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This Instrument Prepared by:

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SPACE ABOVE THIS LINE FOR PROCESSING DATA

**DECLARATION OF CONDOMINIUM
OF
PALOMA AT PALMIRA GOLF AND COUNTRY CLUB, A CONDOMINIUM**

CENTEX HOMES, a Nevada general partnership (“Developer”), as owner in fee simple of the “Land” (as hereinafter defined), whose principal office is located at 5801 Pelican Bay Boulevard, Suite 600, Naples, Florida 34108, hereby makes this Declaration of Condominium of Paloma at Palmira Golf and Country Club, a Condominium (“Declaration”) to be recorded amongst the Public Records of Lee County, Florida (“County”), where the Land is located, and states and declares:

1. SUBMISSION STATEMENT

Developer is the owner of record of the “Condominium Property” (as hereinafter defined) and does hereby submit “Phase 26” (as hereinafter defined) to condominium ownership pursuant to the Condominium Act, Chapter 718, Florida Statutes, as amended through the date of recording this Declaration amongst the Public Records of the County (“Act”).

2. NAME

The name by which the condominium created hereby (“Condominium”) and the Condominium Property are to be identified is:

PALOMA AT PALMIRA GOLF AND COUNTRY CLUB, A CONDOMINIUM

3. PHASE CONDOMINIUM - LAND

The land which will have become part of the Condominium Property when, as and if all of the “Phases” (as hereinafter defined) are added to the Condominium Property is described in Exhibit A (“Land”) attached hereto and made a part hereof. The legal description of the portion of the Land (“Initial Phase Land”) constituting “Phase 26” of the Condominium Property is set forth on Exhibit B-26 attached hereto and made a part hereof. The legal descriptions of the portions of the Land constituting each “Subsequent Phase” (Phases 1 through 25 and Phases 27 through 29) (as hereinafter defined) of the Condominium Property are set forth on Exhibits B-1 through B-25 and B-27 through B-29, attached hereto and made a part hereof.

4. DEFINITIONS

The terms contained in this Declaration shall have the meanings given in the Act and, for clarification, the following terms have the following meanings:

4.1. “Act” means the Condominium Act, Chapter 718, Florida Statutes, as amended through the date of recording this Declaration amongst the Public Records of the County.

4.2. “Articles” means the Articles of Incorporation of the Association, attached as Exhibit C and incorporated herein by reference.

4.3. “Association” means Paloma at Palmira Golf and Country Club Condominium Association, Inc., a Florida corporation not for profit, responsible for operating the Condominium or any other Condominiums which may be created in Paloma at Palmira Golf and Country Club. The Association is a “Neighborhood Association” (as defined in the Master Documents).

4.4. “Board” means Board of Directors of the Association.

4.5. “Bylaws” means the Bylaws of the Association, attached hereto as Exhibit D and incorporated herein by reference.

4.6. “CDD” or “District” means the Community Development District known as Parklands Lee Community Development District, which has the power to impose taxes or assessments, or both taxes and assessments, on this property through a special taxing district. These taxes and assessments pay the construction, operation, and maintenance costs of certain public facilities of the district and are set annually by the governing board of the district. These taxes and assessments are in addition to county and all other taxes and assessments provided for by law.

4.7. “Common Elements” means:

4.7.1. The Condominium Property, other than the Home;

4.7.2. Easements through the Home, as applicable, for conduit ducts, plumbing, wiring and other facilities for furnishing of utility services to Home and the Common Elements;

4.7.3. An easement of support in every portion of a Home which contributes to the support of a “Building” (as hereinafter defined) submitted to condominium ownership;

4.7.4. Property and installations required for the furnishing of utility services and other services for more than one Home, the Common Elements, or a Home other than the Home containing the installation; and

4.7.5. Such portion or portions of the Land, when, as and if same are submitted to condominium ownership.

4.8. “Common Surplus” means the excess of receipts of the Association collected on behalf of Paloma at Palmira Golf and Country Club Condominium(s) (including, but not limited to,

assessments, rents, profits and revenues, on account of the Common Elements) over the Neighborhood Common Expenses.

4.9. “Condominium” means that portion of the Land in Paloma at Palmira Golf and Country Club described in Exhibit A attached hereto and the improvements thereon being submitted to condominium ownership pursuant to this Declaration as the same may be amended from time to time.

4.10. “Condominium Property” means the real property submitted to condominium ownership as part of the Condominium and all improvements thereon, including, but not limited to, the Home and the Common Elements. The easements described and set forth in this Declaration are intended to comply with Section 718.104(4)(m) of the Act. Notwithstanding anything contained herein to the contrary, however, the term “Condominium Property” shall not include any telecommunications lines and equipment owned by a utility and/or telecommunication firm(s) and/or other legal entity(ies) which have contracted with or have imposed other legal requirements upon Developer, Master Declarant, the Master Association and/or the Association to provide a utility or telecommunications service and/or equipment nor shall Condominium Property include telecommunications equipment, if any, owned by Developer or Master Declarant, the title to which is hereby specifically reserved unto Developer or Master Declarant, as the case may be, their respective successors and/or assigns. No portion of the land within any Subsequent Phase shall be included in the term “Condominium Property” until and unless such Subsequent Phase is submitted to condominium ownership by amendment to this Declaration.

4.11. “County” means Lee County, Florida.

4.12. “Declaration” means this document and any and all amendments or supplements hereto.

4.13. “Developer” means Centex Homes, a Nevada general partnership, its grantees, corporate successors and assigns. Developer shall have the right to assign any and all of the rights and privileges reserved for Developer under this Declaration and the other Neighborhood Documents. A Home Owner shall not, solely by the purchase of a Home, be deemed a successor or assign of Developer or of the rights of Developer under the Neighborhood Documents unless such Home Owner is specifically so designated as a successor or assign of such rights in the instrument of conveyance or any other instrument executed by Developer.

4.14. “Home” means “Unit” as described in the Act, and means “Dwelling Unit” as defined in the Master Declaration, and is that portion of the Condominium Property within the Condominium which is subject to exclusive ownership.

4.15. “Home Owner” means “Unit Owner,” as defined in the Act, and is the owner of a Home.

4.16. “Institutional Mortgagee” means any lending institution having a mortgage lien upon a Home, including, but not limited to, any of the following institutions or entities: (i) a federal or state savings and loan association or bank doing business in the State of Florida or a life insurance company doing business in Florida which is approved by the Commissioner of Insurance of the State

of Florida, or bank or real estate investment trust, or a mortgage banking company licensed to do business in the State of Florida, or any subsidiary thereof licensed or qualified to make mortgage loans in the State of Florida or a national banking association chartered under the laws of the United States of America; or (ii) any and all investing or lending institutions (“Lender”) which have loaned money to Developer in order to enable Developer to acquire, or construct improvements upon, any portion of Paloma at Palmira Golf and Country Club and which holds a first mortgage upon such portion of Paloma at Palmira Golf and Country Club as security for such loan; or (iii) any pension or profit sharing funds qualified under the Internal Revenue Code; or (iv) the Veterans Administration or the Federal Housing Administration or the Department of Urban Development or other lenders generally recognized in the community as institutional lenders; or (v) such other Lenders as the Board shall hereafter designate as such in writing which have acquired a mortgage upon a Home; or (vi) any “Secondary Mortgage Market Institution”, including Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, and such other Secondary Mortgage Market Institution as the Board shall hereafter designate as such in writing which has acquired a mortgage upon a Home; or (vii) Master Declarant, its successors and assigns; or (viii) Developer, its successors and assigns.

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

4.18. “Legal Fees” means: (i) reasonable fees for attorney and paralegal services incurred in negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and post-judgment proceedings; and (ii) court costs through and including all trial and appellate levels and post-judgment proceedings.

4.19. “Limited Common Element” means those Common Elements which are reserved for the use of certain Homes to the exclusion of other Homes as more particularly described in Paragraphs 5.3 and 6.2 hereof.

4.20. “Listed Mortgagee” means the holder, insurer, or guarantor of a mortgage encumbering a Home of which the Association has been notified pursuant to Paragraph 30.4 herein.

4.21. “Master Association” means Palmira Golf and Country Club Master Homeowners Association, Inc., a Florida corporation not for profit, organized to administer the Master Declaration and having among its members all owners of fee simple title to a Home which is subject to assessment by the Master Association, including the Home Owners.

4.22. “Master Declarant” means Parklands Development Limited Partnership, a Delaware limited partnership, and all of such entities’ successors and assigns.

4.23. “Master Declaration” means the Declaration of Protective Covenants, Restrictions and Easements for Palmira Golf and Country Club recorded in Official Records Book 3394, Page 0609, of the Public Records of the County, and all amendments and supplements thereto, whereby portions of the real property at Palmira Golf and Country Club are set aside from time to time by Master Declarant in accordance with the plan for development set forth therein and whereby the “Assessments” (as defined therein) for the land areas designated therein as “Corporation Common

Areas” are made specifically applicable to Home Owners to be collected by the Association on behalf of the Master Association. The Master Declaration authorizes Assessments (as defined therein) to be levied against the Home Owners.

4.24. “Master Documents” means the Master Declaration, the Articles of Incorporation and Bylaws of the Master Association, any rules and regulations promulgated by the Master Association and all of the instruments and documents referred to therein and executed in connection therewith, and any amendments to any of the documents thereto.

4.25. “Neighborhood Assessments” means the assessments for which all Home Owners are obligated to the Association and include:

4.25.1. “Annual Assessment”, which includes, but is not limited to, each Home Owner’s annual share of funds required for the payment of Neighborhood Common Expenses as determined in accordance with this Declaration; and

4.25.2. “Special Assessments” which include any Neighborhood Assessments levied by the Board in addition to the Annual Assessment and are more particularly described in Paragraph 21.2 herein.

4.26. “Neighborhood Common Expenses” means common expenses for which the Home Owners are liable to the Association as defined in the Act and as described in the Neighborhood Documents (as opposed to Assessments which are incurred by the Master Association pursuant to the Master Documents) and include:

4.26.1. The expenses for the operation, maintenance, repair or replacement of the Common Elements, costs of carrying out the powers and duties of the Association, cost of fire and extended coverage insurance; and

4.26.2. Any other expenses designated, not inconsistent with the Act, as Neighborhood Common Expenses from time to time by the Board.

4.27. “Neighborhood Documents” means in the aggregate this Declaration, the Articles, Bylaws, any rules and regulations promulgated by the Association and all of the instruments and documents referred to therein and executed in connection with this Condominium and all amendments to the foregoing.

4.28. “Palmira Golf and Country Club” means the name given to the planned community being developed by Master Declarant in the County in accordance with the Master Declaration.

4.29. “Paloma at Palmira Golf and Country Club” means the name given to the planned residential development which is currently being developed by Developer, and which is planned to contain one hundred four (104) Homes in twenty-nine (29) phases, twenty-six (26) of which are each to contain a two (2) story residential building with four (4) Homes, one of which is to contain the “Amenities Center”, “Common Tract 1” and “Common Tract 2” (as hereinafter defined) and other Common Elements.

4.30. “Paloma at Palmira Golf and Country Club Condominium” means a condominium created with Paloma at Palmira Golf and Country Club.

4.31. “Phase” or “Phases” means that portion of the Land and improvements thereon, as contemplated by Section 718.403 of the Act, which may become part of the Condominium Property by recording this Declaration or an amendment hereto.

4.32. “Public Records” means the Public Records of the County.

4.33. “Subsequent Phases” means those portions of the Land and improvements thereon, other than the Initial Phase, which Developer may, but shall not be obligated to, submit to the Condominium Property, in whole or in part, and shall consist of Phases 1 through 25 and Phases 27 through 29, inclusive.

5. DESCRIPTION OF IMPROVEMENTS - INITIAL PHASE

5.1. Description of Improvements-Initial Phase.

The portion of the Land and improvements (collectively “Initial Phase”) being submitted to condominium ownership pursuant to this Declaration are described on the “Initial Phase Survey” (as hereinafter defined). The improvements in the Initial Phase include one (1) two (2)-story residential building (“Building”) which contains four (4) Homes, each of which is designated as described in Article 5.2.2; certain road, landscaping and parking areas; and easements rights in certain property within the Condominium.

5.2. Initial Phase Survey.

5.2.1 Annexed hereto as Exhibit B-26 and made a part hereof is the Survey, Plot Plan and Graphic Description of Improvements for the Initial Phase which includes a survey of the land in the Initial Phase, graphic description of the improvements in which the Home and the Common Elements are located and plot plan thereof (all of which are herein collectively referred to as the “Initial Phase Survey”). The Initial Phase Survey shows and identifies thereon the Common Elements and every Home, their relative location and approximate dimensions. There is attached to the Initial Phase Survey and made a part of this Declaration a certificate of a surveyor prepared, signed and conforming with the requirements of Section 718.104(4)(e) of the Act.

5.2.2. Description and Identification of Homes. The Homes in Phase 26 shall be identified by a number (representing the Phase) and a three digit number (e.g. 26-101) and is so referred to herein and in the Exhibits hereto. No Home bears the same designation as any other Home in the Condominium.

5.3 Limited Common Elements.

5.3.1 Lanais. Each area shown as a “Lanai” on a Phase Survey shall be a part of the Home to which it is adjacent, which Lanai shall be maintained by the Home Owner as well as any sliding doors or screens adjacent to or part of the Lanais. In the event a repair related to the construction of the Lanai is required, the Association shall be responsible for such repair. If the

Home Owner of the Home installs a covering on the surface of the Lanai, such as but not limited to tile, then the covering shall remain the personal property of such Home Owner and the Association shall not be responsible for any damage to such personal property in connection with any repair to the Lanai. Notwithstanding anything herein to the contrary, the Association shall be responsible for any painting of the exterior walls of the Lanais.

5.3.2 Entrance Court. Each area shown on a Phase Survey as Entrance Court shall be a Limited Common Element reserved for the exclusive use of the Home Owner(s) of the Home(s) adjacent thereto, which Entrance Courts and shall be maintained by the Association.

5.3.3 A/C Land. The A/C Land in each Phase upon which is situated all air conditioning equipment located outside a Home, including the compressors located adjacent to the Building in which the Home is located and the coolant lines between such compressors and the Home, shall be a Limited Common Element for the exclusive use of the Home served thereby. The air conditioning equipment itself shall be owned, maintained, repaired and replaced by each Home Owner whose Home is served thereby.

5.3.4 Driveways. Each area shown on a Phase Survey as "Driveway (L.C.E.)" which is limited to the amount of space required to park a vehicle shall be a Limited Common Element reserved for the exclusive use of the Home Owner of the Home adjacent thereto, which Home shall be maintained by the Association.

5.4 Garages. The garage shown on a Phase Survey for each Home shall be part of the Home for the exclusive use of the Home Owner of such Home. The Home Owner shall maintain the garage door and appurtenant equipment and the interior of the garage; the exterior of the garage shall be maintained by the Association.

6. DESCRIPTION OF IMPROVEMENTS IN SUBSEQUENT PHASES

6.1. Subsequent Phases.

6.1.1. Condominium Property. Developer is developing the Condominium Property as a phase condominium as provided for by Section 718.403 of the Act. In addition to the portion of the Land and improvements described on the Initial Phase Survey being submitted to condominium ownership pursuant to this Declaration, Developer contemplates that all or a portion of the Subsequent Phases may, by amendment or amendments hereto, be added to the Condominium Property as an additional Phase or additional Phases. If, as and when Subsequent Phases are added, the Condominium Property shall be enlarged and expanded so as to encompass and include the real property, the improvements thereon, and the easements and rights appurtenant thereto which are submitted to condominium ownership as parts of such Subsequent Phase or Phases, and each Subsequent Phase added to the Condominium Property will utilize the surface water management system permitted by the South Florida Water Management District.

6.1.2. Subsequent Phase Surveys. Annexed hereto as Exhibits B-1 through B-25 and B-27 through B-29, inclusive are the surveys, plot plans and graphic descriptions of improvements for Phases 1 through 25 and Phases 27 through 29 ("Phase 1 Survey," "Phase 2 Survey," "Phase 3 Survey," etc.). Notwithstanding any indications to the contrary herein contained, Developer may

make nonmaterial changes in the description(s) of any Subsequent Phase more particularly described on the Phase 1 Survey, Phase 2 Survey, Phase 3 Survey, etc. (collectively, the “Subsequent Phase Surveys”).

6.1.3. Minimums and Maximums. While at the time of recordation of this Declaration Developer plans to include the number of Homes in each Subsequent Phase as set forth in the following chart, the Act requires that the Declaration also set forth the minimum and maximum number of Homes which Developer reserves the right to add in each Subsequent Phase, which information is set forth in the following chart:

<u>PHASES</u>	<u>NUMBER OF RESIDENTIAL BUILDINGS</u>	<u>NUMBER OF HOMES</u>		
		<u>Minimum</u>	<u>Planned</u>	<u>Maximum</u>
1-25	25	4	4	5

Developer plans that the general size for each Home which is a downstairs unit will be approximately one thousand six hundred fifty-four (1,654) air conditioned square feet (excluding the lanai and garage), and the general size for each Home which is an upstairs unit will be approximately two thousand two hundred ninety-seven (2,297) air conditioned square feet (excluding the lanai and garage). Square footage as used in this Paragraph was calculated from the center of the common wall to the outside of the exterior wall. However, please note that the common and exterior walls are portions of the Common Elements of the Condominium, rather than the Home itself.

