, maintenance, and operation of amenities and other portions of the Common Maintenance Areas and the collection of assessments.

PART SEVEN: CHANGES IN THE COMMUNITY

Communities such as Southwood are dynamic and constantly evolving as circumstances, technology, needs and desires, and laws change, as the residents age and change over time, and as the surrounding community changes. Southwood and its Governing Documents must be able to adapt to these changes while protecting the things that make Southwood unique.

Article XVIII Changes in Ownership of Lots

Any Owner, other than Declarant or any Affiliate of Declarant, desiring to sell or otherwise transfer title to his or her Lot shall give the Board at least 14 days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Lot Owner,

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including assessment obligations, until the date upon which the Board, notwithstanding the transfer of title, receives such notice.

Article XIX Changes in Common Area

19.1. Condemnation.

Whenever any part of the Common Area is taken or conveyed under threat of condemnation by any authority having the power of eminent domain, the Board shall determine, in the exercise of its business judgment, whether each Owner is entitled to notice.

The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent practicable, unless, within 60 days after such taking, Declarant, so long as Declarant or any Affiliate of Declarant owns any property described in Exhibit "A" or "B" of this Declaration, and Neighborhood Representatives representing at least 75% of the total Class "A" votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans the Board approves. The provisions of Section 7.3 regarding funds for the repair of damage or destruction shall apply.

If the taking does not involve any Common Area improvements, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

19.2. Partition.

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action for partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

19.3. Transfer or Dedication of Common Area.

The Association may convey, dedicate, or otherwise transfer portions of the Common Area to Leon County, the City of Tallahassee, or to any other local, state, or federal governmental or quasi-governmental entity, subject to any specific approval requirements in this Declaration.

Article XX Amendment of Declaration

20.1. By Declarant.

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Subject to any specific amendment rights granted elsewhere in this Declaration, during the Class "B" Control Period, Declarant may unilaterally amend this Declaration for any purpose.

Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, HUD, or VA, to make, purchase, insure, or guarantee mortgage loans on the Lots; or (iv) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent in writing.

20.2. By the Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Neighborhood Representatives representing at least 75% of the Association's total Class "A" votes. In addition, so long as Declarant or any Affiliate of Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's written consent is required for any amendment. The approval requirements set forth in Article XVI also shall be met, if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

20.3. Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee of such right or privilege). Additionally, no amendment may remove, revoke, or modify any Community Council right or privilege without the Community Council's written consent.

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

Any amendment shall become effective upon the earliest of (a) actual notice; (b) Recording; or (c) later effective date specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be

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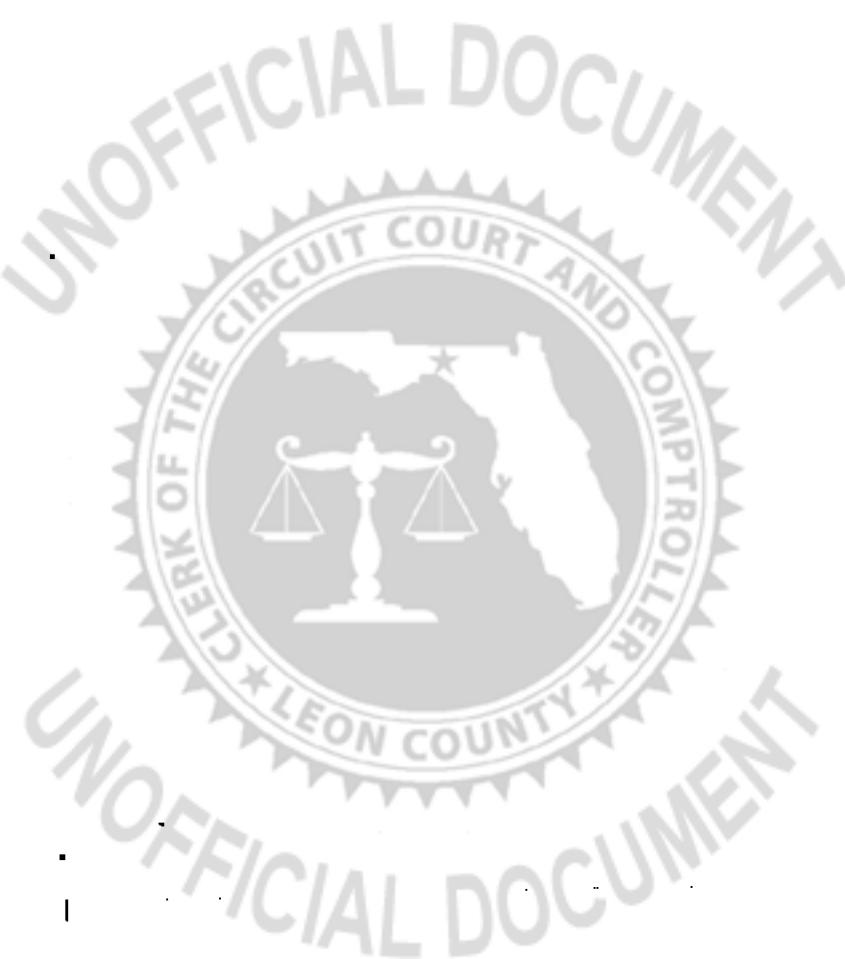


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presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

20.4. Exhibits.

Exhibits "A" and "B" attached to this Declaration are incorporated by this reference and this Article shall govern amendment of such exhibits. Exhibit "C" is incorporated by reference and may be amended as provided in Article III or pursuant to Sections 20.1 and 20.2. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.



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IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the date and year first written above.

DECLARANT: THE ST. JOE COMPANY, INC.
a Florida corporation

By: St. Joe/Arvida Company, L.P., a Delaware limited partnership, as its authorized agent
By: St. Joe/Arvida Company, Inc., a Florida corporation, as its general partner

Witnessed By:

By: Patricia A. Costa
Print Name: PATRICIA A. COSTA

By: John Baric
Name: John Baric
Its: Vice President

By: Andrea Gomez
Print Name: Andrea Gomez

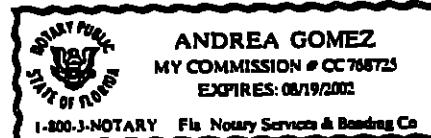
State of Florida)
Palm) ss
County of BEACH)

The foregoing instrument was acknowledged before me this 18th day of September, 2000, by John Baric, Vice President of St. Joe/Arvida Company, Inc., a Florida corporation, on behalf of the corporation. (He/she is personally known to me or has produced _____ as identification and did (did not) take an oath.

By: Andrea Gomez
Name: Andrea Gomez
Title: Notary Public [NOTARIAL SEAL]

Serial Number, if any: _____
My Commission Expires: _____

5297/Southwood/CCR/DAH



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2720 Pablo Avenue
Tallahassee, Florida 32308
Phone: (850)-385-1179
Fax: (850)-385-1404

E-mail: mail@anasurveyors.com

A Allen Nobles N & Associates, Inc.

PROFESSIONAL SURVEYING & ENGINEERING

September 20, 2000
ANA Job No. 3562

EXHIBIT "A"

Commence at a found terra-cotta monument marking the northwest corner of Section 15, Township 1 South, Range 1 East, Leon County, Florida, thence run South 00 degrees 02 minutes 35 seconds East 3262.55 feet to a found concrete monument, thence run South 89 degrees 04 minutes 25 seconds East 375.52 feet to the POINT OF BEGINNING. From said POINT OF BEGINNING thence run North 45 degrees 24 minutes 55 seconds East 153.32 feet, North 86 degrees 59 minutes 40 seconds East 127.24 feet, thence run North 88 degrees 05 minutes 40 seconds East 136.64 feet, thence run South 66 degrees 16 minutes 57 seconds East 249.03 feet to the westerly right of way boundary of Four Oaks Boulevard (a proposed 121 foot roadway), thence along said westerly right of way run North 25 degrees 56 minutes 55 seconds East 452.13 feet to a point of curve to the left, thence run northeasterly along said right of way curve with a radius of 939.50 feet through a central angle of 12 degrees 00 minutes 19 seconds for an arc distance of 196.86 feet (chord of 196.50 feet bears North 19 degrees 56 minutes 46 seconds East), thence leaving said westerly right of way boundary run South 76 degrees 03 minutes 24 seconds East 121.00 feet to a point on a curve concave westerly and the easterly right of way boundary of said Four Oaks Boulevard, thence run northeasterly along said right of way curve with a radius of 1060.50 feet through a central angle of 05 degrees 40 minutes 22 seconds for an arc distance of 105.00 feet (chord of 104.96 feet bears North 11 degrees 06 minutes 25 seconds East), thence leaving said easterly right of way boundary run southeasterly along a curve concave southwesterly with a radius of 1585.50 feet through a central angle of 30 degrees 52 minutes 39 seconds for an arc distance of 854.45 feet (chord of 844.15 feet bears South 46 degrees 21 minutes 36 seconds East), thence run South 30 degrees 55 minutes 16 seconds East 173.95 feet to a point of curve to the left, thence run southeasterly along said curve with a radius of 1227.50 feet through a central angle of 19 degrees 17 minutes 03 seconds for an arc distance of 413.14 feet (chord of 411.20 feet bears South 40 degrees 33 minutes 48 seconds East), thence run South 50 degrees 12 minutes 19 seconds East 444.28 feet to a point on the westerly right of way boundary of Grove Park Drive (a proposed 50 foot roadway), thence along said westerly right of way run North 45 degrees 32 minutes 55 seconds East 32.02 feet, thence leaving said westerly right of way run South 44 degrees 27 minutes 05 seconds East 50.00 feet to a point on the easterly right of way boundary of said Grove Park Drive, thence along said easterly right of way boundary run South 45 degrees 32 minutes 55 seconds West 287.08 feet to a point of curve to the left, thence run southwesterly along said right of way curve with a radius of 775.00 feet through a central angle of 42 degrees 21 minutes 05 seconds for an arc distance of 572.86 feet (chord of 559.90 feet bears South 24 degrees 22 minutes 23 seconds West), thence run South 03 degrees 11 minutes 50 seconds West 153.88 feet, thence leaving the easterly right of way boundary of said Grove Park Drive run North 86 degrees 48 minutes 10 seconds West 50.00 feet to a point of intersection with the westerly right of way of said Grove Park Drive and the southerly right of way boundary of Copley Lane (a proposed 45 foot roadway), thence along said southerly right of way run North 80 degrees 08 minutes 58 seconds West 165.48 feet, thence leaving said southerly right of way boundary run North 09 degrees 51 minutes 02 seconds East 45.00 feet to a point on the northerly right of way boundary of said Copley Lane, thence along said northerly right of way boundary run South 80 degrees 08 minutes 58 seconds East 28.46 feet to a point on the southwesterly right of way boundary of a proposed 24 foot roadway, thence along said right of way run North 06 degrees 18 minutes 09 seconds East 87.27 feet to a point of curve to the left, thence run northwesterly along said right of way curve with a radius of 24.00 feet through a central angle of 83 degrees 09 minutes 25 seconds for an arc distance of 34.83 feet (chord of 31.86 feet bears North 35 degrees 16 minutes 34 seconds West), thence along the southerly right of way boundary of said proposed 24 foot roadway run North 76 degrees 51 minutes 16 seconds West 402.61 feet to a point of curve to the left, thence run southwesterly along said right of way curve with a radius of 24.00 feet through a central angle of 88 degrees 00 minutes 37 seconds for an arc distance of 36.87 feet (chord of 33.35 feet bears South 59 degrees 08 minutes 25 seconds West) to a point of reverse curve to the right, thence run southwesterly along said right of way curve with a radius of 48.00 feet through a central angle of 88 degrees 00 minutes 37 seconds for an arc distance of 73.73 feet (chord of 66.69 feet bears South 59 degrees 08 minutes 25 seconds West), thence run North 76 degrees 51 minutes 16 seconds West 320.66 feet to a point of curve to the right, thence run northwesterly along said right of way curve with a radius of 48.00 feet through a central angle of 88 degrees 00 minutes 37 seconds for an arc distance of

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73.73 feet (chord of 66.69 feet bears North 32 degrees 50 minutes 58 seconds West) to a point of reverse curve to the left, thence run northwesterly along said right of way curve with a radius of 24.00 feet through a central angle of 88 degrees 00 minutes 37 seconds for an arc distance of 36.87 feet (chord of 33.35 feet bears North 32 degrees 50 minutes 58 seconds West), thence run North 76 degrees 51 minutes 16 seconds West 319.86 feet to a point of curve to the left, thence run southwesterly along said right of way curve with a radius of 24.00 feet through a central angle of 98 degrees 18 minutes 32 seconds for an arc distance of 41.18 feet (chord of 36.31 feet bears South 53 degrees 59 minutes 28 seconds West) to a point of compound curve to the left, thence along the easterly right of way boundary of said proposed 24 foot roadway run southwesterly along said right of way curve with a radius of 2795.50 feet through a central angle of 01 degrees 18 minutes 50 seconds for an arc distance of 64.11 feet (chord of 64.11 feet bears South 04 degrees 10 minutes 47 seconds West), thence run South 03 degrees 31 minutes 21 seconds West 183.10 feet to a point on the northerly right of way boundary of Alcott Drive (a proposed 45 foot roadway), thence leaving said northerly right of way boundary run South 03 degrees 31 minutes 21 seconds West 45.00 feet to a point on the southerly right of way of said Alcott Drive, thence run North 86 degrees 47 minutes 20 seconds West 134.00 feet to a point on the easterly right of way boundary of said Four Oaks Boulevard, thence along the easterly right of way boundary of said Four Oaks Boulevard run South 03 degrees 31 minutes 21 seconds West 2055.87 feet to a point of curve to the left, thence run southwesterly along said right of way curve with a radius of 1939.50 feet through a central angle of 01 degrees 04 minutes 13 seconds for an arc distance of 36.23 feet (chord of 36.23 feet bears South 02 degrees 59 minutes 15 seconds West), thence run North 88 degrees 04 minutes 37 seconds West 121.08 feet to a point on the westerly right of way boundary of said Four Oaks Boulevard, thence along the westerly right of way of said Four Oaks Boulevard run North 01 degrees 55 minutes 23 seconds East 10.84 feet, thence run North 03 degrees 31 minutes 21 seconds East 2185.04 feet, thence leaving said westerly right of way boundary run North 86 degrees 28 minutes 39 seconds West 176.72 feet, thence run North 12 degrees 41 minutes 45 seconds West 287.38 feet, thence run North 46 degrees 55 minutes 31 seconds West 180.97 feet, thence run North 46 degrees 20 minutes 18 seconds West 115.20 feet, thence run North 33 degrees 43 minutes 29 seconds West 82.42 feet, thence run North 16 degrees 52 minutes 06 seconds East 736.04 feet to the POINT OF BEGINNING. The above-described parcel contains 78.41 acres more or less.

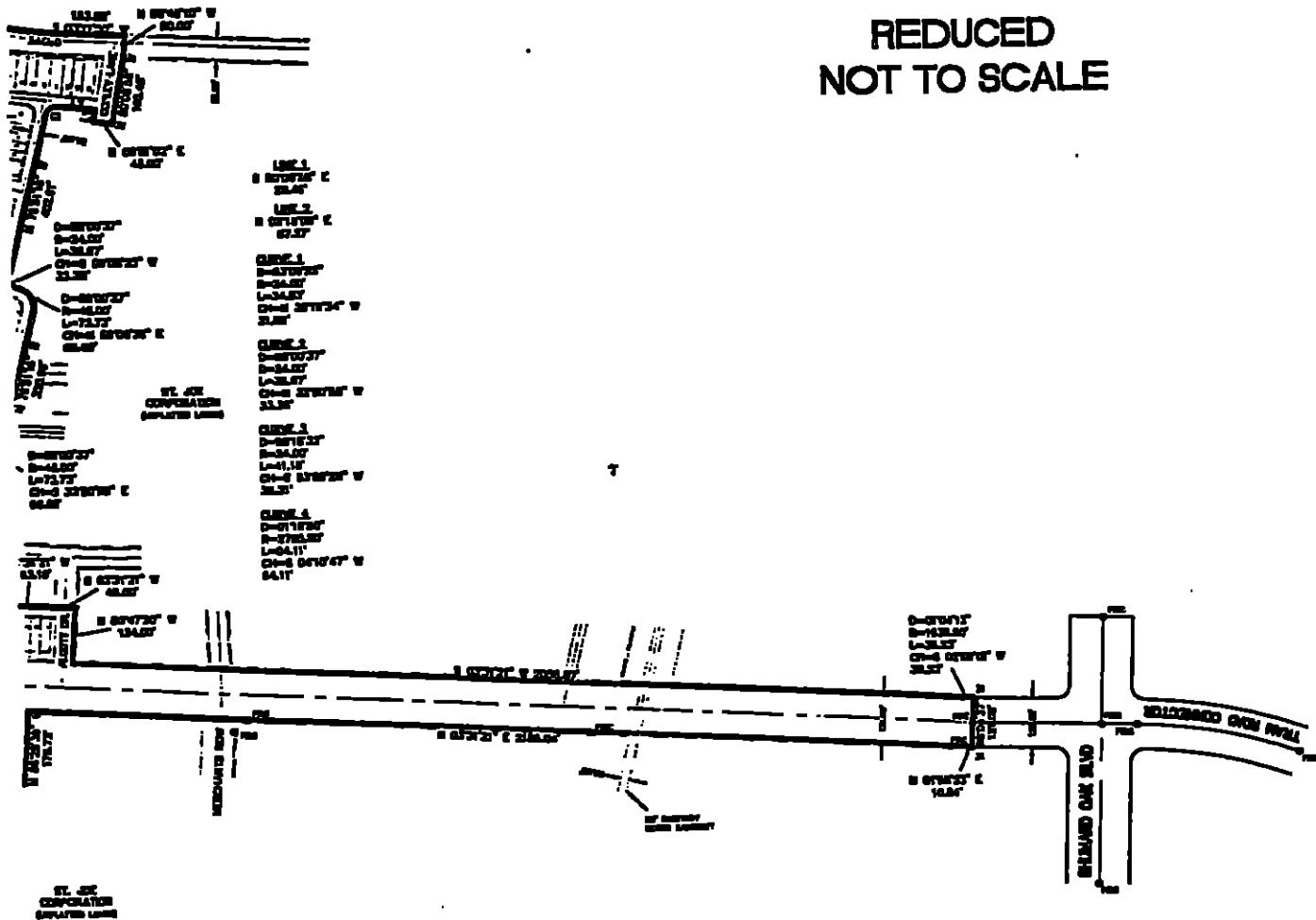
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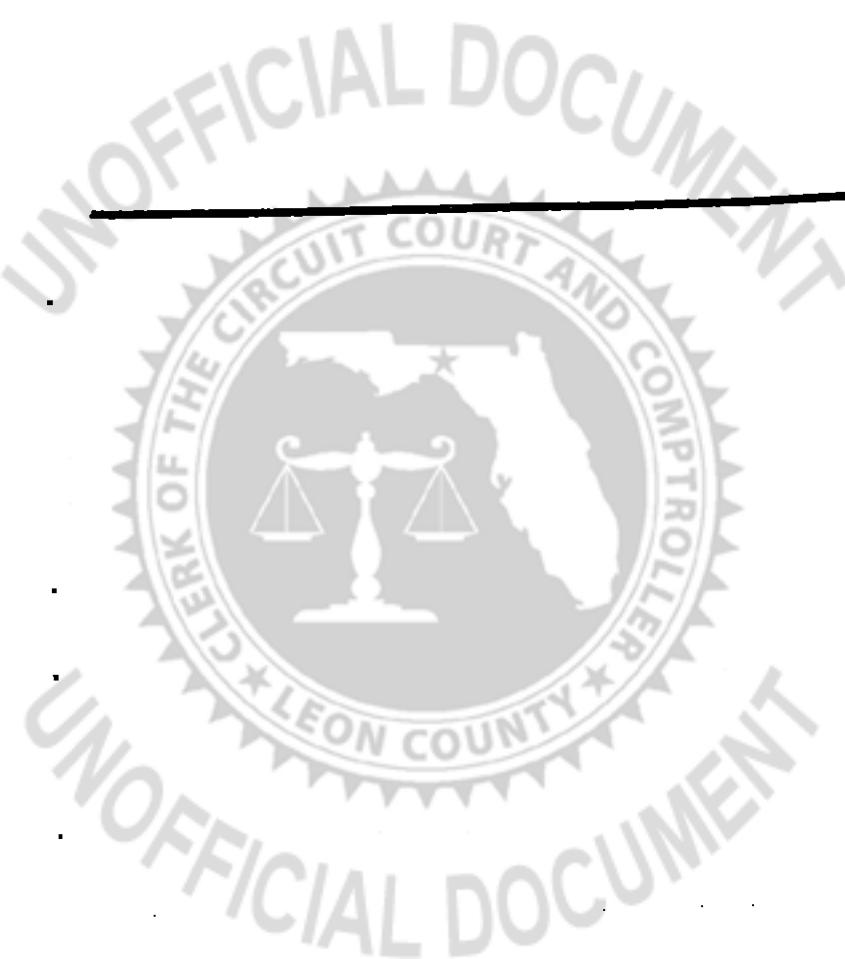
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**REDUCED
NOT TO SCALE**