6.1.4. Description and Identification of Homes. Each Home in any Subsequent Phase, if any such Subsequent Phase is submitted to the Condominium Property pursuant to a “Subsequent Phase Amendment” (as hereinafter defined), shall be identified by a number (representing the Phase) and a three digit number (e.g., 1-101 in Phase 1). No Home in any Subsequent Phase which is added to the Condominium Property shall bear the same identifying number as any other Home in the Condominium.

6.2. Limited Common Elements.

6.2.1. Lanais. Each area shown as a “Lanai” on Subsequent Phase Surveys shall be a part of the Home to which it is adjacent, which Lanai shall be maintained by the Home Owner as well as any sliding doors or screens adjacent to or part of the Lanais. In the event a repair related to the construction of the Lanai is required, the Association shall be responsible for such repair. If the Home Owner of the Home installs a covering on the surface of the Lanai, such as but not limited to tile, then the covering shall remain the personal property of such Home Owner and the Association shall not be responsible for any damage to such personal property in connection with any repair to the Lanai. Notwithstanding anything herein to the contrary, the Association shall be responsible for any painting of the exterior walls of the Lanais.

6.2.2. Entrance Courts. Each area shown on the Subsequent Phase Surveys as an Entrance Court shall be a Limited Common Element reserved for the exclusive use of the Home Owner(s) of the Home(s) adjacent thereto, which Entrance Courts shall be maintained by the Association.

6.2.3. A/C Land. The A/C Land in each Phase upon which is situated all air conditioning equipment located outside a Home, including the compressors located adjacent to the Building in which the Home is located and the coolant lines between such compressors and the Home, shall be a Limited Common Element for the exclusive use of the Home served thereby. The air conditioning equipment itself shall be owned, maintained, repaired and replaced by each Home Owner whose Home is served thereby.

6.2.3. Driveways. Each area shown on the Subsequent Phase Surveys as “Driveway (L.C.E.)” which is limited to the amount of space required to park a vehicle shall be a Limited Common Element reserved for the exclusive use of the Home Owner of the Home adjacent thereto, which Driveway shall be maintained by the Association.

6.3. Garages. The garage shown on the Subsequent Phase Surveys for each Home shall be part of the Home for the exclusive use of the Home Owner of such Home. The Home Owner shall maintain the garage door and appurtenant equipment and the interior of the garage; the exterior of the garage shall be maintained by the Association.

6.4. Phases 27, 28 and 29.

Phase 27, if added to the Condominium, is intended to consist of the real property (“Phase 27 Land”) and improvements located thereon more particularly described in the Survey of the Amenities Center attached hereto as part of Exhibit B and hereby made a part hereof, all of which shall be Common Elements when and if Phase 27 is added to the Condominium Property as hereinafter set forth. The improvements to be located in Phase 27 are intended to include the Amenities Center and other Corporation Common Areas within Paloma at Palmira Golf and Country Club, all as depicted on the Amenities Center Survey. Phase 27 shall not contain any Homes. If such Phase is submitted to the Condominium Property pursuant to an Amendment, such Phase will be completed and the Amendment will be recorded amongst the Public Records no later than the later to occur of (i) seven (7) years from the date of recordation hereof or (ii) the maximum time allowed by law.

Phases 28 and 29, if added to the Condominium, are intended to consist of Common Tract 1 and Common Tract 2 and are intended to consist of the real property and improvements therein more particularly described in the description attached as part of Exhibit B hereto and as designated on the Site Plan, attached as Exhibit E and made a part hereof (“Site Plan”), which shall be Common Elements. The improvements located in Phases 28 and 29 include certain roads, drives, parking areas, landscaped areas, and the storm water management system (“Storm Water Management System”) within Paloma at Palmira Golf and Country Club, all as depicted on the Phase 28 and Phase 29 Surveys. Phases 28 and 29 shall not contain any Homes. Such portions of the Phase 28 and Phase 29 Land and any improvements thereon as are necessary to provide the Home Owners with adequate ingress and egress for access to public rights-of-way, shall be made available for use by the Home Owners, and Developer may designate that any other facilities developed upon the Phase 28 and Phase 29 Land be made available for use by the Home Owners, as well as others.

If all Phases other than Phases 27, 28 and 29, are not added to the Condominium Property, Developer, in its sole discretion, may determine not to add Phases 27, 28 and 29 to the Condominium Property. If Developer determines not to add Phases 27, 28 and 29 to the Condominium Property, Developer hereby reserves the right for itself to grant easements upon,

under, over and/or across portions of the Phase 27, Phase 28 and Phase 29 Land in favor of the Association and all of its members, in which case all or any remaining portion of the Phase 27, Phase 28 and Phase 29 Land shall be conveyed to the Association and owned and operated as “Association Property” (as such term is defined in the Act). In any event, such portions of the Phase 27, Phase 28 and Phase 29 Land and any improvements thereon as are necessary to provide the Owners with adequate parking and ingress and egress for access to public rights-of-way, shall be made available for use by the Owners, and Developer may designate that any other facilities developed upon the Phase 27, Phase 28 and Phase 29 Land be made available for use by the Owners, as well as others. In the event that Phases 27, 28 and 29 do not become part of the Condominium Property and the Owners are granted any such use rights to any portion of the Phase 27, Phase 28 and Phase 29 Land, the Association shall assess the Condominium and any other condominium(s) located within Paloma at Palmira Golf and Country Club for the portion of the expenses necessary to maintain and operate such areas on a *pro rata* basis according to the total number of Homes which will be granted such use rights. Such assessment attributable to the Homes shall be a Neighborhood Common Expense.

6.5. Changes in Subsequent Phases.

Notwithstanding any indications to the contrary herein contained, descriptions relating to Phases or Exhibits referred to in this Article 6 or Articles 5 or 7 hereof, including, but not limited to, legal, graphic, numerical, narrative and the like, are approximations. To the fullest extent permitted by law, Developer reserves the right to change such descriptions as to a Phase by recording an amendment hereto until such time as Developer conveys a Home in such Phase to a Home Owner. Such an amendment shall not require the execution thereof by the Association, Institutional Mortgagees or any other person, persons or entity unless: (i) Developer changes the proportion by which a Home Owner, other than Developer, shares the Neighborhood Common Expenses and the Common Surplus or owns the Common Elements, in which event such Home Owner whose share of Common Elements, Neighborhood Common Expenses and Common Surplus is being so changed and the Institutional Mortgagees of record holding mortgages on the affected Home must consent in writing thereto; or (ii) such change materially and adversely affects a Home Owner as determined by Developer in the reasonable discretion of Developer, in which event such Home Owner and the Institutional Mortgagee of record holding the mortgage on the affected Home must consent thereto in writing or such amendment must be adopted in accordance with Article 28 hereof.

6.6. Addition of Subsequent Phases - No Prescribed Order.

Notwithstanding the numerical sequence of the Subsequent Phases or any inference that can be drawn therefrom or from any other provision of the Neighborhood Documents, Developer reserves the right to submit Subsequent Phases to the Condominium Property in any sequence, provided, however, that there shall be submitted as a portion of the Common Elements, if necessary, an easement providing means of ingress and egress from and to any Subsequent Phase which is submitted to the Condominium Property to and from public ways, including dedicated streets.

7. PHASE DEVELOPMENT

7.1. Impact of Subsequent Phases on Initial Phase.

7.1.1. Common Elements of Initial Phase. The Common Elements as shown on the Initial Phase Survey and included in the Initial Phase will be owned by all Home Owners in all Phases submitted to the condominium form of ownership as a portion of the Condominium Property pursuant to this Declaration and amendments hereto, if any.

7.1.2. Subsequent Phase Not Added. If any Subsequent Phase does not become part of the Condominium Property, no portion of such Subsequent Phase (including, but not limited to, the portion which would have constituted the Common Elements) shall become a part of the Condominium Property.

7.1.3. Common Elements of Subsequent Phases. If any Subsequent Phase is added to and does become a part of the Condominium Property, then all of the Common Elements constituting a portion of such Subsequent Phase shall become a part of the Common Elements of the Condominium Property, with such Common Elements being owned in undivided shares by all Home Owners in all Phases then and thereafter constituting a portion of the Condominium.

7.1.4. Share of Ownership Upon Submission of Only Initial Phase. If only the Initial Phase is submitted to the Condominium Property pursuant to this Declaration, there will be four (4) Homes in the Condominium, each having an appurtenance thereto one (1) vote in the Association and an equal undivided share of ownership in the Common Elements.

7.1.5. Share of Ownership Upon Submission of Subsequent Phases. If any Subsequent Phase, in addition to the Initial Phase, is submitted to the Condominium Property, then each Home in all Phases submitted to the Condominium Property shall have as appurtenances thereto one (1) vote in the Association and an equal undivided share of ownership in the Common Elements. If all Subsequent Phases are submitted, as planned, to condominium ownership as a portion of Condominium Property pursuant to an amendment or amendments to this Declaration, the total number of Homes shall be one hundred four (104). The number of Homes planned to be included in each Subsequent Phase if, as and when added to the Condominium, is set forth in Article 6 hereof.

7.2. Withdrawal Notice.

Developer, in its absolute discretion, reserves the right to add or not to add any or all of the Subsequent Phases as part of the Condominium Property. Hence, notwithstanding anything contained in this Declaration to the contrary, no portion of any Subsequent Phase shall be affected or encumbered by this Declaration unless and until such Subsequent Phases are added to the Condominium Property by amendment to this Declaration recorded amongst the Public Records. Notwithstanding the fact that the foregoing portion of this Paragraph 7.2 is self-operative, if Developer determines not to add any or all Subsequent Phases to the Condominium Property, Developer may, in addition to any action otherwise required by the Act, record amongst the Public Records a notice ("Withdrawal Notice") to the effect that such Subsequent Phase or Subsequent Phases shall not be added to the Condominium Property. Further, should Developer record amongst

the Public Records a Withdrawal Notice with respect to one (1) or more, but not all, of the Subsequent Phases, Developer shall retain the right to record additional Withdrawal Notices with respect to any or all of the Subsequent Phases, which were not submitted to the Condominium Property and are not covered by any prior Withdrawal Notice. Notwithstanding anything contained herein to the contrary, in the event Developer records amongst the Public Records one (1) or more Withdrawal Notices, then Developer shall have all rights permissible by law with respect to ownership of the Subsequent Phases covered by any and all such Withdrawal Notices, including, but not limited to, the right to develop such Subsequent Phase and/or Subsequent Phases as one (1) or more separate condominiums.

8. UNDIVIDED SHARES IN COMMON ELEMENTS

8.1. Appurtenance.

8.1.1. Ownership of the Common Elements and Membership in the Association. Each Home shall have as an appurtenance thereto one (1) vote in the Association and an equal undivided share of ownership in the Common Elements. As each Subsequent Phase is added to the Condominium, each Home's percentage interest in the Common Elements will decrease based upon the number of Homes in the Subsequent Phase being added to the denominator.

8.1.2. Right to Use Common Elements. Each Home shall have as an appurtenance thereto the right to use all of the Common Elements and Condominium Property of this Condominium in accordance with the Neighborhood Documents and subject to any limitations set forth in such Neighborhood Documents.

8.2. Share of Neighborhood Common Expenses and Common Surplus.

The Neighborhood Common Expenses shall be shared and the Common Surplus shall be owned in proportion to each Home Owner's share of ownership of the Common Elements.

9. VOTING INTERESTS

9.1. Voting Interest.

The Home Owner or Home Owners, collectively, of the fee simple title of record for each Home shall have the right to one (1) vote per Home ("Voting Interest") in the Association as to matters on which a vote by Home Owners is taken as provided under the Neighborhood Documents and the Act, regardless of the number of Phases which have been added to the Condominium Property or the number of condominiums which have been created within Paloma at Palmira Golf and Country Club, as to the matters on which a vote by the Home Owners is taken as provided in the Neighborhood Documents and the Act.

9.2. Voting By Corporation or Multiple Home Owners.

The Voting Interest of the Home Owners of any Home owned by more than one (1) person, a corporation or other entity, or by one (1) person and a corporation and/or other entity, or by any combination of the aforesaid, shall be cast by the person ("Voting Member") named in a "Voting

Certificate” signed by all of the Home Owners of such Home or, if appropriate, by properly designated officers, principals or partners of the respective legal entity which owns the Home and filed with the Secretary of the Association. If a Voting Certificate is not on file, the Voting Interest associated with a Home where the designation of a Voting Member is required shall not be considered in determining the requirement for a quorum or for any other purpose.

9.3. Ownership by Husband and Wife.

Notwithstanding the provisions of Paragraph 9.2 above, whenever any Home is owned solely by a husband and wife they may, but shall not be required to, designate a Voting Member. In the event a Voting Certificate designating a Voting Member is not filed by the husband and wife, the following provisions shall govern their right to vote:

- (i) Where both husband and wife are present at a meeting, each shall be regarded as the agent and proxy for the other for purposes of casting the Voting Interest for each Home owned solely by them. In the event they are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to exercise their Voting Interest on that subject at that meeting.
- (ii) Where only one (1) spouse is present at a meeting, the spouse present may exercise the Voting Interest of the Home without establishing the concurrence of the other spouse, absent any prior written notice to the contrary to the Association by the other spouse. In the event of prior written notice to the contrary to the Association by the other spouse, the vote of said Home shall not be considered in determining the requirement for a quorum or for any other purpose unless such prior notice to the contrary has been withdrawn by a subsequent written notice executed by both husband and wife.
- (iii) Where neither spouse is present, the person designated in a proxy signed by either spouse may exercise the Voting Interest of the Home, absent any prior written notice to the contrary to the Association by the other spouse or the designation of a different proxy by the other spouse. In the event of prior written notice to the contrary to the Association or the designation of a different proxy by the other spouse, the vote of said Home shall not be considered in determining the requirement for a quorum or for any other purpose.

9.4. Voting by Proxy.

Except as specifically otherwise provided in the Act, Home Owners may not vote by general proxy, but may vote by limited proxy. Limited proxies and general proxies may be used to establish a quorum. Limited proxies and general proxies may also be used for voting on the matters outlined in Section 718.112(2)(b)(2) of the Act; however, no proxy, limited or general, shall be used in the election of members of the Board.

9.5. Elections.

The members of the Board shall be elected by written ballot or voting machine in accordance with the provisions of Section 718.112(2)(d)(3) of the Act.

9.6. Eligibility of Directors.

In accordance with Section 718.112(2)(d)(1) of the Act, except for Developer-appointed Directors, Directors must be Members or the spouses, parents or children of Members except that if a Home is owned by an entity and not an individual, such entity may appoint an individual on its behalf to be eligible to serve on the Board of Directors.

10. PLAN FOR DEVELOPMENT

10.1. Developer is the developer of Paloma at Palmira Golf and Country Club located in the County. Master Declarant, and not Developer, is the developer of Palmira Golf and Country Club. The Master Declaration sets forth Master Declarant's plan for development of Palmira Golf and Country Club. Master Declarant plans to develop Palmira Golf and Country Club as a multi-staged planned community comprising residential and recreational property in accordance with the Master Declaration. Certain developments such as single family or condominium may be grouped together as a Neighborhood.

10.2. A uniform community development district, as defined in Chapter 190, Florida Statutes, known as Parklands Lee Community Development District (hereinafter "District" or "CDD") has been or will be established. The District includes the Property and which may include all or a portion of Palmira Golf and Country Club, and may also include property in addition to Palmira Golf and Country Club. The District will provide certain urban community development services and will have the authority to levy and collect fees, rates, charges, taxes and assessments to pay for, finance and provide such services. The District is empowered to plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain systems and facilities for basic infrastructures which may include without limitation: (1) water management and control lands within the District and the connection of some or any of such facilities with roads and bridges; (2) roads and bridges; (3) potable water distribution; (4) sewage collection; and (5) waste water management. The District will impose taxes and/or assessments on Palmira Golf and Country Club through a special taxing district. These taxes will pay for the construction, operation, and/or maintenance costs of certain public facilities within the District and will be set annually by the governing board of the District. These taxes and assessments are in addition to county and all other taxes and assessment provided for by law. These fees, rates, charges, taxes and assessments will either appear on the annual real estate tax bill for each Owner in which case they will be payable directly to the Lee County Tax Collector or they will appear on a separate bill issued to each Owner by the District. All taxes of the District shall constitute a lien upon those portions of Palmira Golf and Country Club owned by any Owner. The District shall have the power to issue any types of bonds permitted by Chapter 190, Florida Statutes.

10.3. The Master Association is responsible for the maintenance of the "Corporation Common Area" (as described in the Master Declaration). Portions of Palmira Golf and Country Club may be developed around and in conjunction with recreation-type clubs. These clubs may be

public, private, equity or non-equity which may own and operate tennis, golf, swimming and social functions. The ownership of a Home does not confer any use rights to the facilities or membership in a club. Paloma at Palmira Golf and Country Club is one of the Neighborhoods in Palmira Golf and Country Club as more particularly described in the Master Declaration.