SEARCHES INDOOR MORN ARE BASED ON GRID
MORN, BASED ON RAD 1000000 AS INDICATED
BY THE TALLAHASSEE-LEON COUNTY GPS CONTROL
NETWORK.

Alfred A. Bremner
Florida Registered Land Surveyor
Certificate number 6570



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EXHIBIT "B"

Land Subject to Annexation

Any or all of that certain real property encompassed by or otherwise included within the Southwood Development of Regional Impact ("Southwood DRI"), including such real property as is described in, encompassed by, or otherwise included within that certain:

- Development Order for the Southwood Development of Regional Impact, adopted by the City of Tallahassee, Florida, by and through its City Commission, on April 28, 1999, as Resolution No. 99-R-0010, and notice of which is recorded in the Official Records of Leon County, Florida, at OR Book R2275, Page 1027; as amended by that certain amendment to such Development Order, adopted by the City of Tallahassee, Florida, by and through its City Commission, on January 26, 2000, as Resolution No. 00-R-0002, and notice of which is recorded in the Official Records of Leon County, Florida, at OR Book R2345, Page 00308; and
- Development Order for the Southwood Development of Regional Impact, adopted by Leon County, Florida, by and through its Board of County Commissioners, on April 28, 1999, and notice of which is recorded in the Official Records of Leon County, Florida, at OR Book R2275, Page 01055; as amended by that certain amendment to such Development Order adopted by Leon County, Florida, by and through its Board of Commissioners, on February 8, 2000, and notice of which is recorded in the Official Records of Leon County, Florida, at OR Book R2345, Page 00301;

Together with any and all additional real property which is added to and made a part of the Southwood DRI by future amendment or expansion.

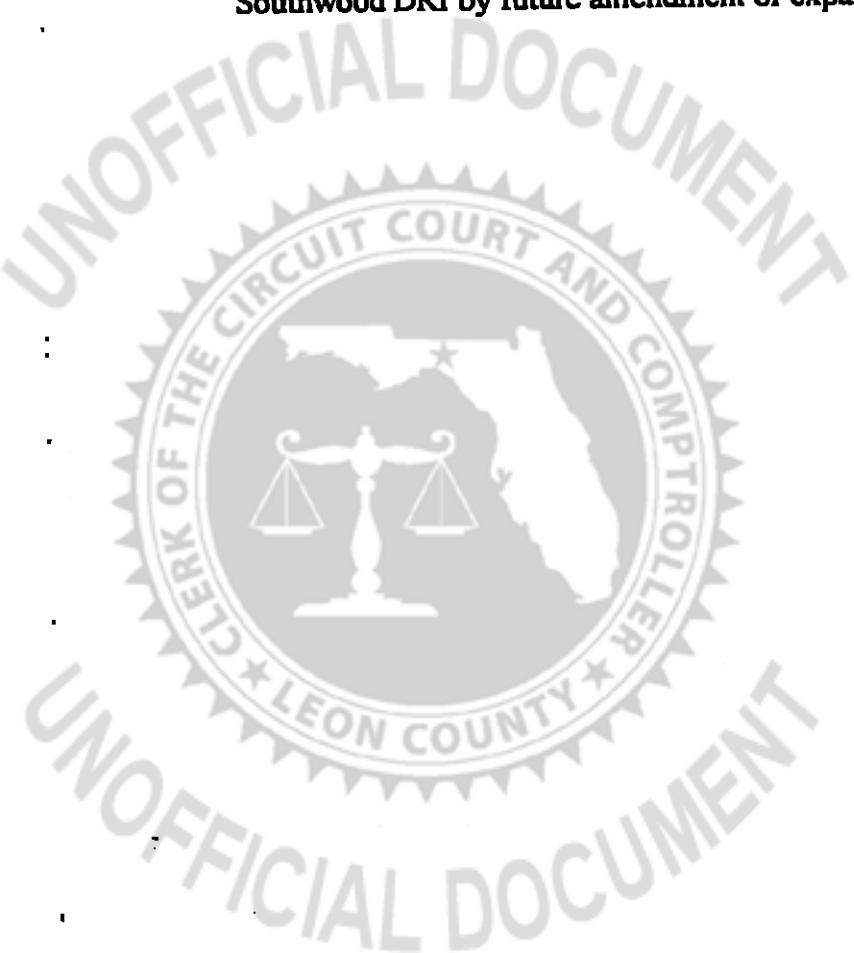




EXHIBIT "C"

Initial Use Restrictions

The purpose of Architectural Guidelines and Use Restrictions is not to anticipate all acceptable or unacceptable behavior in advance and eliminate all improvements or activities which fall outside of "the norm." In fact, it is expressly intended that the Reviewer under Article IV, and the Board, as appropriate, have discretion to approve or disapprove items, or to enforce or not enforce technical violations of the Governing Documents, based upon aesthetic or other considerations consistent with the established guidelines. As such, while something may be approved or permitted for one Lot under one set of circumstances, the same thing may be disapproved for another Lot under a different set of circumstances. The exercise of discretion in approving or enforcement shall not be construed as a waiver of approval or enforcement rights, nor shall it estop the Board from taking enforcement action in any appropriate circumstances.

Subject to the above, the following restrictions shall apply to all of the Residential Community until such time as they are amended, modified, repealed, or limited pursuant to Article III of the Declaration.