11. ASSOCIATION

11.1. Purpose of Association.

The Association shall be the condominium association responsible for the operation of this Condominium and, subject to the other provisions hereof, certain other condominiums created within Paloma at Palmira Golf and Country Club. In addition to being the entity responsible for the enforcement of the Neighborhood Documents within Paloma at Palmira Golf and Country Club, the Association is also the entity primarily responsible for enforcing the Master Documents within the boundaries of Paloma at Palmira Golf and Country Club. Each Home Owner shall be a member of the Association as provided in the Neighborhood Documents, and shall also be a member of the Master Association as provided in the Master Documents. A copy of the Articles are attached hereto as Exhibit C and made a part hereof. A copy of the Bylaws are attached hereto as Exhibit D and made a part hereof.

11.2. Conveyance to Association.

The Association is obligated to accept any and all conveyances to it by Developer or the Master Association of a fee simple title, easements or leases to all or portions of their property.

11.3. Conveyance by Association.

The Association is empowered to delegate any of its functions or convey any of its property to any governmental unit as may be required or deemed necessary from time to time.

11.4. Relationship to the Master Association

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

11.4.2 Supremacy of the Master Declaration. In addition to all of the rights and obligations which have been conferred or imposed upon the Association pursuant to Neighborhood

Documents, the Association shall be entitled to exercise any of the rights conferred upon it and shall be subject to all of the obligations imposed upon it pursuant to the Master Documents. The Association and all committees thereof shall also be subject to all superior rights and powers which have been conferred upon the Master Association pursuant to the Master Documents. The Association shall take no action in derogation of the rights of the Master Association. Notwithstanding the supremacy of the Master Documents, the Condominium and the Association are governed by the Act and nothing in the Master Documents shall conflict with the powers and duties of the Association or the rights of the Home Owners as provided in the Act.

11.4.3 Cumulative Effect; Conflict. The provisions of the Neighborhood Documents shall be cumulative with the provisions of the Master Documents; however, in the event of conflict between or among the provisions of the Neighborhood Documents and the Master Documents, the latter shall be superior, except that any provisions of the Master Documents shall not conflict with the powers and duties of the Association or the rights of the Home Owners as provided in the Act. . The foregoing priorities shall not prevent enforcement by the Association of provisions or rules which are stricter than those of the Master Association.

12. EASEMENTS

12.1. Perpetual Nonexclusive Easement to Public Ways, the Condominium Property, the Corporation Common Areas and the Amenities Center.

The walks and other rights-of-way, if any, in this Condominium as shown on the Site Plan or hereafter located within this Condominium shall be, and the same are hereby declared to be, subject to a perpetual nonexclusive easement for ingress and egress and access to, over and across the same, to public ways, including dedicated streets, the Condominium Property, the Corporation Common Areas and the Amenities Center, which easement is hereby created in favor of all the Home Owners in the Condominium now or hereafter existing for their use and for the use of their family members, guests, lessees or invitees for all proper and normal purposes and for the furnishing of services and facilities for which the same are reasonably intended, including ingress and egress for the furnishing of services by fire protection agencies, police and other authorities of the law, United States mail carriers, representatives of public utilities, including, but not limited to, the Department of Environmental Protection, telephone, electricity, sewer, water, gas, drainage, irrigation, lighting, television transmission, cable television and communications systems transmission, reception and monitoring, security, garbage and waste removal and the like and for all purposes incidental thereto and other utilities or services authorized by Developer, its successors or assigns to service Condominium Property; and such other persons as Developer from time to time may designate for performing their authorized services. Developer hereby reserves unto itself, its successors, assigns, designees and nominees, and hereby grants to the Association, the right to grant easements, permits and licenses over the Common Elements and to impose upon the Common Elements henceforth and from time to time such easements and cross-easements for any of the foregoing purposes as it deems to be in the best interests of and necessary and proper for the Condominium. The Association shall have the right to establish the rules and regulations governing the use and enjoyment of the Common Elements and all easements over and upon same.

12.2. Easements and Cross-Easements on Common Elements.

The Common Elements of the Condominium shall be and the same are hereby duly declared to be subject to perpetual nonexclusive easements in favor of the Association, and such appropriate utility, telecommunication and other service companies or the providers of the services hereinafter set forth as may be from time to time designated by Developer or Master Declarant, as applicable, to and from all portions of Palmira Golf and Country Club for ingress and egress, and for the installation, maintenance, construction and repair of facilities, including, but not limited to, electric power, telephone, sewer, water, gas, drainage, irrigation, lighting, television transmission, cable television and communications systems transmission, reception and monitoring, security, pest control, garbage and waste removal and the like and for all purposes incidental thereto. Developer hereby reserves unto itself, its successors, assigns, designees and nominees, and hereby grants to the Association, the right to grant easements, permits and licenses over the Common Elements and to impose upon the Common Elements henceforth and from time to time such easements and cross-easements for any of the foregoing purposes as it deems to be in the best interests of and necessary and proper for the Condominium. Developer hereby reserves a blanket easement over, under, upon and through the Condominium for any purpose whatsoever for so long as Developer holds any Homes for sale in the ordinary course of business. As used herein, the phrase "ordinary course of business" shall mean any method of sale employed by Developer to sell Homes, including, but not limited to, having a sales office, using the services of any broker or advertising Homes for sale.

12.3. Phase 27, Phase 28 and Phase 29 Land.

Developer reserves the right for itself to grant such easements over, under, in and upon the Land in favor of itself, the Association, its members, designees, and appropriate utility and other service corporations or companies for ingress and egress for persons and vehicles and to provide power, electric, sewer, water and other utility services and lighting facilities, irrigation, television transmission and distribution facilities, cable television facilities, telecommunications, security service and facilities in connection therewith, pest control, and access to publicly dedicated streets, and the like. In addition, upon declaring the Phase 27, Phase 28 and Phase 29 Land a part of the Condominium, but only such portion of such land as shall become a part of the Condominium, Developer shall be deemed to have thereby granted to the Association the right to grant such easements over, under, in and upon the Phase 27, Phase 28 and Phase 29 Land, but only such portion of such land as shall become a part of the Condominium, in favor of Developer, the Association, its members and designees, and others and appropriate utility and other service corporations or companies for the above-stated purposes. Either Developer or the Association shall execute, deliver and impose, from time to time, such easements and cross-easements for any of the foregoing purposes and at such location or locations as determined by either Developer or the Association.

12.4. Easement for Encroachments.

12.4.1. Settlement or Movement of Improvements. All the Condominium Property shall be subject to easements for encroachments, which now or hereafter exist, caused by settlement or movement of any improvements upon such areas or improvements contiguous thereto or caused by minor inaccuracies in the building or rebuilding of such improvements.

12.4.2. Air Space. All the Land and improvements thereon, including, but not limited to, the Condominium Property, shall be subject to perpetual easements for encroachments, for so long as such encroachment exists, in favor of each Home and the Home Owners thereof, their family members, guests, invitees and lessees for air space for any lanai of any Home, and the reasonable use, maintenance and repair of same, which extends under, over or through any of the Land and improvements thereon, including, but not limited to, the Condominium Property, including, but not limited to, Common Elements. Such easements shall be appurtenances to and a covenant running with the respective Home in whose favor such easements exist.

12.4.3. Term of Encroachment Easements. The above easements for encroachments shall continue until such encroachments no longer exist.

12.5 Reservation for Periodic Inspections.

Developer shall have the right, but not the obligation, to conduct inspections of and tests on, from time to time, all or any parts of the Common Elements and improvements thereon in order to ascertain the physical condition of the Common Elements and improvements thereon and to determine whether maintenance, repair or replacement of the Common Elements or improvements thereon is indicated. If Developer conducts any such tests or inspections, it shall pay all costs thereof, restore the affected portion of the Condominium Property to its condition immediately prior to the inspections and tests, and shall indemnify the Association and the Owner(s) of any affected Home(s) from any damages resulting therefrom. Developer hereby reserves the right of entry on, over, under, across and through the Condominium Property as may be reasonably necessary for the foregoing purposes.

12.6. Cross Easements for Drainage.

Nonexclusive cross easements for drainage pursuant to the storm water management system created by Developer as maintained, improved, repaired and/or replaced by the Association in compliance with applicable governmental regulations is hereby granted to each owner of any portion of the Subject Property and to all applicable governmental authorities.

13. LIABILITY INSURANCE PROVISIONS

13.1. Public Liability Insurance.

The Board shall obtain liability insurance in the form generally known as Public Liability and/or Owners, Landlord and Tenant Policies, or alternatively, in the event Developer so elects, the Association shall be covered under Developer's insurance, in such amounts as it may determine from time to time for the purpose of providing liability insurance coverage for all property and improvements in Paloma at Palmira Golf and Country Club excluding the Homes; provided, however, that such policy or policies shall not have limits of less than One Million Dollars (\$1,000,000) covering all claims for personal injury and One Hundred Thousand Dollars (\$100,000) for property damage arising out of a single occurrence. The Board shall collect and enforce the payment of a share of the premium for such insurance from each Home Owner as a part of the Annual Assessment. Said insurance shall include, but not be limited to, legal liability for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use

of any property or improvements within Paloma at Palmira Golf and Country Club, legal liability arising out of law suits related to employment contracts of the Association (if available at acceptable rates), water damage, liability for hazards related to usage and liability for property of others (if available at acceptable rates), hired automobile, non-owned automobile and off-premises employee coverage (if available at acceptable rates) and such other risks as are customarily covered with respect to developments similar to Paloma at Palmira Golf and Country Club in construction, location and use. All such policies shall name the Association (and Developer so long as Developer shall own any of the Condominium Property, as their respective interests may appear) as the insured(s) under such policy or policies. The original or a true copy of each policy shall be held in the office of the Association. The insurance purchased shall contain a "severability of interest endorsement," or equivalent coverage, which would preclude the insurer from denying the claim of a Home Owner because of the negligent acts of either the Association, Developer or any other Home Owner or deny the claim of either Developer or the Association because of the negligent acts of the other or the negligent acts of a Home Owner. All liability insurance shall contain cross liability endorsements to cover liabilities of the Home Owners as a group to each Home Owner. Each Home Owner shall be responsible for the purchasing of liability insurance for accidents occurring in his or her own Home and, if the Home Owner so determines, for supplementing any insurance purchased by the Association. Notwithstanding the foregoing, in the event the Board determines that the cost of public liability insurance is economically unwarranted, the Board may determine to either reduce the amount of such insurance, increase the deductible amount or discontinue coverage.

13.2. Fidelity Insurance.

Adequate fidelity coverage to protect against dishonest acts of the officers and employees of the Association and the Directors and all others who handle and are responsible for handling funds of the Association (whether or not they receive compensation), shall be maintained. Such coverage shall be in the form of fidelity bonds which meet the following requirements: (i) such bonds shall name the Association as an obligee and premiums therefor shall be paid by the Association; (ii) such bonds shall be written in an amount equal to the amount of the annual operating budget at any one time plus reserve funds, but in no event less than the amount required by the Act for each such person; and (iii) such bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression, if such waiver is available. Notwithstanding the foregoing, in the event the Association determines that the cost of such insurance is economically unwarranted or is not obtainable, the Association may determine to either reduce the amount of such insurance, increase the deductible amount or discontinue coverage provided coverage is no less than required by the Act.

13.3. Cancellation Provision.

All insurance policies or fidelity bonds purchased pursuant to this Article 13 shall provide that they may not be canceled without at least ten (10) days prior written notice to the Association and to Institutional Mortgagees.

14. PROVISIONS RELATING TO CASUALTY INSURANCE AND DESTRUCTION OF IMPROVEMENTS

14.1. Hazard Insurance.

Each Home Owner shall be responsible for the purchase of casualty insurance for all of his personal property including all floor, wall, ceiling coverings, electrical fixtures, appliances, air conditioner or heating equipment, water heaters, water filters, built-in cabinets and countertops, and window treatments, including curtains, drapes, blinds, hardware, and similar window treatment components, or replacements of any of the foregoing which are located within the boundaries of a Home and serve only one Home and all air conditioning compressors that service only an individual Home, whether or not located within the Home boundaries. The Association shall obtain casualty insurance with such coverage and in such amounts as it may determine from time to time for the purpose of providing casualty insurance coverage, including Fire and Extended Coverage, Vandalism and Malicious Mischief Insurance for all portions of the Condominium Property located outside the Homes; the Condominium Property located inside the Homes as such property was initially installed, or replacements thereof of like kind and quality and in accordance with the original plans and specifications or, if the original plans and specifications are not available, as they existed at the time the Homes were initially conveyed; and all portions of the Condominium Property for which this Declaration otherwise requires coverage by the Association, all of which insurance shall insure all of the insurable improvements on or within the Condominium, including personal property owned by the Association, in and for the interest of the Association, all Home Owners and their mortgagees, as their interests may appear, with a company (or companies) acceptable to the standards set by the Board. Additionally, the Association must provide evidence of such insurance coverage to the Association and the Association must be named as a loss payee in such insurance policy(ies). The Association shall purchase insurance for each Building now located or which may hereafter be located, built or placed within the Condominium in an amount equal to one hundred percent (100%) of the "Replacement Value" thereof. The term "Replacement Value" shall mean one hundred percent (100%) of the current replacement costs exclusive of land, foundation, excavation, items of personal property and other items normally excluded from coverage as determined annually by the Board. The Board may determine the kind of coverage and proper and adequate amount of insurance. The casualty insurance shall contain an "agreed amount endorsement" or its equivalent, "inflation guard endorsement," and, if determined necessary, an "increased cost of construction endorsement" or "continuant liability from operation of building laws endorsement" or a "demolition endorsement" or the equivalent. The casualty insurance shall insure the Buildings from loss or damage caused by or resulting from at least the following: fire and other hazards covered by the standard extended coverage endorsement and by sprinkler leakage, windstorm, vandalism, malicious mischief, debris removal and demolition, and such other risks as shall customarily be covered with respect to projects or developments similar to the Buildings in construction, location and use.

14.2. Flood Insurance.

If determined appropriate by the Board or if required by any Institutional Mortgagee, the Association shall obtain a master or blanket policy of flood insurance covering all property and improvements in Paloma at Palmira Golf and Country Club, if available and at a reasonable premium, under the National Flood Insurance Program or any other governmental regulated insurance carrier authorized to conduct business in the State of Florida or a commercial underwriter,

which flood insurance shall be in the form of a standard policy issued by a member of the National Flood Insurers Association, and the amount of the coverage of such insurance shall be the lesser of the maximum amount of flood insurance available under such program or one hundred percent (100%) of the current replacement cost of all Buildings and other insurable property located in the flood hazard area.

14.3. Form of Policy and Insurance Trustee.

The Association may, to the extent possible and not inconsistent with the foregoing, obtain one (1) policy to insure all of the insurable improvements within Paloma at Palmira Golf and Country Club operated by the Association. The premiums for such coverage and other expenses in connection with said insurance shall be paid by the Association and assessed as part of the Annual Assessment. The company (or companies) with which the Association shall place its insurance coverage, as provided in this Declaration, must be a good and responsible company (or companies) authorized to do business in the State of Florida. In addition, the insurance agent must be located in the State of Florida. The Association shall have the right to designate a trustee ("Insurance Trustee") and upon the request of the Institutional Mortgagee holding the highest dollar indebtedness encumbering Homes within Paloma at Palmira Golf and Country Club, as applicable ("Lead Mortgagee") shall designate an Insurance Trustee. Thereafter the Association from time to time shall have the right to change the Insurance Trustee to such other trust company authorized to conduct business in the State of Florida or to such other person, firm or corporation as Insurance Trustee as shall be acceptable to the Board and the Lead Mortgagee. The Lead Mortgagee shall have the right, for so long as it holds the highest dollar indebtedness encumbering Homes within Paloma at Palmira Golf and Country Club, as applicable, to approve: (i) the form of the insurance policies; (ii) the amounts thereof; (iii) the company or companies which shall be the insurers under such policies; (iv) the insurance agent or agents; and (v) the designation of the Insurance Trustee if it deems the use of an Insurance Trustee other than the Board to be necessary, which approval(s) shall not be unreasonably withheld or delayed; provided, however, for so long as Developer owns any Home(s), Developer shall have the right, but not the obligation, to require the Association to designate an Insurance Trustee other than the Board. Notwithstanding anything in this Declaration to the contrary, the Board may act as the Insurance Trustee hereunder unless otherwise required by the Lead Mortgagee or Developer. The Lead Mortgagee shall inform the Association by written notification if it requires the use of an Insurance Trustee other than the Board. If the use of an Insurance Trustee other than the Board is requested in writing, then the Lead Mortgagee shall be deemed to have approved the Insurance Trustee unless the Lead Mortgagee's written disapproval is received by the Association within thirty (30) days after notice from the Association of the identity of the proposed Insurance Trustee. If no Insurance Trustee is required, the Board shall receive, hold and expend insurance proceeds in the manner hereinafter provided as if it were the Insurance Trustee.

14.4. Required Policy Provisions.

All such aforesaid policies shall provide that they may not be canceled without at least ten (10) days' prior written notice to the Association and Listed Mortgagees and shall be deposited with the Insurance Trustee upon its written acknowledgment that the policies and any proceeds thereof will be held in accordance with the terms hereof. Said policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Insurance Trustee. In the event of a casualty loss, the Insurance Trustee may deduct from the insurance proceeds collected a

reasonable fee for its service as Insurance Trustee. The Association is hereby irrevocably appointed agent for each Home Owner to adjust all claims arising under insurance policies purchased by the Association. The Insurance Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds. The Association may determine to act as Insurance Trustee, in which event references herein to Insurance Trustee shall refer to the Board.

14.5. Restrictions of Mortgagees.

No mortgagee shall have any right to participate in the determination of whether property is to be rebuilt, nor shall any mortgagee have the right to apply insurance proceeds to repayment of its loan unless such proceeds are distributed to Home Owners and/or their respective mortgagees.

14.6. Distribution of Insurance Proceeds and Losses.

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

14.6.1. Loss to Home Alone. In the event a loss insured under the policies held by the Insurance Trustee occurs to any improvements within any of the Homes alone, without any loss to any other improvements within Paloma at Palmira Golf and Country Club, the Insurance Trustee shall immediately pay all proceeds received because of such loss directly to the Home Owners of the Homes damaged and their mortgagees, if any, as their interests may appear, and it shall be the duty of these Home Owners to use such proceeds to effect necessary repair to the Homes. The Insurance Trustee, where other than the Association, may rely upon the written statement of the Association as to whether or not there has been a loss to the Homes alone, the Common Elements or any combination thereof.

14.6.2. Loss of Fifty Thousand Dollars (\$50,000) or Less to Homes and Common Elements. In the event that a loss of Fifty Thousand Dollars (\$50,000) (such amount is based on the value of the dollar in 2004 and shall be increased each year thereafter based upon increases in the Consumer Price Index) or less occurs to improvements within one (1) or more Homes and to improvements within Common Elements contiguous thereto, or to improvements within the Common Elements, the Insurance Trustee shall pay the proceeds received as a result of such loss to the Association. Upon receipt of such proceeds, the Association will cause the necessary repairs to be made to the improvements within the Common Elements and within the damaged Homes. In such event, should the insurance proceeds be sufficient to repair the improvements within the Common Elements but insufficient to repair all of the damage within the Homes, the proceeds shall be applied first to completely repair the improvements within the Common Elements and the balance of the funds ("Balance") shall be apportioned by the Association to repair the damage to the improvements within Homes, which apportionment shall be made to each Home in accordance with the proportion of damage sustained to improvements within said Homes as estimated by the insurance company whose policy covers such damage. Any deficiency between the Balance apportioned to a damaged Home and the cost of repair shall be paid by a Special Assessment.

14.6.3. Loss in Excess of Fifty Thousand Dollars (\$50,000) to Homes and Common Elements. In the event the Insurance Trustee receives proceeds in excess of the sum of Fifty Thousand Dollars (\$50,000) (such amount is based on the value of the dollar in 2004 and shall be increased each year thereafter based upon increases in the Consumer Price Index) as a result of damages to the improvements within the Common Elements and/or Homes and Common Elements that are contiguous, then the Insurance Trustee shall hold, in trust, all insurance proceeds received with respect to such damage, together with any and all other funds paid as hereinafter provided, and shall distribute the same as follows:

(a) The Board shall obtain or cause to be obtained reliable and detailed estimates and/or bids for the cost of rebuilding and reconstructing the damage and for the purpose of determining whether insurance proceeds are sufficient to pay for the same.

(b) In the event the insurance proceeds are sufficient to rebuild and reconstruct all the damaged improvements, or upon the collection of the necessary funds that are described in subparagraph 14.6.3 (c) below, then the damaged improvements shall be completely repaired and restored. In this event, all payees shall deliver paid bills and waivers of mechanics' liens to the Insurance Trustee and execute affidavits required by law, by the Association, by any Institutional Mortgagee named on a mortgage endorsement or by the Insurance Trustee, and shall deliver the same to the Insurance Trustee. Further, the Association shall negotiate and obtain a contractor willing to do the work on a fixed price basis or some other reasonable terms under the circumstances, said contractor shall post a performance and payment bond, and the Insurance Trustee shall disburse the insurance proceeds and other funds held in trust in accordance with the progress payments contained in the construction contract between the Association and the contractor. Subject to the foregoing, the Board shall have the right and obligation to negotiate and contract for the repair and restoration of the premises.

(c) In the event the insurance proceeds are insufficient to repair and replace all of the damaged improvements within the Common Elements and Homes contiguous to such damaged Common Elements, the Board shall hold a special meeting to determine a Special Assessment against all of the Home Owners to obtain any necessary funds to repair and to restore such damaged improvements. Upon the determination by the Board of the amount of such Special Assessment, the Board shall immediately levy such Special Assessment against the Homes setting forth the date or dates of payment of the same, and any and all funds received from the Home Owners pursuant to such Special Assessment shall be delivered to the Insurance Trustee and disbursed as provided in subparagraph 14.6.3 (b) immediately preceding. In the event the deficiency between the estimated cost of the repair and replacement of the damaged property and the insurance proceeds exceeds the sum of Twenty-Five Thousand Dollars (\$25,000) (such amount is based on the value of the dollar in 2004 and shall be increased each year thereafter based upon increases in the Consumer Price Index), and three-fourths (3/4) of the Home Owners advise the Board in writing on or before the date for the first payment thereof that they are opposed to a Special Assessment, then the Insurance Trustee shall divide the net insurance proceeds into the shares described in Article 7 hereof and shall promptly pay each share of such proceeds to the Home Owners and mortgagees of record as their interests may appear ("Insurance Proceeds Distribution"). In making any such Insurance Proceeds Distribution to the Home Owners and mortgagees, the Insurance Trustee may rely upon a certificate of an abstract company as to the names of the then Home Owners and their

respective mortgagees. Any Insurance Proceeds Distribution shall also require the approval of the Lead Mortgagee.

14.6.4. Distribution of Excess Funds. In the event that after the completion of and payment for the repair and reconstruction of the damage to the damaged property and after the payment of the Insurance Trustee's fee with respect thereto any excess insurance proceeds remain in the hands of the Insurance Trustee, then such excess shall be disbursed in the manner of the Insurance Proceeds Distribution. However, in the event such repairs and replacements were paid for by any Special Assessment as well as insurance proceeds, then it shall be presumed that the monies disbursed in payment of any repair, replacement and reconstruction were first disbursed from insurance proceeds and any remaining funds held by the Insurance Trustee shall be distributed to the Home Owners in proportion to their contributions by way of Special Assessment.

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

14.6.6. Repair of Damaged Property. Any repair, rebuilding or reconstruction of damaged property shall be substantially in accordance with the architectural plans and specifications for Paloma at Palmira Golf and Country Club, as: (i) originally constructed; (ii) reconstructed; or (iii) new plans and specifications approved by Master Declarant in accordance with the Master Declaration; provided, however, any material or substantial change in new plans and specifications approved by Master Declarant from the plans and specifications of Paloma at Palmira Golf and Country Club as previously constructed shall require approval by the Lead Mortgagee.

14.6.7. Determination of Damage. The Board shall determine, in its sole and absolute discretion, whether damage or loss has occurred to improvements within Homes alone, Common Elements alone or to improvements within any combination thereof.

14.6.8. Insurance Amounts. Notwithstanding anything in this Article 14 to the contrary, the amounts set forth for the purchase of insurance in this Article 14 are the minimum amounts to be purchased. Therefore, Home Owners or the Association, as the case may be, may purchase insurance in excess of the amounts set forth herein. The amounts set forth do not constitute a representation or warranty of any kind by Developer or the Association as to the proper amount or kinds of insurance required.

14.6.9. Miscellaneous Policy Requirements. Policies insuring the property within Paloma at Palmira Golf and Country Club purchased pursuant to the requirements of this Article 14 shall provide that any insurance trust agreement shall be recognized; the right of subrogation against Home Owners will be waived; the insurance will not be prejudiced by any acts or omission of individual Home Owners who are not under the control of the Association; and the policy will be primary, even if a Home Owner has other insurance that covers the same loss.

14.6.10. Master Form of Insurance. Nothing contained herein shall prohibit the Association from obtaining a “Master” or “Blanket” form of insurance to meet the requirements of this Article 14, provided that the coverages required hereunder are fulfilled.

15. PROVISIONS RELATING TO CONDEMNATION OR EMINENT DOMAIN PROCEEDINGS

15.1. Proceedings.

The Association shall represent the Home Owners in the condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements or any parts thereof by the condemning authority.

15.2. Deposit of Awards With Insurance Trustee.

The taking of any portion of the Condominium Property by condemnation shall be deemed to be a casualty, and the awards for that taking shall be deemed to be proceeds from insurance on account of the casualty and shall be deposited with the Insurance Trustee. Although the awards may be payable to Home Owners, the Home Owners shall deposit the awards with the Insurance Trustee; and in the event of failure to do so, in the discretion of the Board, a special charge shall be made against a defaulting Home Owner in the amount of his or her award, or the amount of that award shall be set off against the sums hereafter made payable to that Home Owner.

15.3. Disbursement of Funds.

If the Condominium is terminated in accordance with the provisions of this Declaration after condemnation, the proceeds of the awards and Special Assessments, if any, shall be deemed to be Condominium Property and shall be divided into the shares described in the Declaration and distributed to the Home Owners and mortgagees as their interests may appear. If the Condominium is not terminated after condemnation, the size of the Condominium will be reduced, the owners of the condemned Homes will be made whole and the Condominium Property damaged by the taking will be made usable in the manner provided below.

15.4. Home Reduced But Tenatable.

If the taking reduces the size of a Home (“Affected Home”) and the remaining portion of the Affected Home can be made tenatable, the award for the taking of a portion of the Affected Home shall be used for the following purposes in the order stated and the following changes shall be effected in the Condominium:

15.4.1. Affected Home Made Tenatable. The Affected Home shall be made tenatable. If the cost of the restoration exceeds the amount of the award, the additional funds required shall be collected as a special charge.

15.4.2. Excess Distributed to Home Owner and Institutional Mortgagee. The balance of the award, if any, shall be distributed to the Home Owner of the Affected Home and to each

Institutional Mortgagee of the Affected Home, the remittance being made payable to the Home Owner and Institutional Mortgagees as their interests may appear.

15.4.3. Reduction in Percentage of Common Elements. If the floor area of the Affected Home is reduced by more than ten percent (10%) by the taking, the number representing the share in the ownership of the Common Elements appurtenant to the Affected Home shall be reduced ("Reduction in Percentage of Common Elements") in the proportion by which the floor area of the Affected Home is reduced by the taking, and then the shares of all Homes in the ownership of the Common Elements shall be restated with the Reduction in Percentage of Common Elements being allocated to all the Homes in proportion to their share of ownership in the Common Elements.

15.5. Affected Home Made Untenantable.

If the taking is of the entire Affected Home or so reduces the size of an Affected Home that it cannot be made tenantable, the award for the taking of the Affected Home shall be used for the following purposes in the order stated and the following changes shall be effected in the Condominium:

15.5.1. Payment to Home Owner and Institutional Mortgagee. The market value of the Affected Home immediately prior to the taking shall be paid to the Home Owner thereof and to each Institutional Mortgagee thereof as their interests may appear.

15.5.2. Remaining Portion of Affected Home. The remaining portion of the Affected Home, if any, shall be released by the Institutional Mortgagee and conveyed by the Home Owner to the Association. Such remaining portion of the Affected Home shall become a part of the Common Elements and shall be placed in a condition approved by the Board and the Neighborhood Documents shall be amended to reflect the addition of such Common Elements; provided that if the cost of the work shall exceed the balance of the fund from the award for the taking after the payment set forth in subparagraph 15.4.1 above, the work shall be approved in the manner required for further improvement of the Common Elements.

15.5.3. Adjustment in Shares of Common Elements. The shares in the Common Elements appurtenant to the Homes that continue as part of the Condominium shall be adjusted to distribute the ownership of the Common Elements from the Affected Homes among the reduced number of Homes. The shares of the continuing Homes in the ownership of the Common Elements shall be restated with the percentage of ownership in the Common Elements of the Affected Home being allocated to all the continuing Homes in proportion to their relative share of ownership in the Common Elements.

15.5.4. Insufficient Award. If the amount of the award for the taking is not sufficient to pay the market value of the Affected Home to the Home Owner and to condition the remaining portion of the Affected Home for use as a part of the Common Elements, the additional funds required for those purposes shall be raised by Special Assessments against all of the Home Owners who will continue as Home Owners after the changes in the Condominium effected by the taking. The Neighborhood Assessments shall be made in proportion to the shares of those Home Owners in the Common Elements after the changes effected by the taking.

15.5.5. Determination of Market Value of Affected Home. If the market value of an Affected Home prior to the taking cannot be determined by agreement between the Home Owner, the Institutional Mortgagees of the Affected Home and the Association within thirty (30) days after notice by either party, the value shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Affected Home; and the determination of the arbitrators shall be conclusive upon the parties and judgment upon the same may be entered in any court having jurisdiction thereof. The cost of arbitration proceedings shall be assessed against all Homes in proportion to the shares of the Homes in the Common Elements as they exist prior to the changes effected by the taking.

15.6. Taking of Common Elements.

Awards for taking of Common Elements shall be used to make the remaining portion of the Common Elements usable in the manner approved by the Board; provided, that if the cost of the work shall exceed the balance of the funds from the awards for the taking, the work shall be approved in the manner required for further improvement of the Common Elements. The balance of the awards for the taking of Common Elements, if any, shall be distributed to the Home Owners in the shares in which they own the Common Elements after adjustment of these shares on account of the condemnation and to Institutional Mortgagees as their interests may appear.

15.7. Amendment of Declaration.

The changes in Homes, in the Common Elements and in the ownership of the Common Elements that are affected by the condemnation shall be evidenced by an amendment to the Declaration that need be approved only by a majority of the Board unless written approvals from Developer and/or Listed Mortgagees are also required pursuant to this Declaration. Such amendment shall be evidenced by a certificate executed by the Association in recordable form in accordance with the Act, and a true copy of such amendment shall be mailed via first class mail by the Association to Developer, all Home Owners and Listed Mortgagees ("Interested Parties"). The amendment shall become effective upon the recording of such certificate amongst the Public Records of the County; provided, however, such amendment shall not be recorded until thirty (30) days after the mailing of a copy thereof to the Interested Parties unless such thirty (30)-day period is waived in writing by the Interested Parties.

16. PROVISION FOR APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED AND ASSESSED AGAINST THE CONDOMINIUM AS A WHOLE

16.1. New Total Tax.

In the event that any taxing authority having jurisdiction over the Condominium shall levy or assess any tax or special assessment against the Condominium as a whole as opposed to levying and assessing such tax or special assessment against each Home and its appurtenant undivided interest in Common Elements, as now provided by law ("New Total Tax"), then such New Total Tax shall be paid as a Neighborhood Common Expense by the Association, and any taxes or special assessments which are to be so levied shall be included wherever possible in the estimated annual "Budget" (as

hereinafter defined) of the Association or shall be separately levied and collected as a Special Assessment by the Association against all of the Home Owners of all Homes. Each Home Owner shall be assessed by and shall pay to the Association a percentage of the New Total Tax equal to that Home Owner's percentage interest in the Common Elements. In the event that any New Total Tax shall be levied, then the assessment by the Association shall separately specify and identify the portion of such assessment attributable to such New Total Tax and such portion shall be and constitute a lien prior to all mortgages and encumbrances upon any Home and its appurtenant percentage interest in Common Elements, regardless of the date of the attachment and/or recording of such mortgage or encumbrances, to the same extent as though such portion of New Total Tax had been separately levied by the taxing authority upon each Home and its appurtenant percentage interest in Common Elements.

16.2. Personal Property Taxes.

All personal property taxes levied or assessed against personal property owned by the Association and all federal and state income taxes levied and assessed against the Association shall be paid by the Association and shall be included as a Neighborhood Common Expense in the Budget of the Association.

17. OCCUPANCY AND USE RESTRICTIONS

In order to preserve the values and amenities of the Condominium, the following provisions shall be applicable to the Condominium Property:

17.1. Single-Family Use.

The Homes shall be used for single-family residences only. No separate part of a Home may be rented and no transient (as defined in Chapter 509, Florida Statutes) may be accommodated therein for compensation or commercial purposes. No trade, business, profession or any other type of commercial activity shall be carried on in the Homes; provided, however, a Home Owner may use a room within a Home as an office for conducting personal business if such personal business does not require contact at the Home with customers or clientele of the Home Owner, nor be of such a pervasive nature as to dominate the residential character of the occupancy of such Home. Any such personal office use shall not be deemed a commercial activity in violation of this Paragraph 17.1. Such personal business use must, nonetheless comply with any applicable governmental regulation. A Home may not be leased for a period of less than thirty (30) days nor more than three (3) times per calendar year. All leases must be in writing, and a copy must be provided to the Association upon execution. A Home owned by a corporation, partnership or other legal entity, as the case may be, may be occupied by the person indicated in the Voting Certificate on file with the Association and their families, and any lessees of the corporation, partnership, or other legal entity, as the case may be, who otherwise qualify as provided in the Neighborhood Documents.