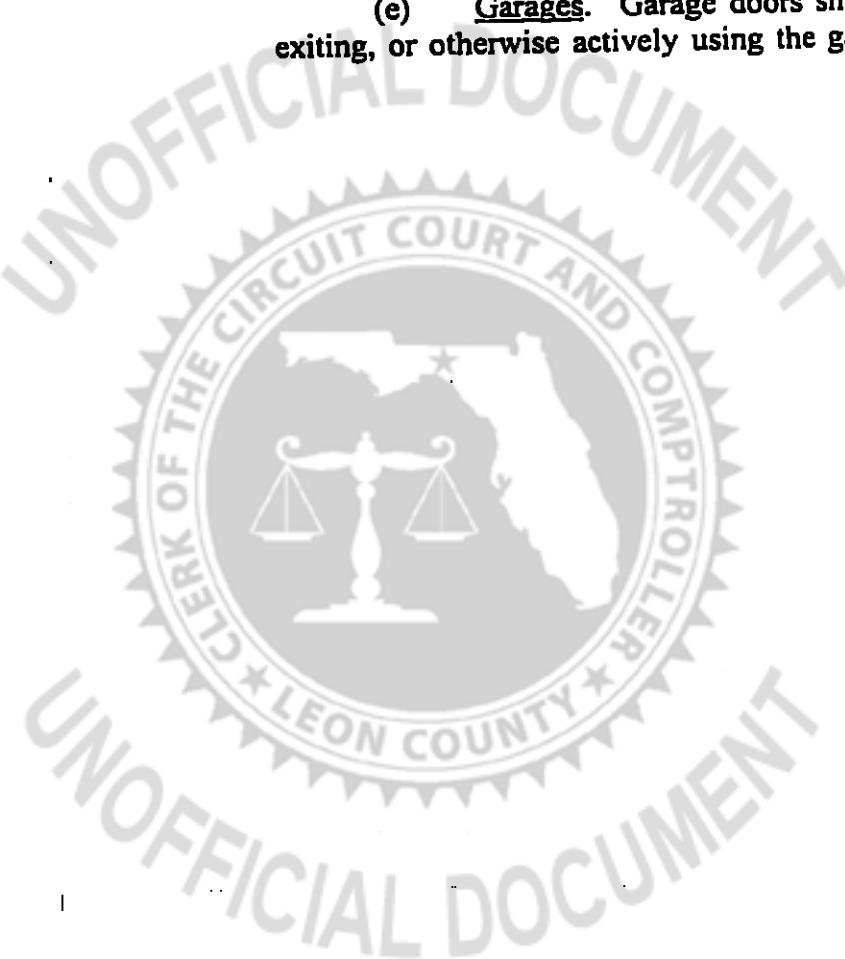
(a) **Animals and Pets.** No animals of any kind, including livestock and poultry, shall be raised, bred, or kept on any portion of the Residential Community, except that a reasonable number of usual and common household pets, as determined in the Board's discretion, may be kept on a Lot. Upon the Board's request, an Owner, at his or her expense, shall remove any pet which is permitted to roam free, or, in the Board's sole discretion, endangers health, makes objectionable noise, or constitutes a nuisance or inconvenience to other Owners or residents of any portion of the Residential Community. If the Owner fails to honor such request, the Board may cause the pet to be removed at the Owner's expense. No pets shall be kept, bred, or maintained for any commercial purpose. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside a structure.

(b) **Wildlife.** Capturing, killing, or trapping wildlife is prohibited within the Residential Community, except in circumstances imposing an imminent threat to the safety of Persons or pets.

(c) **Firearms; Fireworks.** The use and discharge of firearms within the Residential Community is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. The use and discharge of fireworks is prohibited except by license granted by the Association.

(d) **Nuisances.** No Owner shall engage in any activity which constitutes a nuisance (meaning offensive or detrimental activity, as determined by the Board), or which materially disturbs or destroys the vegetation, wildlife, or air quality within the Residential Community, or which results in unreasonable levels of sound or light pollution.

(e) **Garages.** Garage doors shall remain closed at all times except when entering, exiting, or otherwise actively using the garage. A garage or carport may not be converted to



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finished space for use as an apartment, an integral part of the Lot's living area, or for purposes other than parking vehicles and ancillary storage, without prior approval pursuant to Article IV.

(f) Exterior Lighting. Excessive exterior lighting on any Lot is prohibited. The Board in its sole discretion shall determine whether any exterior lighting is excessive.

(g) Storage of Goods. Storage (except in approved structures or containers) of furniture, fixtures, appliances, machinery, equipment, or other goods and chattels on the Common Area (except by the Association), or, if not in active use, any portion of a Lot which is visible from outside the Lot is prohibited.

(h) Prohibited Conditions. The following conditions, structures, or activities are prohibited on any Lot:

(i) Dogs runs and animal pens of any kind, unless properly screened and approved in advance in accordance with Article IV;

(ii) Shacks or other structures of a temporary nature on any Lot except as may be authorized by Declarant during the initial construction of improvements within the Residential Community. Temporary structures used during the construction or repair of a dwelling or other improvements shall be removed immediately after the completion of construction or repair;

(iii) Permanent basketball goals, basketball standards, or backboards which are or would be visible from any street or Common Area; provided, portable basketball goals may be used on a Lot without prior approval, but must be stored so as not to be visible from any street or Common Area overnight or otherwise when not in use;

(iv) Freestanding flagpoles; provided, flags may be displayed using a bracket or other approved device mounted to a dwelling so long as the size of the flag displayed does not exceed a standard size (as set forth in the Architectural Guidelines or determined in the Board's discretion and set forth in a Board rule);

(v) Outdoor athletic and recreational facilities such as playscapes, swing sets, and sport courts unless properly screened and approved in advance in accordance with Article IV; and

(vi) Outside clotheslines or other outside facilities for drying or airing clothes unless properly screened and approved in advance in accordance with Article IV.

In any event, and notwithstanding the above list of prohibited conditions, any structure, improvement, or thing proposed for construction, erection, installation, or placement on a Lot requires prior Reviewer approval in accordance with Article IV, unless specifically made exempt under the Architectural Guidelines.

(i) Quiet Enjoyment. Nothing shall be done or maintained on any part of a Lot which emits foul or obnoxious odors outside the Lot or creates noise or other conditions which

tend to disturb the peace, quiet, safety, comfort, or serenity of the occupants and invitees of other Lots.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Residential Community which, in the Board's reasonable determination, tends to cause embarrassment, discomfort, annoyance, or nuisance to others.

(j) Signs. No sign shall be erected within the Residential Community, except those required by law, including posters, circulars, and billboards; provided, the following types of signs may be erected on a Lot without the Board's written consent: (i) residential identification signs of a face area of 75 square inches or less for identification of the occupant and its address, in a style designated by the Architectural Guidelines or approved by the Reviewer; (ii) during the period that the Lot is being offered for sale, "For Sale" signs or "Open House" signs of a size no larger than such signs typically displayed in similar residential communities, as determined in the Board's discretion; and (iii) security signs having a face area of 75 square inches or less, in a style and location designated by the Architectural Guidelines or approved by the Reviewer. This restriction shall not apply to entry, directional, and marketing signs installed by Declarant or a Builder. The Association and the Community Council, with the Board's approval, shall have the right to erect signs on the Common Area.

(k) Holiday Decorations. Owners may display holiday decorations on their Lots if the decorations are of the kinds normally displayed in single family residential neighborhoods, are of reasonable size and scope, and do not disturb other Owners and residents by excessive light or sound emission or by causing an unreasonable amount of spectator traffic. Permitted decorations may be displayed for such periods as are normal and customary for comparable residential communities, as determined in the Board's discretion.

(l) Antennas and Satellite Dishes. No antenna, satellite dish, or other device for the transmission or reception of television or radio (including amateur or ham radios) signals is permitted outside the dwelling on a Lot, except those devices whose installation and use is protected under federal law or regulations (generally, certain antennae under one meter in diameter). Notwithstanding such protection, an application for such an antenna or other device must be submitted to the Reviewer for approval and approval will be granted only if:

(i) First, the antenna or other device is designed for minimal visual intrusion (*i.e.*, is located in a manner that minimizes visibility from the street or an adjacent Lot and is consistent with the Community-Wide Standard); and

(ii) Second, the antenna or other device complies to the maximum extent feasible with the Architectural Guidelines within the confines of applicable federal regulations (*i.e.*, without precluding reception of a quality signal or unreasonably increasing the cost of the antenna or device).

The Reviewer shall consider any such application on an expedited basis.

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Notwithstanding the above, Declarant and/or the Association may erect an antenna, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of Southwood, should any master system or systems be used by the Association and require such exterior apparatus.

(m) Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot, except in covered containers of a type, size and style which are pre-approved by the Reviewer or specifically permitted under the Architectural Guidelines, or as required by the applicable governing jurisdiction. Such containers shall be screened from view outside of the Lot except when they are being made available for collection and then only for the shortest time reasonably necessary to effect such collection. Rubbish, trash, and garbage must be removed from the Lots and may not accumulate on any Lot. Outdoor incinerators may not be kept or maintained on any Lot.

(n) Pool Equipment. All pool equipment stored on any Lot shall be screened from view from outside the Lot.

(o) Unsightly or Unkempt Conditions. All portions of a Lot outside enclosed structures shall be kept in a clean and tidy condition at all times. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot in a manner which is unsanitary, unsightly, offensive or detrimental to any other portion of the Residential Community, as the Board may determine.

Woodpiles or other material shall be properly screened and stored in such a manner so as not to attract rodents, snakes, and other animals and or create a fire hazard, as the Board determines. No activities shall be conducted upon or adjacent to any Lot or within any structure on a Lot which are or might be unsafe or hazardous to any Person or property. Open fires are prohibited within the Residential Community, except in a contained outdoor fireplace or barbecue unit while attended and in use for cooking purposes.

(p) Vehicles and Parking. As used in this Section, the term "vehicles" includes, without limitation, automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles.