17.2 Approval by Master Declarant of Improvements.

As described in Article III of the Master Declaration, all buildings, structures, landscaping and improvements to be built in Palmira Golf and Country Club, including the Condominium, must

be approved by the Architectural Design Control Committee (“Committee”). The Master Declaration provides the procedure and method of obtaining Committee approval.

17.3. Nuisance.

A Home Owner shall not permit or suffer anything to be done or kept in his or her Home which will: (i) increase the insurance rates on his or her Home, the Common Elements or any portion of Paloma at Palmira Golf and Country Club; (ii) obstruct or interfere with the rights of other Home Owners or the Association; or (iii) annoy other Home Owners by unreasonable noises or otherwise. A Home Owner shall not commit or permit any nuisance, immoral or illegal act in his or her Home, on the Common Elements or any portion of Paloma at Palmira Golf and Country Club.

17.4. Signs.

A Home Owner (with the exception of Developer, for so long as Developer holds any Homes for sale in the ordinary course of business) shall show no sign, advertisement or notice of any type on the Common Elements, other portions of Paloma at Palmira Golf and Country Club or in or upon his or her Home so as to be visible from the Common Elements, or any public way, except as may be previously and specifically approved in writing by Master Declarant and the Board. Developer specifically reserves the right to place and maintain identifying or informational signs on any building located on the Condominium Property as well as any signs in connection with its sales activities. As used herein, the phrase “ordinary course of business” shall mean any method of sale employed by Developer to sell Homes, including, but not limited to, having a sales office, using the services of any broker or advertising Homes for sale.

17.5. Animals.

Except as provided under the rules and regulations promulgated by the Association from time to time and the Master Declaration, a Home Owner and/or resident shall not keep, raise or breed any pet or other animal, livestock or poultry upon any portion of the Condominium Property. No Home Owner is permitted to keep a domestic pet (i.e. dogs, cats and birds) in his or her Home either temporarily or permanently without the prior written permission of the Board. Such permission in one instance shall not be deemed to institute a blanket permission in any other instance and any such permission may be revoked at any time in the sole discretion of the Board. However, under no circumstances will any dog whose breed is noted for its viciousness or ill-temper, in particular, the “Pit Bull” (as hereinafter defined), Rottweiler, Mastiff, Presa Canario, or any crossbreeds of such breeds, be permitted on any portion of the Property. A “Pit Bull” is defined as any dog that is an American Pit Bull Terrier, American Staffordshire Terrier, Staffordshire Bull Terrier, or any dog displaying a majority of the physical traits of any one (1) or more of the above breeds, or any dog exhibiting those distinguishing characteristics which substantially conform to the standards established by the American Kennel Club or United Kennel Club for any of the above breeds. No exotic pet or any animal of any kind which has venom or poisonous defense or capture mechanisms, or if let loose would constitute vermin, shall be allowed on any portion of the Property. Trained seeing-eye dogs will be permitted for those persons holding certificates of blindness and necessity. Other animals will be permitted if such animals serve as physical aides to handicapped persons and such animals have been trained or provided by an agency or service qualified to provide such animals. The guide or assistance animal will be kept in direct custody of the assisted person or the

qualified person training the animal at all times when on the Condominium Property and the animal shall wear and be controlled by a harness or orange-colored leash and collar. Pets may not be kept, bred or maintained for any commercial purpose. Any pet must be temporarily caged, carried or kept on a leash when outside of a Home. No pet shall be kept tied outside a Home or on any Lanai, unless someone is present in the adjacent Home. No dogs will be curbed in any landscaped area or close to any walk, but only in special areas designated by the Board, if any, provided this statement shall not require the Board to designate any such area. A Home Owner shall immediately pick up and remove any solid animal waste deposited by his pet. The Home Owner shall compensate any person hurt or bitten by his or her pet and shall indemnify the Association and hold it harmless against any loss or liability of any kind or character whatsoever arising from or growing out of having any animal within the Condominium Property. If a dog or any other animal becomes obnoxious to other Home Owners by barking or otherwise, the Home Owner thereof must cause the problem to be corrected; or, if it is not corrected, the Home Owner, upon written notice by the Association, will be required to permanently remove the animal from the Property. The Association will promulgate rules and regulations from time to time designating other rules as necessary to regulate pets.

17.6. Clotheslines.

No clothesline or other similar device shall be allowed in any portion of the Condominium Property. Clotheslines within a Home shall be concealed from view from all portions of Paloma at Palmira Golf and Country Club.

17.7. Window Décor.

Window treatments shall consist of drapery, blinds, decorative panels or tasteful other window covering, and no newspaper, aluminum foil, sheets or other temporary window treatments are permitted, except for periods not exceeding two (2) weeks after a Home Owner or tenant first moves into a Home or when permanent window treatments are being cleaned or repaired. Reflective or foil window treatments are prohibited. Window tinting is permitted provided that the type and method of tinting is first approved by Master Declarant.

17.8. Removal of Sod and Shrubbery; Alteration of Drainage, etc.

Except for Developer's acts and activities with regard to the development of the Condominium, no sod, top soil, muck, trees or shrubbery shall be removed from the Condominium Property and no change in the condition of the soil or the level of land of the Condominium Property shall be made which would result in any permanent change in the flow or drainage of surface water within the Condominium without prior written consent of the Board, the Master Association and Master Declarant.

17.9. Antenna, Aerial and Satellite Dish.

No outside television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall hereafter be erected, constructed, placed or permitted to remain on any portion of the Condominium Property or upon any improvements thereon, unless expressly approved in writing by the Association and the Master Association, except that this prohibition shall not apply

to those satellite dishes that are one meter in diameter or less, and specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000, as amended, promulgated under the Telecommunications Act of 1996, as amended from time to time. The Association is empowered to adopt rules governing the types of antennae, restrictions relating to safety, location and maintenance of antennae. The Association may also adopt and enforce reasonable rules limiting installation of permissible dishes or antennae to certain specified locations, not visible from the street or neighboring properties, and integrated with the Condominium Property and surrounding landscape, to the extent that reception of an acceptable signal would not be unlawfully impaired by such rules. Any approved antennae shall be installed in compliance with all federal, state and local laws and regulations, including zoning, land-use and building regulations. This Section 17.9 shall not apply to Developer or Master Declarant.

17.10. Litter.

In order to preserve the beauty of the Condominium, no garbage, trash, refuse or rubbish shall be deposited, dumped or kept upon any part of the Condominium Property except in proper sized, closed plastic bags for curbside pick up as required or in closed containers, dumpsters or other garbage collection facilities deemed suitable by the Board. All containers, dumpsters and other garbage collection facilities shall be stored inside the Garage and kept in a clean condition with no noxious or offensive odors emanating therefrom.

17.11. Radio Transmission.

No ham radios or radio transmission equipment shall be operated or permitted to be operated within the Condominium Property without the prior written consent of the Board.

17.12. Vehicles.

Motor homes, trailers, recreational vehicles, boats, campers, trucks and vans or trucks used for commercial purposes shall not be permitted to be parked or stored in or on Paloma at Palmira Golf and Country Club unless kept fully enclosed in a garage except for trucks furnishing goods and services during the daylight hours and except as the Association may designate for such use by appropriate rules and regulations. The Association and the Master Association shall have the right to authorize the towing away of any vehicles which violate this Declaration or the rules and regulations of the Association, with the costs to be borne by the Home Owner or violator. In addition, the Board shall adopt rules and regulations from time to time regulating and limiting the size, weight, type and place and manner of operation of vehicles on the Condominium Property.

17.13. Garages.

No garage shall be erected which is separate from the Home. No garage shall be permanently enclosed so as to make such garage unusable by an automobile, and no portion of a garage originally intended for the parking of an automobile shall be converted into a living space or storage area. No individual air conditioning units which are visible from outside the Home shall be permitted in a garage. All garage doors shall remain closed when not in use for ingress and egress. Garages are intended for the primary use of parking and storage of motor vehicles. Home Owners and their lessees and the family members, guests and invitees of such Home Owners and lessees, may not

store personal property in a garage and then park motor vehicles in the unassigned parking areas of the Condominium. Home Owners shall not park their automobiles in the driveways so as to impede a neighboring Home Owner from ingress/egress to their driveway and/or garage.

17.14. Projections.

No Home Owner shall cause anything to project out of any window or door except as may be approved in writing by the Association.

17.15. Condition of Homes.

Each Home Owner shall keep his or her Home in a good state of preservation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom or from the doors or windows thereof any dirt or other substances.

17.16. Hurricane Season.

Each Home Owner who plans to be absent from his or her Home during the hurricane season must prepare his or her Home prior to their departure by removing all furniture, potted plants and other movable objects, if any, from the lanai and by designating a responsible firm or individual satisfactory to the Association to care for his or her Home should the Home suffer hurricane damage. No hurricane shutters may be installed without the prior written consent of the Association, which consent may be unreasonably withheld. If the installation of hurricane shutters is made which does not conform with the specifications approved by the Association, then the hurricane shutters will be made to conform by the Association at the Owner's expense or they shall be removed. Hurricane shutters shall not be installed before the issuance of a hurricane watch by the National Hurricane Center encompassing the Paloma at Palmira Golf and Country Club location, and shall be removed no later than ten (10) days after the cessation of a hurricane watch or warning for same ("Hurricane Shutter Time Period").

The Board will adopt hurricane shutter specifications ("Hurricane Standards") in accordance with Florida Statutes Section 718.113(5). The Hurricane Standards will be made available to a Home Owner within five business days after the Board's receipt of a written request for such Hurricane Standards.

17.17. Structural Modifications.

A Home Owner may not make or cause to be made any structural modifications to his or her Home without the Board's and Master Declarant's prior written consent, which consent may be unreasonably withheld.

17.18. Tree Removal.

Developer is using its best efforts to save as many, if any, of the existing trees on the Condominium Property as is possible during the construction of the Condominium. Developer makes no warranty or guarantee to Home Owners that all of the existing trees will survive. Developer is not responsible nor is Developer required to replace or remove the trees in the event

that the trees do not survive; any expenses associated therewith shall be a Neighborhood Common Expense. After the construction of the Condominium by Developer, the removal of any landscaping is subject to the approval of the Board.

17.19. Board's Rule-Making Power.

The Association, through its Board, may, from time to time, promulgate such other rules and regulations with respect to the Condominium as it determines to be in the best interests of the Condominium and the Home Owners. The Board may promulgate, modify, alter, amend or rescind such rules and regulations provided such promulgation, modifications, alterations and amendments: (i) are consistent with the use covenants set forth in the Neighborhood Documents and Master Documents; (ii) apply equally to all lawful Paloma at Palmira Golf and Country Club residents without discriminating on the basis of whether a Home is occupied by a Home Owner or his or her lessee; and (iii) in Developer's opinion, for so long as Developer holds any Homes for sale in the ordinary course of business, would not be detrimental to the sales of Homes by Developer. As used herein, the phrase "ordinary course of business" shall mean any method of sale employed by Developer to sell Homes, including, but not limited to, having a sales office, using the services of any broker or advertising Homes for sale.

17.20. Limitations.

Notwithstanding any other rule, regulation, or restriction to the contrary herein contained, the Board shall make reasonable accommodations in the rules, regulations or restrictions, if such accommodations may be necessary to afford a handicapped person equal opportunity to use and enjoy the Condominium Property.

17.21. Additional Restrictions.

For additional restrictions which are applicable to the Condominium Property and the Home Owners, please refer to the Master Documents. The Master Declaration contains use rights on the lakes located within Paloma at Palmira Golf and Country Club. In the event of a conflict between the provisions of this Declaration and the provisions of the Master Declaration, the provisions of the Master Declaration shall control; provided, however, that this Declaration and the other Neighborhood Documents may contain provisions more restrictive than contained in the Master Declaration and the other Master Documents, in which event such more restrictive provisions shall control.

18. PARKING SPACES

18.1. Parking Spaces shall be used and assigned in accordance with the provisions of this Article 18. The use of a Parking Space shall be an appurtenance to the Home to which it is assigned.

18.2. Assignment of Parking Spaces

Developer has the right, but not the obligation, to assign the use of a particular parking space ("Parking Space") located on the Condominium Property to a particular Home at the time the Home is originally acquired from Developer.

18.2.1. The use of Parking Spaces have been set aside for the exclusive use of the Home Owners and their lessees and the family members, guests and invitees of such Home Owners and lessees as hereinafter more particularly set forth. Developer has determined that each Home Owner will be automatically assigned the Parking Space which comprises the driveway located in front of the garage of the respective Home, which is limited to the amount of space required to park the car and shall not impede access to the neighboring Home Owner from their driveway and/or garage. The use of such Parking Space shall thereupon be appurtenant to said Home and shall be deemed encumbered by and subject to any mortgage or to any claim thereafter encumbering said Home. Upon conveyance of or passing of title to the Home to which the use of such Parking Space is appurtenant, the Home Owner receiving such title shall automatically be assigned the Parking Space which comprises the driveway located adjacent to the Home to which the Home Owner received title.

18.2.2. Any Parking Space which is not assigned to a particular Home may be reserved by Developer for the exclusive use of Developer and its agents, contractors and lessees for so long as Developer owns one (1) or more Homes. Any unassigned Parking Space which is not reserved by Developer as set forth above is available solely in accordance with the rules and regulations promulgated by the Board.

Parking Spaces which have been set aside for the exclusive use of a Home Owner shall be Limited Common Elements and shall be maintained, repaired and replaced by the Association pursuant to Article 19 of this Declaration. The use of the Parking Spaces may be regulated and limited by rules and regulations promulgated by the Board.

19. MAINTENANCE AND REPAIR PROVISIONS

19.1. By Home Owners

19.1.1. Maintenance and Repair. Each Home Owner shall maintain in good condition, repair and replace at his or her expense all portions of his or her Home and Limited Common Elements, including the interior of the garage, the garage door and appurtenant equipment and the following equipment or fixtures if located within his or her Home or on the Limited Common Elements assigned to his or her Home, electrical fixtures, appliances, air conditioning or heating equipment, water heaters or built-in cabinets including any screening on his or her lanai, balcony, terrace or porch, all window panes, window screens and all interior surfaces within or surrounding his or her Home (such as the surfaces of the walls, ceilings, floors and walkway) and all exterior doors, casings and hardware therefor; maintain and repair the fixtures therein, including the air conditioning equipment; and pay for any utilities which are separately metered to his or her Home. Every Home Owner must perform promptly all maintenance and repair work within his or her Home, as aforesaid, which if not performed would affect the Condominium Property, Paloma at Palmira Golf and Country Club in its entirety or a Home belonging to another Home Owner. Each Home Owner shall be expressly responsible for the damages and liabilities that his or her failure to perform his or her above mentioned responsibilities may engender. Said Home shall be maintained and repaired in accordance with the building plans and specifications utilized by Developer, copies of which are to be on file in the office of the Association, except for changes or alterations approved by the Board and Master Declarant as provided in this Declaration and the Master Declaration.

19.1.2. Controlling Moisture. In addition to the foregoing, each Home Owner shall be required to maintain appropriate climate control, keep his or her Home clean, and take necessary measures to retard and prevent mold from accumulating in the Home. Each Home Owner shall be required to clean and dust the Home on a regular basis and to remove visible moisture accumulation on windows, window sills, walls, floors, ceilings and other surfaces as soon as reasonably possible and must not block or cover any heating, ventilation or air-conditioning ducts. Home Owners are required to report immediately in writing to the Board (i) any evidence of water leak or water infiltration or excessive moisture in the Home, common hallways, if any, and any other Common Elements; (ii) any evidence of mold that cannot be removed with a common household cleaner; (iii) any failure or malfunction in heating, ventilation or air conditioning, and (iv) any inoperable doors or windows and each Home Owner shall be responsible for damage to the Home and personal property as well as any injury to the Home Owner and/or occupants of the Home resulting from the Home Owner's failure to comply with these terms. Each Home Owner is fully responsible and liable for the entire amount of all cleaning expenses and remediation costs incurred by the Association to remove mold from the Home if the Home Owner fails to remediate same and each Home Owner shall be responsible for the repair and remediation of all damages to the Home caused by mold.

19.1.3. Alterations. No Home Owner shall make any alterations in the Building or the Common Elements which are to be maintained by the Association or remove any portion thereof or make any additions thereto or do anything which would or might jeopardize or impair the safety or soundness of the Building, the Common Elements, the Limited Common Elements or which, in the sole opinion of the Board, would detrimentally affect the architectural design of the building without first obtaining the written consent of the Board.

19.1.4. Painting and Board Approval. No Home Owner shall paint, refurbish, stain, alter, decorate, repair, replace or change the Common Elements or any outside or exterior portion of the Building maintained by the Association, including terraces, balconies, porches, doors or window frames (except for replacing window panes), etc. No Home Owner shall have any exterior lighting fixtures, mail boxes, window screens, screen doors, awnings, hurricane shutters, hardware or similar items installed which are not consistent with the general architecture of the Building maintained by the Association without first obtaining specific written approval of the Board. The Board shall not grant approval if, in their opinion, the effect of any of the items mentioned herein will be unsightly as to the portion of the Building maintained by the Association and unless such items substantially conform to the architectural design of the Building and the design of any such items which have previously been installed at the time the Board approvals are requested.