No vehicle may be left upon any portion of the Residential Community except in a garage, driveway, or other area the Board designates. No person shall park any pick-up truck (with or without a camper top or other enclosure), recreational vehicle, mobile home, trailer, camper, stored vehicle, commercial vehicle (including all vehicles with commercial lettering or logos), or any unlicensed or inoperable vehicle within the Residential Community other than in an enclosed garage. "Sports utility vehicles" and "mini-vans" (as such vehicles are commonly referred to, as determined in the Board's discretion) shall be treated as automobiles and may be parked in driveways outside of enclosed garages. Boats or other watercraft may be kept or stored on a Lot only so long as they are screened from view from outside of the Lot. This Section shall not apply to emergency vehicle repairs or to construction, service, and delivery vehicles for periods necessary to perform the services or make a delivery.

Notwithstanding the above, for purposes of cleaning, loading, unloading, and short-term parking, recreational vehicles may be temporarily parked outside of an enclosed garage for periods reasonably necessary to perform such tasks.

(q) Wetlands, Lakes, and Other Water Bodies. Wetlands, lakes, ponds, and streams within the Residential Community, if any, are part of the Residential Community's water management system, and no active use of lakes, ponds, streams, or other bodies of water within the Residential Community or within any golf course is permitted, except that the owner of the adjacent golf course, and its agents, shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Areas and use water for irrigation purposes under a separate agreement with the Association. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, streams, or other bodies of water within or adjacent to the Residential Community.

(q) Solar Equipment. No solar heating equipment or device is permitted outside a dwelling or other structure on a Lot except such devices whose installation and use is protected by federal or Florida law. Notwithstanding such protection, an application for such equipment or device must be submitted for approval under Article IV prior to installation and approval will be granted only if:

(i) First, such equipment or device is designed for minimal visual intrusion when installed (i.e., is located in a manner which minimizes visibility from the street or an adjacent Lot and is consistent with the Community-Wide Standard); and

(ii) Second, the equipment or device complies to the maximum extent feasible with the Architectural Guidelines within the confines of the applicable governmental regulations.

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EXHIBIT "D"

**BY-LAWS
OF
SOUTHWOOD RESIDENTIAL COMMUNITY ASSOCIATION, INC.**



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BY-LAWS
OF
SOUTHWOOD RESIDENTIAL COMMUNITY ASSOCIATION, INC.

Article I: Name, Principal Office, and Definitions

1.1. Name.

The name of the corporation is Southwood Residential Community Association, Inc. ("Association").

1.2. Principal Office.

The Association's principal office shall be located in Leon County, Florida. The Association may have other offices, either within or outside Florida, as the Board of Directors determines or as the Association's affairs require.

1.3. Definitions.

The words used in these By-Laws shall have their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions for the Southwood Residential Community, as it may be amended ("Declaration"), unless the context indicates otherwise.

Article II: Membership: Meetings, Quorum, Voting, Proxies

2.1. Membership.

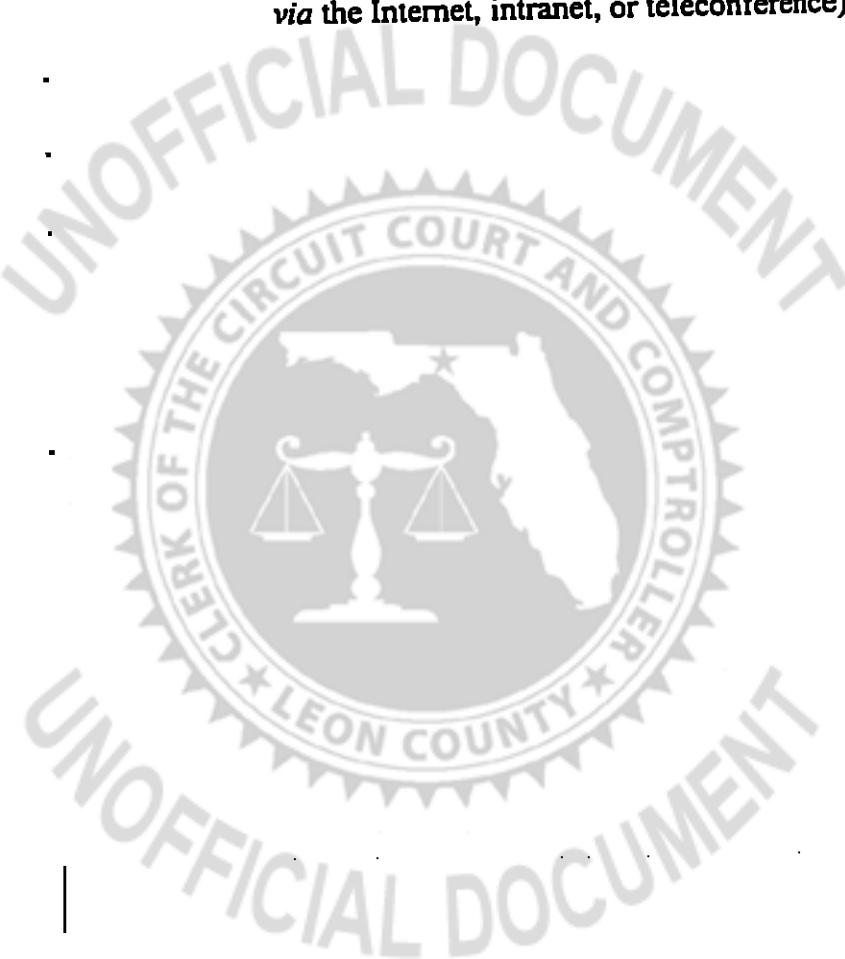
The Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration. Provisions of the Declaration pertaining to membership are incorporated by this reference. Any reference in these By-Laws to "Neighborhood Representatives" shall be deemed to refer to the Members if a Neighborhood Representative has not yet been elected for the Neighborhood or if the matter in question otherwise requires the vote or presence of the Members personally.

2.2. Place of Meetings.

The Association shall hold meetings at its principal office or at such other suitable place convenient to the Members as the Board may designate.

2.3. Annual Meetings.

The Association shall hold its first meeting, whether a regular or special meeting, within one year after the date of the Association's incorporation. The Board shall set the date and time of subsequent regular annual meetings. Annual meetings may be conducted electronically (*i.e.*, *via* the Internet, intranet, or teleconference) if, and to the extent, permitted by law.



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2.4. Special Meetings.

The President may call a special meeting of the Association. It also shall be the President's duty to call a special meeting if so directed by Board resolution or upon petition of Neighborhood Representatives representing at least 10% of the Association's total Class "A" votes; provided, the Neighborhood Representatives must deliver to the Association's Secretary at least one written demand for the meeting, describing the meeting's purpose.

If the President does not send notice of a special meeting pursuant to Section 2.5 within 30 days after the date written petition is delivered to the Association's Secretary, any Neighborhood Representative signing the demand may set the time and place of the special meeting and give the Association notice pursuant to Section 2.5.

2.5. Notice of Meetings.

The Association's Secretary shall cause written notice stating the place, day, and hour of any Association meeting to be given in any manner permitted by Florida law. If permitted, notice may be posted in a conspicuous, prominent place within Southwood, delivered by hand delivery, or sent by facsimile, electronic mail, or other electronic communication device, or such other manner which is reasonably calculated, as determined in the Board's discretion, to provide personal notice to the Neighborhood Representatives and/or Members entitled to notice. Notice shall be given at least 10 but less than 50 days before the date of the meeting, by or at the direction of the President, the Secretary, or the officers or Persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No other business shall be transacted at a special meeting except as stated in the notice.

If posted, notice shall be deemed delivered when posted. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to the Neighborhood Representative or Member at his or her address as it appears on the Association's records, with postage prepaid. If sent by facsimile, electronic mail, or such other electronic communication device, notice shall be deemed delivered when transmitted to the Neighborhood Representative or Member at his or her address or number as it appears on the Association's records. Failure to receive actual notice of an Association meeting shall not affect the validity of any action taken at such meeting.

2.6. Waiver of Notice.

Waiver of notice of an Association meeting shall be the equivalent of proper notice. Any Neighborhood Representative may waive, in writing, notice of any Association meeting, either before or after such meeting. A Neighborhood Representative's attendance at a meeting shall be deemed a waiver by such Neighborhood Representative of notice of the meeting unless the Neighborhood Representative specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at the meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.



2.7. Adjournment of Meetings.

If the Association cannot hold a meeting because a quorum is not present, a majority of the Neighborhood Representatives who are present may adjourn the meeting to a time at least five but not more than 30 days from the date called for the original meeting. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, the Association shall give the Neighborhood Representatives notice of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

Neighborhood Representatives present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Neighborhood Representatives to leave less than a quorum, provided that at least a majority of the votes required to constitute a quorum approve any action taken.

2.8. Voting.

Members shall have such voting rights as are set forth in the Declaration, which provisions are incorporated herein by this reference.

Neighborhood Representatives may vote at a meeting by voice vote or ballot or may vote by mail without the necessity of a meeting, as determined by the Board; provided, the Board shall hold meetings when required by the Declaration, these By-Laws, or Florida law. Votes for the election of directors shall be cast by secret written ballot. All Member votes cast at meetings are subject to the quorum requirements of Section 2.11. The Board may permit votes to be cast electronically (*i.e.*, via the Internet, intranet, or electronic mail) with sufficient verification of authenticity and if permitted by law.

Except for the initial Neighborhood Representatives the Declarant appoints, only the Neighborhood Representative serving the second year of his or her two-year term may cast the votes for a Neighborhood.