19.1.5. Duty to Report. Each Home Owner shall promptly report to the Association or its agents any defect or need for repairs on the Condominium Property or other portions of Paloma at Palmira Golf and Country Club, the responsibility for the remedying of which is that of the Association.

19.1.6. Use of Licensed Plumbers and Electricians. No Home Owner shall have repairs made to any plumbing or electrical wiring within a Home, except by licensed plumbers or electricians authorized to do such work by the Board. The provisions as to the use of a licensed plumber or electrician shall not be applicable to any Institutional Mortgagee or to Developer. Plumbing and electrical repairs within a Home shall be paid for by and shall be the financial

obligation of the Home Owner, unless such repairs are made in a Home to plumbing and electrical systems servicing more than one (1) Home.

19.1.7. Access by Association. Each Home Owner shall permit the Association to have access to his or her Home from time to time during reasonable hours when necessary for the maintenance, repair or replacement of any Common Elements or for making emergency repairs therein necessary to prevent damage to the Common Elements or to another Home.

19.1.8. Air-Conditioning. Air conditioning units and service lines regarding any such air conditioning units which serve only one Home shall be maintained, replaced or repaired by the Home Owner whose Home is serviced by the air conditioning unit; provided, however, that if any repair or alteration is to be made in any Common Elements, the Board shall approve all such work.

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

19.2. By the Association.

19.2.1. Improvements. The Association shall maintain, repair and replace as necessary all of the Common Elements, including the driveways, landscaping and sprinkler systems as well as exterior surfaces of the Buildings. Notwithstanding the foregoing, the Association's maintenance responsibility for driveways shall not include cleaning; rather cleanup of driveways shall be the responsibility of the Home Owner who is entitled to use such driveway. Further, in the event the Association permits a Home Owner to install a covering on the surface of his or her driveway, such as but not limited to brick pavers, then the covering shall remain the property of such Home Owner and the Association shall not be responsible for any damage to such covering in the event of the need to repair the driveway. The Association shall maintain and repair all exterior walls of the Buildings, including the exterior walls of the Buildings contained within screened Lanais, but excluding the screened enclosure itself.

19.2.2. Utilities. The Association shall maintain, repair and replace all conduits, ducts, plumbing, wiring and other facilities for the furnishing of any and all utility services including the operation of the drainage and storm water management system and the maintenance of the sanitary water and sewer service laterals leading to the Buildings if such water and sewer lines are not maintained by the appropriate utility company, but excluding therefrom appliances, wiring, plumbing fixtures and other facilities within a Home.

19.2.3. Lakes. Notwithstanding anything contained herein to the contrary, the CDD is responsible to maintain any wetland reserve easements within the Land. The lake depicted on the Site Plan is not a part of the Condominium and is owned and shall be maintained by the CDD.

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

19.2.5. Maintenance of Property Adjacent to Condominium Property. If the Association is permitted by the owner of property adjacent to the Condominium Property or the governmental authority responsible for maintaining same to provide additional maintenance for such adjacent property, and the Board elects to do so in order to enhance the overall appearance of the Condominium, then the expense thereof shall be a Neighborhood Common Expense. The Association shall maintain the banks of lakes to the edge of water on all lakes within the Condominium Property, if any, whether such banks are within or adjacent to the Condominium Property. Such maintenance may include, but is not limited to, grass cutting, tree trimming, sprinkling, fertilizing, spraying, and maintaining and operating any amenities or structures established in such areas. The Association shall also be responsible for maintaining and irrigating the landscaping on the Master Association Corporation Common Area adjacent to the Land to the edge of any pavement, water's edge, or preserve and conservation lands.

19.2.6. Open Space and Buffers. Any property conveyed or dedicated to the Association which is designated as open space, landscape buffer, preserve area, or conservation area on any plat, permit, or other document recorded in the Public Records of the County shall be preserved and maintained by the owner of such property in a natural open condition. The Association or any subsequent owner shall not do anything that diminishes or destroys the open space, buffer, preserve area, or conservation area, and such areas shall not be developed for any purpose except that which improves or promotes the use and enjoyment of such areas as open space.

19.2.7. Surface Water Management System. The CDD shall be responsible for maintaining any portion of the surface water management system located within Paloma at Palmira Golf and Country Club and which is designated by Developer or the Master Declarant as a secondary surface water management system. (This would include, for example, drainage swales.)

19.3 Developer's Warranties.

Notwithstanding anything contained in this Article 19 to the contrary, each Home Owner acknowledges and agrees that Developer shall be irreparably harmed if a Home Owner undertakes the repair or replacement of any defective portion of a Home, a Building, the Common Elements or any other real or personal property constituting the Condominium Property or other portions of Paloma at Palmira Golf and Country Club during the time in which Developer is liable under any warranties in connection with the sale of any Home. Accordingly, each Home Owner hereby agrees (i) to promptly, upon such Home Owner's knowledge of the existence of any such defective portion, provide written notice to Developer specifying each such defective portion, upon the receipt of which Developer shall have thirty (30) days ("Repair Period") to commence the repair or replacement of such defective portion and diligently pursue the completion thereof; and (ii) not to repair, replace or otherwise adjust any such defective portion during the Repair Period; provided, however, that if

Developer fails to commence the repair or replacement of such defective portion within the Repair Period, such Home Owner may repair or replace same. If any Home Owner fails to comply with the provisions of this Paragraph 19.3, such Home Owner will be deemed to have breached his or her obligation to mitigate damages and such Home Owner's conduct shall constitute an aggravation of damages.

19.4. Alterations and Improvements.

The Association shall have the right to make or cause to be made structural changes and improvements of the Common Elements which are approved by the Board and which do not prejudice the rights of any Home Owner or any Institutional Mortgagee. In the event such changes or improvements prejudice the rights of a Home Owner or Institutional Mortgagee, the consent of such Home Owner or Institutional Mortgagee so prejudiced shall be required before such changes or improvements may be made or caused. In any event, approval of the Board shall be submitted for ratification by the affirmative vote of the Home Owners of two-thirds (2/3) of the Homes if the cost of the same shall be a Neighborhood Common Expense which shall exceed One Thousand Dollars (\$1,000) per Home. The cost of such alterations and improvements shall be assessed among the Home Owners in proportion to their share of Neighborhood Common Expenses.

19.5. Conformity with Master Declaration.

Notwithstanding anything contained in this Article 19 to the contrary, alterations, improvements, repairs and maintenance of the Condominium Property shall conform to the provisions of the Master Declaration and all other valid terms and provisions thereof.

19.6. Community-Wide Standard of Maintenance.

The Association and all Home Owners shall perform their maintenance responsibilities hereunder in a manner consistent with the Community-Wide Standard established pursuant to the Master Declaration. In the event property is not properly maintained, the Master Association shall be authorized, but not obligated, to assume the maintenance responsibilities of the Association hereunder and under the Master Declaration, and to assess all costs thereof to the Home Owners as a Neighborhood Assessment, as defined in the Master Declaration.

20. NEIGHBORHOOD ASSESSMENTS FOR NEIGHBORHOOD COMMON EXPENSES; ESTABLISHMENT AND ENFORCEMENT OF LIENS

20.1. Affirmative Covenant to Pay Neighborhood Common Expenses.

In order to: (i) fulfill the covenants contained in this Declaration; (ii) provide for maintenance and preservation of the Common Elements for the recreation, safety, welfare, and benefit of Home Owners, their invitees, guests, family members and lessees, subject to the terms of this Declaration; and (iii) provide for maintenance and preservation of the services and amenities provided for herein, there is hereby imposed upon the Homes and the Home Owners thereof the affirmative covenant and obligation to pay the Neighborhood Assessments including, but not limited to, the Annual Assessments. Each Home Owner, by acceptance of a deed or other instrument of conveyance for a Home, whether or not it shall be so expressed in any such deed or instrument, shall

be so obligated and agrees to pay to the Association all Neighborhood Assessments determined in accordance with the provisions of this Declaration and all of the covenants set forth herein shall run with the Condominium Property and each Home therein.

20.2. Lien.

The Annual Assessment and Special Assessments, as determined in accordance with Article 21 hereof, together with Interest thereon and costs of collection thereof, including Legal Fees as hereinafter provided, are, pursuant to the Act, subject to a lien right on behalf of the Association to secure payment thereof and such Neighborhood Assessments are hereby declared to be a charge on each Home and shall be a continuing lien upon the Home against which each such Neighborhood Assessment is made. Each Neighborhood Assessment against a Home together with Interest thereon and costs of collection thereof, including Legal Fees, shall be the personal obligation of the person, persons, entity and/or entities owning the Home so assessed. The Association's statutory lien for Neighborhood Assessments shall be effective only from and after the time of recordation amongst the Public Records of the County of a written acknowledged statement by the Association, as of the date the statement is signed setting forth the description of the condominium parcel, the name of the record owner, the name and address of the Association, the amount due to the Association and the due dates. Upon full payment of all sums secured by such lien or liens, the party making payment shall be entitled to a recordable satisfaction of the statement of lien.

20.2.1. Personal Obligation. Each Neighborhood Assessment against a Home, together with Interest thereon and costs of collection thereof, including Legal Fees, shall be the personal obligation of the person, persons, entity and/or entities owning the Home so assessed.

20.2.2. Institutional Mortgagees. An Institutional Mortgagee or other person who obtains title to a Home by foreclosure of a first mortgage, or Institutional Mortgagee who obtains title to a Home by deed in lieu of foreclosure, shall be liable for the unpaid Neighborhood Assessments that became due prior to such acquisition of title to the extent required by Section 718.116, Florida Statutes as it exists at the time of recording this Declaration in the Public Records of the County. Neighborhood Assessments which are not due from such Institutional Mortgagee shall become a Neighborhood Common Expense collectible from all Home Owners pursuant to Paragraph 22.9 hereof.

20.3. Enforcement.

In the event that any Home Owner shall fail to pay any Annual Assessment, or installment thereof, or any Special Assessment, or installment thereof, charged to his or her Home within fifteen (15) days after the same becomes due, then the Association, through its Board, shall have the following remedies:

- (i) To advance, on behalf of the Owner in default, funds to accomplish the needs of the Association; provided that: (a) the amount or amounts of monies so advanced, including Legal Fees and expenses which have been reasonably incurred because of or in connection with such payments, together with Interest thereon, may thereupon be collected by the Association; and (b) such

advance by the Association shall not waive the default of the Owner in failing to make its payments;

- (ii) To accelerate the entire amount of any Assessments for the remainder of the budget year in accordance with the provisions of the Act and rules set forth in the Florida Administrative Code promulgated by the Division of Florida Land Sales, Condominiums and Mobile Homes;
- (iii) To file an action in equity to foreclose its lien at any time after the effective date thereof or an action in the name of the Association in like manner as a foreclosure of a mortgage on real property; and
- (iv) To file an action at law to collect the amount owing plus Interest and Legal Fees without waiving its lien rights and its right of foreclosure.

21. METHOD OF DETERMINING, ASSESSING AND COLLECTING NEIGHBORHOOD ASSESSMENTS

The Neighborhood Assessments as hereinafter set forth and described shall be assessed to and collected from Home Owners on the following basis:

21.1. Determining Annual Assessment.

21.1.1. Expenses. The total anticipated Neighborhood Common Expenses for each calendar year shall be set forth in a schedule to the Budget of the Association which shall be prepared by the Board as described in the Articles and Bylaws. The total anticipated Neighborhood Common Expenses shall be that sum necessary for the maintenance and operation of the Condominium and such expenses shall be allocated to the Homes based upon each Home's share of the Neighborhood Common Expenses, which allocated sum, together with each Home Owner's share of "Assessments" as determined in accordance with the Master Declaration, shall be assessed as the "Annual Assessment." The Annual Assessment may be adjusted quarterly in the instance where the Board determines that the estimated Neighborhood Common Expenses are insufficient to meet the actual Neighborhood Common Expenses being incurred, in which event the anticipated Neighborhood Common Expenses for the remaining quarters may be increased accordingly in calculating the Annual Assessment.

21.1.2. Assessment Payment. The Annual Assessment shall be payable quarterly in advance on the first day of each quarter of a calendar year.

21.2. Developer's Guarantee

From the recording of this Declaration until December 31, 2004, Developer guarantees that assessments for Neighborhood Common Expenses of the Association will not exceed Nine Hundred and 00/100 Dollars (\$900.00) per quarter. Developer will pay all Neighborhood Common Expenses not paid for by assessments of Homes ("Guarantee for Neighborhood Common Expenses"). Developer's guarantee is made in accordance with the provisions of Section 718.116(9)(a)(2) of the Act. The expiration of the guarantee period is December 31, 2005; provided, however, that the

Guarantee for Neighborhood Common Expenses shall terminate on the Majority Election Date in the event the Majority Election Date occurs prior to December 31, 2005.

Developer reserves the right to extend the guarantee period for one year to December 31, 2006; provided, however, the guarantee shall terminate on the Majority Election Date in the event the Majority Election Date occurs prior to December 31, 2006.

Neighborhood Assessments determined as provided in Paragraph 21.1 of this Declaration or the Bylaws shall be determined and made commencing January 1, 2005, if Developer does not choose the option to extend the guarantee, or January 1, 2006 if Developer chooses the option to extend the guarantee or the date when control of the Association is turned over to Home Owners other than the Developer, whichever is the sooner to occur and Developer will pay any such Neighborhood Assessments for any of the Homes owned by Developer from and after such date.

21.3. Special Assessments.

In addition to the Annual Assessment, Home Owners shall be obligated to pay such Special Assessments as shall be levied by the Board against their Home in accordance with the Bylaws, either as a result of: (i) extraordinary items of expense; (ii) costs incurred in correcting maintenance deficiencies of a particular Home or in otherwise enforcing the provisions of the Neighborhood Documents or the Master Documents; (iii) the failure or refusal of other Home Owners to pay their Annual Assessment; or (iv) such other reason or basis determined by the Board which is not inconsistent with the terms of the Neighborhood Documents or the Act.

21.4. Master Association Assessments.

All Home Owners, lessees, and occupants of Homes in Paloma at Palmira Golf and Country Club shall have access to and use of various services and facilities provided by the Master Association. Every Home Owner, by acceptance of a deed to a Home, acknowledges that, in addition to being subject to and bound by the Neighborhood Documents, he or she is subject to the Master Declaration and that he or she is automatically a member of and subject to assessment by the Master Association in accordance with the terms of the Master Declaration. Each Home Owner covenants and agrees to pay all assessments levied against such Home Owner's Home by the Master Association or by the Association on behalf of the Master Association.

22. NEIGHBORHOOD COMMON EXPENSES

The following expenses are declared to be Neighborhood Common Expenses of the Condominium which each Home Owner is obligated to pay to the Association as provided in this Declaration, the Neighborhood Documents and Master Documents. In addition to the Neighborhood Expenses payable to the Association, each Home Owner is obligated to pay to the Master Association Neighborhood Assessments, if any, levied against the Homes in Paloma at Palmira Golf and Country Club to cover any Neighborhood Expenses, as such terms are defined in the Master Declaration.

22.1. Taxes.

Any and all taxes levied or assessed at any and all times by any and all taxing authorities including all taxes, charges, assessments and impositions and liens for public improvements, special charges and assessments and water drainage districts, and in general all taxes and tax liens which may be assessed against the Common Elements and against any and all personal property and improvements, which are now or which hereafter may be a portion thereof to be placed thereon, including any interest, penalties and other charges which may accrue thereon shall, as appropriate, be considered Neighborhood Common Expenses.

22.2. Utility Charges.

All charges levied for utilities providing services for the Common Elements, whether they are supplied by a private or public firm shall, as appropriate, be considered Neighborhood Common Expenses. It is contemplated that this obligation will include all charges for water, gas, electricity, telephone, sewer and any other type of utility or any other type of service charge incurred in connection with the Common Elements. It is contemplated that there shall be one meter for water and sewer lines to each Building or group of Buildings. All charges related to such lines shall be a Neighborhood Common Expense.

22.3. Insurance.

The premiums on any policy or policies of insurance required to be maintained under this Declaration and the premiums on any policy or policies the Association determines to maintain on the Condominium Property or specifically related to this Condominium, even if not required to be maintained by the specific terms of this Declaration, shall be Neighborhood Common Expenses.

22.4. Destruction of Buildings or Improvements.

Any sums necessary to repair or replace, construct or reconstruct damages caused by the destruction of any building or structure upon the Common Elements by fire, windstorm, flood or other casualty regardless of whether or not the same is covered in whole or in part by insurance, including all amounts required to be deducted from any proceeds received by the Association from an insurer pursuant to a deductible clause in the applicable insurance agreement, shall be Neighborhood Common Expenses. In the event insurance money shall be payable, such insurance money shall be paid to the Association who shall open an account with a banking institution doing business in the County, for the purpose of providing a fund for the repair and reconstruction of the damage. The Association shall pay into such account, either in addition to the insurance proceeds, or in the event there are no insurance proceeds, such sums as may be necessary so that the funds on deposit will equal the costs of repair and reconstruction of the damage or destruction. The sums necessary to pay for the damage or destruction as herein contemplated shall be considered Neighborhood Common Expenses, but shall be raised by the Association under the provisions for Special Assessments as provided in Paragraph 21.3 of this Declaration. The Association agrees that it will levy Special Assessments to provide the funds for the cost of reconstruction or construction within ninety (90) days from the date the destruction takes place and shall go forward with all deliberate speed so that the construction or reconstruction, repair or replacement, shall be completed, if possible, within nine (9) months from the date of damage.

22.5. Maintenance, Repair and Replacements.

Neighborhood Common Expenses shall include all expenses necessary to keep and maintain, repair and replace any and all buildings, improvements, storm water management system, personal property and furniture, fixtures and equipment of the Association upon the Common Elements, including driveways (except as provided in Paragraph 20.3(i) hereof), landscaping, and lawn and sprinkler service, in a manner consistent with the development of the Condominium and in accordance with the covenants and restrictions contained herein, and in conformity with the Master Declaration, the other Master Documents, and with all orders, ordinances, rulings and regulations of any and all federal, state and city governments having jurisdiction thereover including the statutes and laws of the State of Florida and the United States. This shall include any expenses attributable to the maintenance and repair and replacement of pumps or other equipment, if any, located upon or servicing the Condominium Property, pursuant to agreements between the Association and utility corporations. Any expenses for replacements which would not be in the nature of normal repair and maintenance shall be the subject of a Special Assessment as provided in Paragraph 21.3 of this Declaration.

22.6. Administrative and Operational Expenses.

The costs of administration of the Association including, but not limited to, any secretaries, bookkeepers and other employees necessary to carry out the obligations and covenants of the Association as to the Condominium shall be deemed to be Neighborhood Common Expenses. In addition, it is contemplated that the Association may retain a management company or companies or contractors (any of which management companies or contractors may be, but are not required to be, a subsidiary, affiliate or an otherwise related entity of Developer) to assist in the operation of the Condominium Property and carrying out the obligations of the Association hereunder. The fees or costs of this or any other management company or contractors so retained shall be deemed to be part of the Neighborhood Common Expenses hereunder as will fees which may be required to be paid to the Division of Florida Land Sales, Condominiums and Mobile Homes from time to time.

22.7. Indemnification.

The Association covenants and agrees that it will indemnify and hold harmless Developer and the members of the Board from and against any and all claims, suits, actions, damages, and/or causes of action arising from any personal injury, loss of life, and/or damage to property sustained in or about the Condominium Property or the appurtenances thereto from and against all costs, Legal Fees, expenses and liabilities incurred in and about any such claim, the investigation thereof or the defense of any action or proceeding brought thereon, and from and against any orders, judgments and/or decrees which may be entered therein. Included in the foregoing provisions of indemnification are any expenses that Developer may be compelled to incur in bringing suit for the purpose of compelling the specific enforcement of the provisions, conditions and covenants contained in this Declaration to be kept and performed by the Association.

22.8. Compliance with Laws.

The Association shall take such action as it determines necessary or appropriate in order for the Common Elements to be in compliance with all applicable laws, statutes, ordinances and regulations of any governmental authority, whether federal, state or local, including, without

limitation, any regulations regarding zoning requirements, setback requirements, drainage requirements, sanitary conditions and fire hazards, and the cost and expense of such action taken by the Association shall be a Neighborhood Common Expense.

22.9. Failure or Refusal of Home Owners to Pay Annual Assessments.

Funds needed for Neighborhood Common Expenses due to the failure or refusal of Home Owners to pay their Annual Assessments levied shall, themselves, be deemed to be Neighborhood Common Expenses and properly the subject of a Neighborhood Assessment.

22.10. Extraordinary Items.

Extraordinary items of expense under this Declaration such as expenses due to casualty losses and other extraordinary circumstances shall be the subject of a Special Assessment.

22.11. Matters of Special Assessments Generally.

Amounts needed for capital improvements, as hereinbefore set forth, or for other purposes or reasons as determined by the Board to be the subject of a Special Assessment which are not inconsistent with the terms of any of the Neighborhood Documents or the Master Declaration must also be approved by a majority vote of the Home Owners at any meeting of members of the Association having a quorum, except that no such approval need be obtained for a Special Assessment for the replacement or repair of a previously existing improvement on the Condominium Property which was destroyed or damaged, it being recognized that the sums needed for such capital expenditure shall be the subject of a Special Assessment.

22.12. Costs of Reserves.

The funds necessary to establish an adequate reserve fund ("Reserves") for periodic maintenance, repair and replacement of the Common Elements and the facilities and improvements thereupon in amounts determined sufficient and appropriate by the Board from time to time shall be a Neighborhood Common Expense. Reserves shall be levied, assessed and/or waived in accordance with the Act. The Reserves shall be deposited in a separate account to provide such funds and reserves. The monies collected by the Association on account of Reserves shall be and shall remain the exclusive property of the Association and no Home Owner shall have any interest, claim or right to such Reserves or any fund composed of same.

22.13. Miscellaneous Expenses.

Neighborhood Common Expenses shall include the cost of all items of costs or expense pertaining to or for the benefit of the Association or the Common Elements or any part thereof, not herein specifically enumerated and which is determined to be an appropriate item of Neighborhood Common Expense by the Board.

22.14. Property to be Owned or Maintained by the Association

Notwithstanding the current ownership of any real or personal property by Developer, in the event it is contemplated that such property will be owned or is to be maintained by the Association, then the costs associated by the ownership or maintenance shall be a Neighborhood Common Expense commencing with the recordation of this Declaration.

23. PROVISIONS RELATING TO PROHIBITION OF FURTHER SUBDIVISION

23.1. Subdivision.

Except regarding such rights as may be granted by Developer hereunder, the space within any of the Homes and Common Elements shall not be further subdivided. No time share units may be created in any portion of the Condominium Property. Any instrument, whether a conveyance, mortgage or otherwise, which describes only a portion of the space within any Home shall be deemed to describe the entire Home owned by the person executing such instrument and the interest in the Common Elements appurtenant thereto.

23.2. Incorporation of Section 718.107.

The provisions of Section 718.107 of the Act are specifically incorporated into this Declaration.

24. PROVISIONS RELATING TO SEVERABILITY

If any provision of this Declaration, any of the other Neighborhood Documents or the Act is held invalid, the validity of the remainder of this Declaration, the Neighborhood Documents or the Act shall not be affected.

25. PROVISIONS RELATING TO INTERPRETATION

25.1. Titles.

Article, Paragraph and subparagraph titles in this Declaration are intended only for convenience and for ease of reference, and in no way do such titles define, limit or in any way affect this Declaration or the meaning or contents of any material contained herein.

25.2. Gender.

Whenever the context so requires, the use of any gender shall be deemed to include all genders, the use of the plural shall include the singular and the singular shall include the plural.

25.3. Member.

As used herein, the term “member” means and refers to any person, natural or corporate, who becomes a member of the Association, whether or not that person actually participates in the Association as a member.

25.4. Rule Against Perpetuities.

In the event any court should hereafter determine any provisions as originally drafted herein in violation of the rule of property known as the “rule against perpetuities” or any other rule of law because of the duration of the period involved, the period specified in this Declaration shall not thereby become invalid, but instead shall be reduced to the maximum period allowed under such rule of law, and for such purpose, “measuring lives” shall be that of the incorporator of the Association.

26. PROVISIONS CONTAINING REMEDIES FOR VIOLATION

Each Home Owner shall be governed by and shall comply with the Act and all of the Neighborhood Documents as such Neighborhood Documents may be amended and supplemented from time to time. Failure to do so shall entitle the Association, any Home Owner or any Institutional Mortgagee holding a mortgage on any portion of the Condominium Property to either sue for injunctive relief, for damages or for both, and such parties shall have all other rights and remedies which may be available at law or in equity. The failure to enforce promptly any of the provisions of the Neighborhood Documents shall not bar their subsequent enforcement. In any proceeding arising because of an alleged failure of a Home Owner to comply with the terms of the Neighborhood Documents, the prevailing party shall be entitled to recover the costs of the proceeding and Legal Fees. The failure of the Board to object to Home Owners’ or other parties’ failure to comply with covenants or restrictions contained herein or in any of the other Neighborhood Documents (including the rules and regulations promulgated by the Board) now or hereafter promulgated shall in no event be deemed to be a waiver by the Board or of any other party having an interest therein of its rights to object to same and to seek compliance therewith in accordance with the provisions of the Neighborhood Documents.

27. PROVISIONS FOR ALTERATIONS OF HOMES BY DEVELOPER

27.1. Developer’s Reserved Right.

Developer reserves the right to alter, change or modify the interior design and arrangement of all Homes and to nonmaterially alter the boundaries between the Homes as long as Developer owns the Homes so altered (which alterations in Developer’s Homes are hereinafter referred to as the “Alterations”). Any material alterations require the majority approval of the Voting Interests in the Condominium.

27.2. Alterations Amendment

Any Alterations which will alter the boundaries of existing Common Elements of this Condominium other than interior walls abutting Homes owned by Developer and the Common Elements therein and not including proposed Common Elements of any Subsequent Phase not then

submitted to condominium ownership will first require an amendment to this Declaration in the manner provided in Article 28 hereof.

In the event Alterations do not require an amendment in accordance with the above provisions, then, as long as Developer owns the Homes being affected, an amendment of this Declaration shall be filed by Developer ("Developer's Amendment") in accordance with the provisions of this Paragraph. Such Developer's Amendment need be signed and acknowledged only by Developer and need not be approved by the Association, Home Owners or lienors or mortgagees of the Homes, whether or not such approvals are elsewhere required for an amendment of this Declaration; provided, however, if the amendment is material, then the consent of a majority of the Home Owners is also required.

28. PROVISIONS FOR AMENDMENTS TO DECLARATION

28.1. General Procedure.

Except as to the Amendment described in Paragraph 27.2 hereof, and the matters described in Paragraphs 28.2, 28.3, 28.4, 28.5, 28.6 and 28.7 below, and except when a greater percentage vote is required by this Declaration for a certain action (in which case such greater percentage shall also be required to effect an amendment), this Declaration may be amended at any regular or special meeting of the Home Owners called and held in accordance with the Bylaws, by the affirmative vote of not less than two-thirds (2/3) of the Home Owners; provided that any amendment shall also be approved or ratified by a majority of the Board as a whole. An amendment to the Declaration shall be evidenced by an amendment executed by the Association and recorded in accordance with the Act. A true copy of such amendment shall be sent by certified mail by the Association to Developer and to all Institutional Mortgagees ("Mailing"). The amendment shall become effective upon the recording of the amendment amongst the Public Records

28.2. Material Alteration.

Except as otherwise provided in this Declaration, no amendment of the Declaration shall change the configuration or size of any Home in any material fashion, materially alter or modify the appurtenances to such Home, change the proportion or percentage by which the Home Owner shares the Neighborhood Common Expenses and owns the Common Surplus and Common Elements or the Home's voting rights in the Association, unless: (i) the record owner of the Home; (ii) all record owners of liens on the Home join in the execution of the amendment; and (iii) all the record owners of all other Homes approve the amendment. Any such amendments shall be evidenced by a certificate joined in and executed by all the Home Owners and all Institutional Mortgagees holding mortgages thereon and shall be recorded in the same manner as provided in Paragraph 28.1; provided, however, no amendment to this Declaration shall change the method of determining Annual Assessments unless approved in writing by the Institutional Mortgagees holding mortgages encumbering two-thirds (2/3) of the Homes encumbered by mortgages held by Institutional Mortgagees.

28.3. Defect, Error or Omission.

Whenever it shall appear to the Board that there is a defect, error or omission in the Declaration, or in other documentation required by law to establish this Condominium, the Association, through its Board, shall immediately call for a special meeting of the Home Owners to consider amending the Declaration or other Neighborhood Documents. Upon the affirmative vote of one-third (1/3) of the Home Owners, with there being more positive votes than negative votes, the Association shall amend the appropriate documents. A true copy of such amendment shall be sent in conformance with the Mailing. The amendment shall become effective upon the recording of the certificate amongst the Public Records, but the certificate shall not be recorded until thirty (30) days after the Mailing, unless such thirty (30) day period is waived in writing by Developer and all Institutional Mortgagees.

28.4. Rights of Developer, the Association, and Institutional Mortgagees.

No amendment shall be passed which shall impair or prejudice the rights or priorities of Developer, the Association or any Institutional Mortgagee under this Declaration and the other Neighborhood Documents without the specific written approval of Developer, the Association, or any Institutional Mortgagees affected thereby. In addition, any amendment that would affect the surface water management system, including the conservation areas or water management portions of the Common Elements, must have the prior approval of the South Florida Water Management District, Master Declarant, the Association and/or the CDD.

28.5. Scrivener's Error.

The Association may amend this Declaration and any exhibits hereto, in order to correct a scrivener's error or other defect or omission by the affirmative vote of two-thirds (2/3) of the Board without the consent of the Home Owners provided that such amendment does not materially and adversely affect the rights of Home Owners, lienors or mortgagees. This amendment shall be signed by the President of the Association and a copy of the amendment shall be furnished to the Association and all Listed Mortgagees and sent pursuant to the Mailing as soon after recording thereof amongst the Public Records, as is practicable.

28.6. Amendments Required by Secondary Mortgage Market Institutions.

Notwithstanding anything contained herein to the contrary, Developer may, without the consent of the Home Owners, file any amendment which may be required by an Institutional Mortgagee for the purpose of satisfying its Planned Unit Development criteria or such criteria as may be established by such mortgagee's secondary mortgage market purchasers, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; provided, however, that any such Developer filed amendments must be in accordance with any applicable rules, regulations and other requirements promulgated by the United States Department of Housing and Urban Development.

28.7. Veterans Administration Approval.

In the event that the Condominium receives Veterans Administration project approval, any amendment to this Declaration, the Articles, Bylaws or any other enabling documentation, excluding amendments to add phases, while Developer is in control of the Association must be approved by the Administration of Veteran Affairs.

28.8. Amendments Regarding Tenants.

Any amendment to any of the Neighborhood Documents granting the Association or the Board the right to approve or in any manner screen tenants of any Home Owner must first be approved by a majority of the Board and three-fourths (3/4) of all Home Owners (at a duly called meeting of the Home Owners at which a quorum is present).

28.9. Neighborhood Documents and Master Documents.

The Articles, Bylaws and other Neighborhood Documents shall be amended as provided in such documents. The Master Declaration, Articles of Incorporation of the Master Association and Bylaws of the Master Association shall be amended as provided in the respective Master Documents.

28.10. Form of Amendment.

To the extent required by the Act, as amended from time to time, no provision of this Declaration shall be revised or amended by reference to its title or number only and proposals to amend existing provisions of this Declaration shall contain the full text of the provision to be amended; new words shall be inserted in the text and underlined; and words to be deleted shall be lined through with hyphens; provided, however, if the proposed change is so extensive that this procedure would hinder rather than assist the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicated for words added or deleted, but, instead a notation shall be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial Rewording of Declaration. See provision ____ for present text." Notwithstanding anything herein contained to the contrary, however, failure to comply with the above format shall not be deemed a material error or omission in the amendment process and shall not invalidate an otherwise properly promulgated amendment.

29. PROVISIONS SETTING FORTH THE RIGHTS OF DEVELOPER TO SELL HOMES OWNED BY IT FREE OF RESTRICTIONS SET FORTH IN ARTICLE 17

29.1. Developer's Right to Convey.

The provisions, restrictions, terms and conditions of Article 17 hereof shall not apply to Developer as a Home Owner, and in the event and so long as Developer shall own any Home, whether by reacquisition or otherwise, Developer shall have the absolute right to sell, convey, transfer, mortgage or encumber in any way any such Home upon any terms and conditions as it shall deem to be in its own best interests.

29.2. Developer's Right to Transact Business.

Developer reserves and shall have the right to enter into and transact on the Condominium Property and other portions of Paloma at Palmira Golf and Country Club any business necessary to consummate the sale, lease or encumbrance of Homes including the right to maintain models and a sales and/or leasing office, place signs, employ sales personnel, hold promotional parties, use the Common Elements and show Homes and including the right to carry on construction activities of all types necessary to construct all improvements in Paloma at Palmira Golf and Country Club pursuant to the plan for development as set forth in Articles 5, 6 and 10 hereof. Any such models, sales and/or leasing office, signs and any other items pertaining to such sales and/or leasing efforts shall not be considered a part of the Common Elements and shall remain the property of Developer. Developer reserves the right for itself and any of its affiliates to utilize the models for other communities located in Palmira Golf and Country Club, as Developer and/or any of Developer's affiliates as developers of other communities in Palmira Golf and Country Club may so determine, in their sole discretion.

29.3. Assignment.

This Article 29 may not be suspended, superseded or modified in any manner by any amendment to the Declaration, unless such amendment is consented to in writing by Developer. The right of use and transaction of business as set forth in this Article 29 may be assigned in writing by Developer in whole or in part.

30. GENERAL PROVISIONS

30.1. Withdrawal Notice and Other Homes.

30.1.1. Rights of Developer. Nothing contained in this Declaration shall be deemed to prohibit Developer from developing any condominium units, other than the Homes within the Condominium ("Other Homes"), upon any portion of any Subsequent Phase with respect to which Developer has recorded amongst the Public Records a Withdrawal Notice.