2.9. Proxies.

Neighborhood Representatives may not vote by proxy but only in person or through their designated alternates. On any matter as to which a Member is entitled personally to cast the vote for his Lot, such vote may be cast in person or by proxy, subject to Florida law.

Every proxy shall be in writing specifying the Lot for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Association's Secretary prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

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Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Lot for which it was given; (b) the Secretary's receipt of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is an individual; or (c) 90 days from the meeting date for which the proxy was originally given, unless the proxy specifies a shorter period.

2.10. Majority.

As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum.

Except as these By-Laws or the Declaration otherwise provide, the presence of Members, either personally, by proxy, or through Neighborhood Representatives, representing 30% of the total Class "A" votes in the Association shall constitute a quorum at all Association meetings.

2.12. Conduct of Meetings.

The President shall preside over all Association meetings, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings. Owners may tape record or videotape Association meetings subject to reasonable rules the Board imposes.

2.13. Action Without a Meeting.

Without holding a meeting pursuant to Sections 2.3 or 2.4, Neighborhood Representatives may take any action that Florida law requires or permits the Members to take at a meeting (subject to any limitations imposed under the Declaration), if Neighborhood Representatives representing at least 80% of the Association's Class "A" votes sign a written consent specifically authorizing the proposed action. The Association need not give prior notice before soliciting such consent; provided, the Association must send written consent forms to all Neighborhood Representatives. Neighborhood Representatives shall sign, date, and deliver such consents to the Association within 60 days after the Association's receipt of the earliest dated consent. The Association's Secretary shall file such consents with the Association's minutes and the consents shall have the same force and effect as a vote of the Neighborhood Representatives at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Neighborhood Representatives entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

Article III: Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body: Composition.

The Board of Directors shall govern the Association's affairs. Each director shall have one vote. Except for "At-Large Representatives" elected by the Class "A" Members, directors need not be Members or residents of the Residential Community. A director must be at least 18 years old. In the case of a Member who is not an individual, any officer, director, partner, or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no more than one such representative of any Member, nor more than one occupant of a particular Lot, may serve on the Board at any one time, except in the case of directors the Class "B" Member appoints.

3.2. Number of Directors.

The Board shall consist of no more than seven Class "A" Member-elected directors. Declarant may appoint additional directors. The exact number of directors will depend on the number of Voting Groups created. One director shall be elected from each Voting Group. The initial Board shall consist of the three directors identified in the Articles of Incorporation.

3.3. Directors During Class "B" Control Period.

The Class "B" Member shall have complete discretion in appointing its directors under Section 3.5. Class "B" Member-appointed directors shall serve at the pleasure of the Class "B" Member.

3.4. Nomination and Election Procedures.

(a) **Nominations and Declarations of Candidacy.** Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which every eligible person who has an interest in serving as a director may file as a candidate for any position to be filled by Class "A" votes.

The Community Council also may make as many nominations for election to the Board as it deems appropriate in its discretion. The Community Council shall nominate separate slates for the directors, if any, to be elected at large by all Class "A" Members (*i.e.*, the At-Large Representatives), and for the director(s) to be elected from within each Voting Group. In making its nominations, the Community Council shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. The Board also shall permit nominations from the floor at any election meeting.

The Board shall give each candidate a reasonable, equal opportunity to communicate his or her qualifications to the Members and to solicit votes.

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(b) Election Procedures. A Neighborhood Representative may cast the votes assigned to the Lots which it represents for each position to be filled from the slate of candidates on which he or she is entitled to vote. Cumulative voting is not allowed. That number of candidates which equals the number of positions to be filled and receiving the greatest number of votes shall be elected.

3.5. Election and Term of Office.

Except as these By-Laws or the Declaration may otherwise specifically provide, election of directors shall take place at the Association's annual meeting. Notwithstanding any other provision of these By-Laws:

(a) As provided in Article VI of the Declaration, Declarant shall appoint an At-Large Representative not later than such time as Class "A" Members other than Builders own 25% of the Lots anticipated for the Residential Community under the Master Plan, or whenever the Class "B" Member earlier determines. At such time, one of the Class "B" Member-appointed directors shall resign, and the At-Large Representative shall serve as a director. The remaining two directors shall be Class "B" Member appointees. Until the happening of the event described below in subsection (b), At-Large Representatives shall serve one-year terms on the Board and shall be succeeded by the most recently elected At-Large Representative.

(b) Within 30 days after Class "A" Members other than Builders own 50% of the Lots anticipated for Southwood under the Master Plan, or whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. At such time, both At-Large Representatives shall serve as directors, and, notwithstanding the above, their terms on the Board shall coincide with their two-year terms as At-Large Representatives. Upon expiration of their respective terms, and if not re-elected, their successors as At-Large Representatives shall serve as directors for like terms. The remaining three directors shall be Class "B" Member appointees.

(c) Not later than the first annual meeting after the termination of the Class "B" Control Period, not more than five Voting Groups shall be created in accordance with the Declaration, and the Board shall hold an election at which the Neighborhood Representatives from each Voting Group shall elect a director. In order to establish staggered terms for such directors, at least one-half of the initial directors elected from the Voting Groups shall serve two-year terms and the remainder shall serve one-year terms, as such directors determine among themselves. In addition, the At-Large Representatives shall continue to serve as directors and shall serve two-year terms.

In the event the above results in an even number of directors, the Board members, by majority vote, shall elect one additional director. In the event of a tie in such voting, the Board President shall appoint the remaining director from among the candidates under consideration.

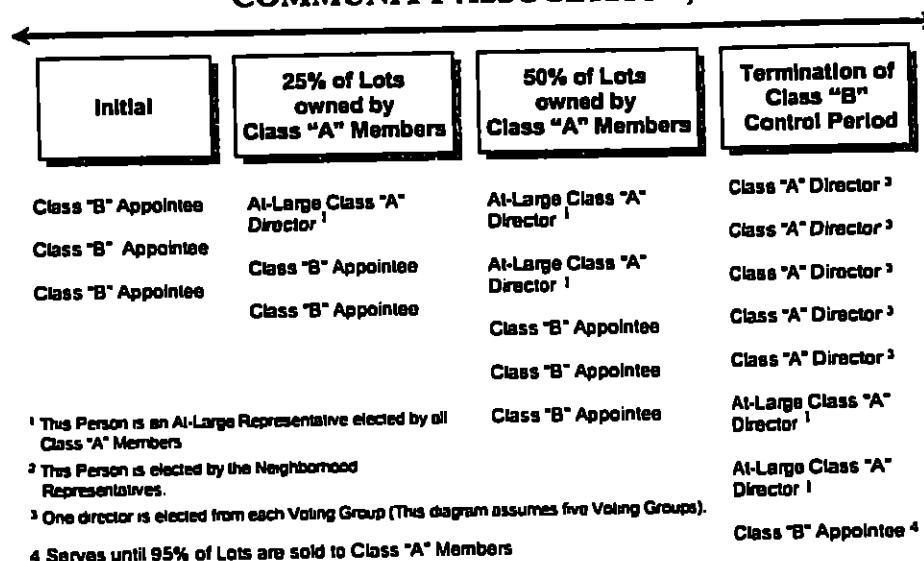
For so long as Declarant or any Affiliate of Declarant owns at least five percent of the Lots permitted under the Master Plan for all phases of the development of the Residential Community, the Class "B" Member may appoint one director. Thereafter, the director appointed by the Class "B" Member shall resign.

Upon expiration of the initial and all subsequent terms of the director elected from within a Voting Group, the Neighborhood Representatives entitled to elect such directors shall elect successors to serve two-year terms. Notwithstanding the stated length of any term, directors shall hold office until their respective successors have been elected. Directors may not serve more than two consecutive two-year terms.

Notwithstanding the above, the Board, as deemed necessary or convenient in the exercise of its reasonable discretion, may adjust the commencement of director terms (as staggered) to begin at the same time each year.

The directors which are not appointed by the Class "B" Member are referred to collectively as "Class "A" Directors."

**COMPOSITION OF BOARD OF
SOUTHWOOD
COMMUNITY ASSOCIATION, INC.**



3.6. Removal of Directors and Vacancies.

Any Class "A" Director may be removed, with or without cause, by the vote of Class "A" Members or Neighborhood Representatives, as applicable, holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Class "A" Members or Neighborhood Representatives entitled to elect the director so removed to fill the vacancy for the remainder of such director's term. Class "A" Directors may not be removed by the Class "B" Member.

Any Class "A" Director who has three consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent (or occupies a Lot for which assessments are so delinquent) in the payment of any assessment or other charge due the Association or the

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Community Council, may be removed by a majority vote of the Board, excluding the director at issue. If the director is removed, the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Class "A" Members or Neighborhood Representatives entitled to fill such directorship may elect a successor for the remainder of the term.

Any Board-appointed director shall be selected from within the Voting Group represented by the director who vacated the position, if applicable.

This Section shall not apply to directors the Class "B" Member appoints nor to any director serving as Declarant's representative. The Class "B" Member or Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Class "B" Member or Declarant.

B. Meetings.

3.7. Organizational Meetings.

The Board shall hold its first meeting following each annual membership meeting within 10 days thereafter at such time and place as the Board shall fix.

3.8. Regular Meetings.

The Board may hold regular meetings at such time and place as the Board shall determine, but the Board shall hold at least four such meetings during each fiscal year with at least one per quarter.

3.9. Special Meetings.

The Board shall hold special meetings when called by written notice signed by the President, Vice President, or any two directors.

3.10. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall give notice to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone (either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director); or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least five



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business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(b) Except for emergency meetings, notice of a Board meeting shall be posted in a conspicuous place within Southwood at least 48 hours in advance of the meeting or provided in any other manner reasonably anticipated to provide notice to all Members, including publication in an Association newsletter with community-wide circulation, posting on a Southwood cable television channel, or posting on a Internet or intranet page serving the Residential Community. In lieu of notice of each regular Board meeting, the Board may post or publish a schedule of upcoming Board meetings.

(c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present; and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

(d) Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment.

3.11. Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a Board or committee meeting by means of telephone or other electronic means, through which all persons participating in the meeting can hear each other. Participation in this manner shall constitute presence at the meeting for all purposes.

3.12. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless these By-Laws or the Declaration specifically provide otherwise. A meeting at which a quorum is initially present may continue, notwithstanding the withdrawal of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Conduct of Meetings.

The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and



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proceedings occurring at such meetings. Owners may tape record or videotape Board meetings subject to reasonable rules the Board imposes.

3.14. Open Meetings; Executive Session.

Subject to the provisions of Section 3.15, all Board meetings shall be open to all Neighborhood Representatives and all Owners. However, attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak, and the Board concurs. In such case, the President may limit the time any such individual may speak.

Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss with the Association's attorney matters relating to pending or threatened litigation which are protected by the attorney-client privileges, or to discuss among the Board any other matter of a sensitive nature, if Florida law permits.

3.15. Action Without a Formal Meeting.

Any action to be taken or which may be taken at a Board meeting may be taken without a meeting if all directors sign a consent in writing, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.16. Powers.

The Board shall have all of the powers and duties necessary for administering the Association's affairs and for performing all of the Association's responsibilities and exercising all of the Association's rights as set forth in the Governing Documents, and as provided by law. The Board may do or cause to be done on the Association's behalf all acts and things except those which the Governing Documents or Florida law require to be done and exercised exclusively by the Neighborhood Representatives or the membership generally.

3.17. Duties.

The Board's duties shall include, without limitation:

(a) adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses and any Neighborhood Expenses;

(b) cooperating with the Community Council and the Art of Living Director in carrying out their purposes and responsibilities under the Community Covenant and in those matters for which Community Council input or participation is required or permitted under the Governing Documents;



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(c) providing for the operation, care, upkeep, and maintenance of the Common Maintenance Area consistent with the Community-Wide Standard;

(d) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of necessary equipment, supplies, and materials;

(e) depositing all funds received on the Association's behalf in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's business judgment, in depositories other than banks;

(f) opening bank accounts on the Association's behalf and designating the signatories required;

(g) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;

(h) after termination of the Class "B" Control Period, submitting for bid any planned Association expenditure (whether for capital items, services, maintenance, or otherwise) anticipated to exceed \$25,000.00 in any fiscal year; provided, the Board is not obligated to contract with or otherwise retain the services of the lowest bidder; and provided further, the Board is not obligated to submit for bid the renewal of existing contracts;

(i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

(l) keeping books with detailed accounts of the Association's receipts and expenditures;

(m) making available to any Owner, the holders, insurers, and guarantors of any Mortgage on any Lot, and any prospective purchaser of a Lot, current copies of the Governing Documents and all other Association books, records, and financial statements as provided in Section 6.4;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of Southwood;

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(o) indemnifying an Association director, officer, or committee member, or former Association director, officer, or committee member to the extent such indemnity is required by Florida law, the Articles of Incorporation, or the Declaration; and

(p) maintaining, and retaining for the time periods required, the "official records" of the Association, as provided in §617.303(4) of the Florida Homeowners Association Act.

3.18. Compensation.

The Association shall not compensate a director for acting as such, unless the Community Council otherwise approves. The Association may reimburse any director for expenses incurred on the Association's behalf if approved by a majority of the other directors. In addition, subject to Section 3.27, nothing herein shall prohibit the Association from compensating a director for services or supplies he or she furnishes to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association. The foregoing also applies to any entity with which a director is affiliated.

3.19. Right of Class "B" Member to Disapprove Actions.

During the period of Class "B" membership, the Class "B" Member shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee which, in the Class "B" Member's sole and absolute judgment, would tend to impair rights or interests of Declarant, any Affiliate of Declarant, or Builders, interfere with development or construction of any portion of the Southwood, or diminish the level of services the Association provides.

(a) Notice. The Association, the Board, and each committee shall give the Class "B" Member written notice of their meetings and proposed actions to be approved at their meetings (or by written consent in lieu of a meeting). The notice shall comply with Section 3.10 and shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) Opportunity to be Heard. The Association, the Board, and each committee shall give the Class "B" Member the opportunity at any meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval described in this Section.

(c) Exercise of Rights. The Class "B" Member, its representatives or agents, shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, if the action is approved without a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction by the Association, the Board, or any committee. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

(d) Condition of Implementation. No action, policy, or program subject to the Class "B" Member's right of disapproval shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

3.20. Management.

The Board may employ a professional management agent or agents, at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize and are otherwise within the scope of the Board's authority. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority or those duties set forth in Section 3.17(a) (with respect to adoption of the budget). The Board may contract with or employ Declarant or any Affiliate of Declarant as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Class "B" Control Period unless such contract contains a right of termination which the Association may exercise with or without cause and without penalty at any time after termination of the Class "B" Control Period upon not more than 90 days written notice. After the Class "B" Control Period terminates, the Association may not terminate any management contract, or retain a new managing agent, without the approval of Neighborhood Representatives representing a majority of the Association's total Class "A" votes, and Declarant, for so long as Declarant or any Affiliate of Declarant owns any property described on Exhibit "A" or "B" to the Declaration.

The Class "A" Members shall have no right to terminate a management contract during the Class "B" Control Period. Unless the Board otherwise grants such right, or unless the management contract otherwise provides, the Board may act in its discretion with respect to executing and terminating management contracts during the Class "B" Control Period. Any management contract may, among other things, authorize the managing agent to act as the Association's agent with respect to the expenditure of Association funds within the scope of the approved Association budget; provided, the managing agent shall not be permitted to spend money in excess of the budget or reallocate greater than 10% of any budget line item without the Board's prior approval.

3.21. Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accounting and controls should conform to generally accepted accounting principles;

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(b) the Association's cash accounts shall not be commingled with any other accounts;

(c) the managing agent shall accept no remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; the Association shall benefit from anything of value received;

(d) the managing agent shall disclose promptly to the Board any financial or other interest which it may have in any firm providing goods or services to the Association;

(e) commencing at the end of the quarter in which the first Lot is sold and closed, the Board shall prepare financial reports for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(f) an annual report consisting of at least the following shall be prepared within 60 days after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant. During the Class "B" Control Period, the annual report shall include certified financial statements.

The Association shall provide each Owner or its authorized agent a copy of the annual financial report within 10 business days following receipt of a written request for access. In addition, if Florida law requires, the Association shall send a copy of the annual report to each Member by mail or personal delivery within 90 days following the close of the fiscal year.

3.22. Borrowing.

The Association may borrow money for any legal purpose; provided, the approval of Neighborhood Representatives representing a majority of the Class "A" votes in the Association



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is required if the proposed borrowing is (a) for the purpose of making discretionary capital improvements; and (b) the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 20% of the Association's budgeted gross expenses for that fiscal year.

During the Class "B" Control Period, no Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Neighborhood Representatives representing at least 67% of the total Class "A" votes. After the Class "B" Control Period terminates, no Mortgage lien may be placed in the Common Area, nor may assessments be pledged as security for any loan, without the Community Council's approval, and such other approval as the Declaration may require.

3.23. Right To Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents associations, within and outside of the Residential Community.

3.24. Enforcement.

The Association may impose sanctions for any violation of the Governing Documents. To the extent the Declaration specifically requires, the Board shall comply with the following procedures prior to imposition of sanctions:

(a) **Notice.** The Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than 15 days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless the alleged violator challenges the violation within the allotted time period. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided, the Board or Covenants Committee may suspend any proposed sanction if the violation is cured, or if a diligent effort is made to cure, within the allotted period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) **Hearing.** If the alleged violator requests a hearing within the allotted time period, the hearing shall be held before the Covenants Committee. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

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(c) Appeal. Following a hearing before the Covenants Committee, the alleged violator shall have the right to appeal the decision to the Board. To exercise this right, the alleged violator must submit a written notice of appeal to the Association's manager, President, or Secretary within 10 days after being informed of the results of the hearing by the Association's manager or another Board officer or representative.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, if permitted under the Declaration, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, towing vehicles that violate parking rules) or, following compliance with the Declaration's dispute resolution procedures, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.

3.25. Board Training Seminar.

In cooperation with or independent of the Community Council, the Board shall provide or provide for seminars and continuing educational opportunities designed to educate and inform directors of their responsibilities as directors. Such programs shall include instruction on applicable Florida corporate and fiduciary law principles, other issues relating to administering the Residential Community's affairs, and upholding and enforcing the Governing Documents. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected, and each re-elected director shall complete a training seminar within the first six months of assuming the director position.

3.26. Board Standards.

In performing their duties, directors and officers shall act as fiduciaries and are subject to insulation from liability as provided for directors of corporations by Florida law and as otherwise provided by the Governing Documents. Directors shall exercise the ordinary and reasonable care of directors of a corporation, subject to the business judgment rule.

A director shall act in accordance with the business judgment rule so long as the director:

- (a) acts within the expressed or implied scope of the Governing Documents and his or her actions are not *ultra vires*;
- (b) affirmatively undertakes to make decisions which are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis;
- (c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and

(d) acts in a non-fraudulent manner and without reckless indifference to the Association's affairs.

A director acting in accordance with the business judgment rule shall be protected from personal liability. Unless the Governing Documents require that specific action be taken, the failure to take such specific action shall not, without further showing that the Board acted in violation of the business judgment rule, be deemed a violation of a Board duty.

Board determinations of the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair, nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

3.27. Conflicts of Interest; Code of Ethics.

Unless otherwise approved by a majority of the other directors, and by the Community Council Board, no Class "A" Director may transact business with the Association or the Community Council or the Association or Community Council contractor during his or her term as director or within two years after the term expires. A director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the directors relative to his or her performance as a director. A director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members. The Board may void any contract which creates a prohibited conflict of interest.

Notwithstanding the above, the directors appointed by the Class "B" Member may be employed by or otherwise transact business with Declarant or any Affiliate of Declarant, and Declarant and its Affiliates may transact business with the Association, the Community Council, or their contractors.

The initial Board shall create and adopt a written "Code of Ethics" applicable to all directors and officers. The Code of Ethics shall incorporate the above standards and other conduct rules it deems appropriate. At a minimum, the Code of Ethics shall require each officer and director to conduct himself or herself in manner consistent with the Board Standards described in Section 3.26. Each officer and director, as a pre-condition to service, shall acknowledge and agree, in writing, to abide by the Code of Ethics. The Code of Ethics may not be amended without the Community Council's approval.

Article IV: Officers

4.1. Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer. The officers may, but need not, be Board members, Owners, or residents of the Community. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and

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perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each Association annual meeting. Officers shall serve until their successors are elected. Officers may not hold the same office for more than two consecutive terms.

4.3. Removal and Vacancies.

Any officer may be removed by a vote of at least 2/3 of the directors. The Board shall appoint a replacement to fill any vacancy in any office for the unexpired portion of the term.

4.4. Powers and Duties.

The Association's officers each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall supervise the preparation of the Association's budget, but shall delegate all or part of the preparation and notification duties to a finance committee, management agent, or both. The Secretary shall prepare or supervise the preparation of meeting minutes as required by Florida law.

4.5. Resignation.

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

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other Association instruments shall be executed by an officer, unless the Board provides otherwise, or by such other person or persons as the Board may designate by resolution.

4.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.18.

Article V: Committees

5.1. General.

The Board may create such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Except for Neighborhood committees (as described below), at least a majority of the committee members the Board appoints shall be Community Council designees.

In an effort to encourage and incorporate a broad base of Owner and resident participation in community governance, it shall be the Association's policy that the Board create and delegate its responsibilities to committees as reasonably appropriate. The Board *shall* create a committee, if requested by the Community Council, unless, in the exercise of its reasonable discretion, the Board determines that such a committee is not in the Association's best interest.

Committees shall exercise only such authority as granted by Board resolution, provided the Board may, in the exercise of its reasonable discretion, elect not to follow a committee's advice on any matter. Committees may not act without specific Board authority and may not bind the Association contractually or financially. Committee members may serve no more than two consecutive two-year terms on the same committee.

5.2. Covenants Committee.

The Board shall appoint a Covenants Committee consisting of at least three members. The Covenants Committee members shall be Members of the Association who are not directors, officers, or employees of the Association or the spouse, parent, child, brother, or sister of a director, officer, or employee. Acting in accordance with the provisions of the Declaration, these By-Laws, and any Board resolutions, the Covenants Committee shall be the Association's hearing tribunal and shall conduct all hearings held pursuant to Section 3.24. The Board may not impose a fine without a majority vote of the Covenants Committee.

5.3. Neighborhood Committees.

In addition to any other committees appointed as provided above, each Neighborhood which has no formal organizational structure or association may elect a Neighborhood Committee to determine the nature and extent of services, if any, the Association shall provide to the Neighborhood in addition to those provided to all Members in accordance with the Declaration. A Neighborhood Committee may advise the Board on any other issue but may not bind the Association on any matter. Neighborhood Committees, if elected, shall consist of at least three Members elected by the Owners of Lots within the Neighborhood.

Neighborhood Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Neighborhood shall be an *ex officio* member of the Neighborhood Committee. The Neighborhood Representative responsible for casting Member votes under the Declaration shall be the chairperson of the Neighborhood

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Committee, shall preside at its meetings, and shall be responsible for transmitting any and all communications to the Board.

In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the notice and quorum requirements applicable to the Board under these By-Laws. Meetings of a Neighborhood Committee shall be open to all Owners of Lots in the Neighborhood and their representatives. Members of a Neighborhood Committee may act by unanimous written consent in lieu of a meeting.

5.4. Other Committees.

In addition to the above, at such time as the members of the Community Council are elected by and from the Class "A" Members and residents of the Community, the Board shall create the following committees, each of which shall have at least three members, a majority of whom are Community Council designees:

(a) Finance Committee. The Finance Committee shall actively assist the Board, the Treasurer, and the Association's managing agent, if any, in preparing the Association's budget. After termination of the Class "B" Control Period, Board approval of the Association's budget shall be subject to the Finance Committee's review and comment, which shall be advisory only and shall not bind the Board.

(b) Physical Maintenance Committee. After termination of the Class "B" Control Period, the Physical Maintenance Committee shall preside over maintenance of the Common Maintenance Areas.

(c) Dispute Resolution Committee. The Dispute Resolution Committee shall be established to mediate disputes concerning the interpretation of Use Restrictions, rules, and other Governing Document provisions and to advise the Board on initiating litigation involving the Association (as provided in the Declaration); provided, the Dispute Resolution Committee shall not preside over matters relating to the collection of assessments or other fees and charges. Each member of the Dispute Resolution Committee shall attend a Board-approved course on dispute resolution.

The Board shall establish by resolution the specific scope and limitations on the authority of the above committees. Board determinations on committee authority are subject to Community Council approval, which approval may not unreasonably be withheld.

Article VI: Miscellaneous

6.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless otherwise established by Board resolution.



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6.2. Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (the then current edition) shall govern the conduct of Association proceedings when not in conflict with Florida law or the Governing Documents.

6.3. Conflicts.

Conflicts between or among the Governing Documents, Florida law, and the Community Council governing documents shall be resolved as directed in the Declaration.

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Lot, any Member, the Community Council Board, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Lot: the Governing Documents, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within Southwood as the Board shall designate.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing documents requested. Records shall be made available within 10 business days of the receipt of a written request by an Owner or his or her authorized agent.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties the Association owns or controls. The director's right of inspection includes the right to make a copy of relevant documents at the Association's expense.

6.5. Notices.

Except as the Declaration or these By-Laws otherwise provide, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or by private carrier; if sent by United States mail; or, if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile, or electronic mail with written confirmation of transmission. Notices shall be delivered or sent to the intended recipient as follows:

(a) if to a Member or Neighborhood Representative, at the address which the Member or Neighborhood Representative has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member or Neighborhood Representative;

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(b) if to the Association, the Board, the Community Council or the managing agent, at the principal office of the Association, the Community Council, or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

(c) if to any committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Notice sent in accordance with this section shall be deemed to have been duly given and effective:

(i) if sent by United States Mail, when deposited with the U.S. Postal Service, correctly addressed, with first class postage prepaid;

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation.

6.6. Limitation on Association Authority.

The Community Council exists independently from the Association and is managed and administered in accordance with the Community Covenant and its other governing documents. Unless the Council otherwise specifically consents in writing, or unless specifically provided in the Community Covenant, the Association has no authority to, and shall not (a) maintain, improve, operate, convey, or encumber any real or personal property the Council owns or administers; (b) act as the Council's agent or representative; (c) commit the Council to any contracts, obligations, or cost; (d) hire, terminate, direct, manage, or supervise Council's employees or managing agent; (e) solicit the Council's employees or agents to become the Association's employee or exclusive agent (provided, this shall not prevent the Council and the Association from being jointly managed); and (f) assess the Council for any costs.

This Section is for the benefit of and shall be enforceable by the Council.

6.7. Amendment.

(a) By Class "B" Member. During the Class "B" Control Period, the Class "B" Member unilaterally may amend these By-Laws. Thereafter, the Class "B" Member unilaterally may amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; or (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure,

or guarantee mortgage loans on the Lots. No amendment may adversely affect the title to any Lot unless the Owner shall consent thereto in writing.

(b) By the Board. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent of Neighborhood Representatives representing at least 67% of the Association's total Class "A" votes, and the consent of the Class "B" Member, if such exists. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon Recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its Recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege. No amendment may remove, revoke, or modify any right or privilege of the Community Council without the Community Council's written consent.

The approval requirements set forth in Article XVI of the Declaration also shall be met, if applicable.