30.1.2. Rights of Home Owners of Other Homes to Use "Corporation Common Areas" (as defined in the Master Declaration), Phase 27, Phase 28 and Phase 29 and Easements Created for Access. In the event that Developer constructs Other Homes, the owners of such Other Homes ("Other Home Owners") and their family members, guests, invitees, and lessees may have as an appurtenance to and a covenant running with such Other Homes: (i) the right to use and enjoy any landscaped areas, walks, drives, parking areas, other facilities and improvements, including, but not limited to, the real property and all improvements which comprise Phase 27, Phase 28 and Phase 29, whether or not added to the Condominium, in the same manner and with the same privileges as Home Owners have or may have from time to time; (ii) a perpetual nonexclusive easement over, across and through the Phase 27, Phase 28 and Phase 29 Land for the use and enjoyment thereof and from and to public ways, including dedicated streets; and (iii) the right to use and enjoy the "Corporation Common Areas." Home Owners shall have a similar perpetual nonexclusive easement for ingress and egress and access to, over and across the walks and other rights-of-way located upon the portion of the Land covered by a Withdrawal Notice from and to public ways, including dedicated streets and Phase 27, Phase 28 and Phase 29 subject to rules and regulations established by

the Association governing the use and enjoyment of such easements. The Association shall not establish any rule or regulation with respect to the use and enjoyment of Phase 27, Phase 28 and Phase 29 or the easements created by this Paragraph 30.1.2 which do not apply uniformly to the Home Owners, Other Home Owners and their respective family members, guests, invitees and lessees.

30.1.3. Obligations of Other Homes. In the event that Developer develops Other Homes, the Association shall itemize separately in the annual budget of the Association and all adjustments and revisions thereto, the expenses ("Other Home Expenses") anticipated to be incurred by the Association to administer, operate, maintain, repair and improve Phase 27, Phase 28 and Phase 29, including, but not limited to, the cost and expense of any taxes and insurance which can be determined as applicable solely to Phase 27, Phase 28 and Phase 29. The Other Home Expenses shall be assessed among all existing Homes and the "Other Homes Subject to Neighborhood Assessment" (as hereinafter defined). Each Home's share of the Other Home Expenses shall be the product of the multiplication of the Other Home Expenses multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the "Total Homes" (as hereinafter defined). Each Other Home Subject to Neighborhood Assessment shall also be responsible for its proportionate share of any expense with respect solely to Phase 27, Phase 28 and Phase 29 which would be subject to a Special Assessment against Homes. "Other Homes Subject to Neighborhood Assessment" shall mean the total number of Other Homes developed from time to time on any portion of the Land originally intended to be a Subsequent Phase with respect to which Developer has recorded amongst the Public Records a Withdrawal Notice and to which Developer has granted the right to use the improvements located upon Phase 27, Phase 28 and Phase 29, which shall become subject to assessment as provided in Paragraph 30.1 upon the recording amongst the Public Records of a declaration of condominium submitting such Other Homes to the condominium form of ownership. "Total Homes" as used herein shall mean the sum of the number of Homes within the Condominium and the number of Other Homes Subject to Neighborhood Assessment as determined from time to time. In the event of condemnation of any Other Homes Subject to Neighborhood Assessment, assessments against such Other Units Subject to Neighborhood Assessment shall be reduced or eliminated on the same basis as Assessments shall be reduced or eliminated with respect to Homes.

30.1.4. Liens upon Other Homes. There shall be a charge on and continuing lien upon all Other Homes Subject to Neighborhood Assessment against which assessment is made as provided in Paragraph 30.1.3 which shall be subject to all provisions herein to which Homes are subject, including, but not limited to, the rights of foreclosure of Other Homes Subject to Neighborhood Assessment and such right shall be set forth in the documents establishing the Other Homes.

30.1.5. Conflict with Other Provisions. The matters set forth in Paragraphs 30.1.2, 30.1.3 and 30.1.4 shall only become applicable if, as and when Developer develops Other Homes, and, in such event, shall control in the event of any conflict between the terms and provisions of such Paragraphs 30.1.2, 30.1.3 and 30.1.4 and the terms and provisions of any other Paragraphs in this Declaration. Amendment of this Article 30 shall require, in addition to any votes or approvals elsewhere required, the written consent of Developer for so long as Developer owns any Homes or Other Homes or any portion of the Land upon which they can be built and by a majority of the Other Home Owners, if any.

30.1.6. Merger. In the event Developer develops Other Homes which are submitted to the condominium form of ownership, the Association may merge the condominiums operated by the Association by calling a special meeting for such purpose, obtaining the affirmative vote of seventy-five percent (75%) of the owners in each such condominium, obtaining the approval of all record owners of liens, and upon the recording of new or amended Articles of Incorporation, Declarations, and Bylaws.

30.2 Multicondominium.

In the event there are Other Units, as described in Paragraph 30.1 hereinabove, which are units in a condominium or condominiums operated by the Association ("Multicondominium"), then in addition to the provisions of Paragraph 30.1, the following provisions shall also apply.

The assets, liabilities, common surplus and liability for the Common Expenses of the Association which are not Common Expenses attributable to a particular condominium or condominiums ("Association Expenses") shall be equal as to each condominium unit operated by the Association. The Assessment for Association Expenses as to each condominium shall be determined by dividing the Association Expenses by the total number of condominium units operated by the Association. As to each condominium, this amount shall be multiplied by the number of units in the condominium, which amount shall be added to the common expenses of the condominium to be levied and assessed against the unit owners thereof in accordance with the declaration of condominium for that condominium. The share of each Other Unit Owner in a Multicondominium in the Common Surplus of the Association shall be determined in the same manner.

Developer currently has no plans to have Other Unit Owners in any such Multicondominium share common elements, other than the easement provided in subparagraph 30.1.2 hereinabove, or to add any property to be owned by the Association.

In the event Developer creates a Multicondominium, each Multicondominium unit shall have appurtenant thereto one (1) vote in the Association, which shall be exercised personally by the unit owner.

30.3 Severability.

Invalidation of any one of these covenants or restrictions or of any of the terms and conditions herein contained shall in no way affect any other provisions which shall remain in full force and effect.

30.4 Rights of Mortgagees.

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

30.4.2. Rights of Listed Mortgagee. Upon written request to the Association identifying the name and address of the Listed Mortgagee of a mortgage encumbering a Home and the legal description of such Home, the Association shall provide such Listed Mortgagee with timely written notice of the following:

30.4.2.1. Any condemnation, loss or casualty loss which affects any material portion of the Condominium or any Home encumbered by a first mortgage held, insured or guaranteed by such Listed Mortgagee;

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

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

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

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

30.4.4. Right to Cover Cost. Developer (until the Majority Election Date) and any Listed Mortgagee shall have the right, but not the obligation, jointly or singularly, and at their sole option, to pay any of the Assessments which are in default and which may or have become a charge against any Home. Further, Developer (until the Majority Election Date) and any Listed Mortgagees shall have the right, but not the obligation, jointly or singularly, and at their sole option, to pay insurance premiums or fidelity bond premiums or any New Total Tax on behalf of the Association where, in regard to insurance premiums, the premiums are overdue and where lapses in policies may or have occurred or, in regard to New Total Taxes, where such tax is in default and which may or has become a charge against the Condominium Property. Developer and any Listed Mortgagees paying insurance premiums or any New Total Tax on behalf of the Association as set forth above shall be entitled to immediate reimbursement from the Association plus any costs of collection, including, but not limited to, Legal Fees.

30.5. Developer Approval of Association Actions.

Notwithstanding anything in this Declaration to the contrary, while Developer holds Homes for sale or lease in the ordinary course of business (as used herein, the phrase “ordinary course of business” shall mean any method of sale employed by Developer to sell Homes, including, but not limited to, having a sales office, using the services of any broker or advertising Homes for sale), none of the following actions may be taken without approval in writing by Developer:

- (i) Assessment of Developer as a Home Owner for capital improvements; and
- (ii) Any action by the Association that would be detrimental to the sale or leasing of Homes by Developer.

The determination as to what actions would be detrimental or what constitutes capital improvements shall be in the sole discretion of Developer; provided, however, that an increase in assessments for Neighborhood Common Expenses without discrimination against Developer shall not be deemed to be detrimental to the sale or lease of Homes.

30.6. Notices.

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

30.7. No Time-Share Estates.

Pursuant to the requirements of Section 718.403(f) of the Act, it is hereby specified that no time share estates will be created with respect to Homes in any Phase.

30.8. Assignment of Developer's Rights.

Developer shall have the right to assign, in whole or in part, any of its rights granted under this Declaration. No Home Owner or other purchaser of a portion of the Land shall, solely by the purchase, be deemed a successor or assignee of any rights granted to Developer under this Declaration, unless such purchaser is specifically designated as such in an instrument executed by Developer

30.9. Lease.

A lessee of a Home shall by execution of a lease, be bound by all applicable terms and provisions of this Declaration and be deemed to, accept his or her leasehold estate subject to this Declaration and the Master Documents, agree to conform and comply with all provisions contained

herein and allow the lessor or the Association to fulfill all obligations imposed pursuant thereto. Each Home Owner, by his/her acceptance of a deed to a Home thereby assigns to the Association the right to collect rent from any lessee of a Home, in the event such Home Owner is delinquent in paying his/her Neighborhood Common Expenses to the Association. After collecting any such rent, the Association may deduct any late Neighborhood Assessments, Interest and Legal Fees and remit any balance to the Home Owner. All leases must be in writing, and copies of the lease agreement and any amendments thereto shall be delivered to the Association upon execution.

30.10. Documents.

Any person reading this Declaration is hereby put on notice that this Condominium is part of Palmira Golf and Country Club and, as such, is subject to the Master Documents, as such documents may be amended from time to time. These documents and all amendments thereto are superior to this Declaration and should be read in conjunction with this Declaration and other Neighborhood Documents.

30.11. Security.

The Association may, but shall not be obligated to, maintain or support certain activities within the Condominium designed to make the Condominium safer than it otherwise might be. Developer shall not in any way or manner be held liable or responsible for any violation of this Declaration by any person other than Developer. Additionally, NEITHER DEVELOPER, MASTER DECLARANT, THE CDD, THE MASTER ASSOCIATION NOR THE ASSOCIATION MAKE ANY REPRESENTATIONS WHATSOEVER AS TO THE SECURITY OF THE PREMISES OR THE EFFECTIVENESS OF ANY MONITORING SYSTEM OR SECURITY SERVICE. ALL HOME OWNERS AGREE TO HOLD DEVELOPER, MASTER DECLARANT, THE CDD, THE MASTER ASSOCIATION AND THE ASSOCIATION HARMLESS FROM ANY LOSS OR CLAIM ARISING FROM THE OCCURRENCE OF ANY CRIME OR OTHER ACT. NEITHER THE ASSOCIATION, MASTER DECLARANT, THE MASTER ASSOCIATION, THE CDD, DEVELOPER, ANY SUCCESSOR MASTER DECLARANT, NOR ANY SUCCESSOR DEVELOPER SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE CONDOMINIUM. NEITHER THE ASSOCIATION, MASTER DECLARANT, THE MASTER ASSOCIATION, THE CDD, DEVELOPER, ANY SUCCESSOR MASTER DECLARANT, NOR ANY SUCCESSOR DEVELOPER SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY. ALL HOME OWNERS AND OCCUPANTS OF ANY HOME, AND TENANTS, GUESTS AND INVITEES OF A HOME OWNER, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD, THE MASTER ASSOCIATION AND ITS BOARD, DEVELOPER, MASTER DECLARANT, THE CDD, ANY SUCCESSOR MASTER DECLARANT, OR ANY SUCCESSOR DEVELOPER DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM, IF ANY, DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY DEVELOPER, MASTER DECLARANT, THE CDD, THE MASTER ASSOCIATION, OR THE ASSOCIATION MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR

PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH HOME OWNER AND OCCUPANT OF ANY HOME AND EACH TENANT, GUEST AND INVITEE OF A HOME OWNER, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS BOARD, THE MASTER ASSOCIATION AND ITS BOARD, THE CDD, ITS BOARD, MASTER DECLARANT AND ANY SUCCESSOR MASTER DECLARANT, DEVELOPER, OR ANY SUCCESSOR DEVELOPER ARE NOT INSURERS AND THAT EACH HOME OWNER AND OCCUPANT OF ANY HOME AND EACH TENANT, GUEST AND INVITEE OF A HOME OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO HOMES AND TO THE CONTENTS OF HOMES AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD, THE MASTER ASSOCIATION AND ITS BOARD, THE CDD AND ITS BOARD, MASTER DECLARANT AND ANY SUCCESSOR MASTER DECLARANT, DEVELOPER, OR ANY SUCCESSOR DEVELOPER HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY HOME OWNER OR OCCUPANT OF ANY HOME, OR ANY TENANT, GUEST OR INVITEE OF A HOME OWNER RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED, IF ANY, OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE CONDOMINIUM, IF ANY.

31. PROVISIONS RELATING TO TERMINATION

The Condominium may be terminated in the following manner:

31.1 Agreement.

The Condominium may be terminated at any time by written agreement of the Unit Owners of at least three fourths (3/4) of the Units and the primary Institutional Mortgagee.

31.2. Very Substantial Damage.

If the Condominium suffers “very substantial damage” to the extent defined in Section 14.6 above, and it is not decided as provided in Section 14.6 above that the Condominium will be reconstructed or repaired, the condominium form of ownership of the property in this Condominium will be terminated.

31.3. Certificate of Termination; Termination Trustee.

The termination of the Condominium by either of the foregoing methods shall be evidenced by a Certificate of Termination, executed by the President or Vice President of the Association with the formalities of a deed, and certifying to the facts effecting the termination. The certificate also shall include the name and address of a Florida financial institution with trust powers, or a licensed Florida attorney, designated by the Association as Termination Trustee. The certificate shall be signed by the Trustee indicating willingness to serve in that capacity. Termination of the Condominium occurs when a Certificate of Termination meeting the requirements of this Section is recorded in the Public Records of the County. The recording of the Certificate of Termination automatically divests the Association and all Unit Owners of legal title and vests legal title to all real

and personal property formerly the Association Property in the Termination Trustee named in the Certificate of Termination without need for further conveyance. Beneficial title to the Property is owned by the former Unit Owners as tenants in common in the same undivided shares each Unit Owner previously owned in the Common Elements. On termination, each lien encumbering a Unit shall be transferred automatically to the equitable share in the Property attributable to the Unit encumbered by the lien with the same priority. Termination incident to a merger of this Condominium with another under Section 29.1.6 above shall not require the designation of a Termination Trustee.

31.4. Wind-up of Association Affairs.

The termination of the Condominium does not, by itself, terminate the Association. The former Unit Owners and their successors and assigns shall continue to be members of the Association, and the members of the Board of Directors and the officers of the Association shall continue to have the powers granted in this Declaration, the Articles of Incorporation, and Bylaws for the purpose of winding up the affairs of the Association in accordance with this Section.

31.5 Notice to Division

When the Board intends to terminate or merge the Condominium, or dissolve or merge the Association, the Board shall so notify the Division of Florida Land Sales, Condominiums and Mobile Homes ("Division") before taking any action to terminate or merge the Condominium or the Association. Upon recordation of the Certificate of Termination in the Public Records, the Association shall, within thirty (30) business days, notify the Division of the termination. Such notice shall include the date the Certificate of Termination was recorded, the County, and the Official Records book and page number where recorded, together with a copy of the recorded Certificate of Termination, certified by the Clerk of Courts of the County.

IN WITNESS WHEREOF, Developer has caused these presents to be duly executed this ____ day of _____, 20____.

WITNESSES:

CENTEX HOMES, a Nevada general partnership
BY: CENTEX REAL ESTATE CORPORATION
a Nevada corporation, Its: General Partner

Signature

Printed Name

By: _____
TIMOTHY J. RUEMLER
Division President

Signature

Printed Name

Attest: _____
MICHAEL S. McLEOD
Assistant Secretary/Controller

(CORPORATE SEAL)

STATE OF FLORIDA
COUNTY OF COLLIER

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by TIMOTHY J. RUEMLER and MICHAEL S. McLEOD, the Division President and Assistant Secretary/Controller respectively of CENTEX REAL ESTATE CORPORATION, a Nevada corporation on behalf of the corporation, as the General Partner of CENTEX HOMES, a Nevada general partnership, who are personally known to me. They affixed thereto the seal of the corporation.

Notary Public
My Commission Expires:

EXHIBIT A
TO
DECLARATION OF CONDOMINIUM
OF
PALOMA AT PALMIRA GOLF AND COUNTRY CLUB, A CONDOMINIUM

Legal Description of the Land

Please refer to the legal descriptions for Phases 1 through 29 of Paloma at Palmira Golf and Country Club, a Condominium, which are part of Exhibit B hereof, which in the aggregate comprise the Land.

EXHIBIT B
DECLARATION OF CONDOMINIUM
OF
PALOMA AT PALMIRA GOLF AND COUNTRY CLUB, A CONDOMINIUM

Legal Descriptions and Surveys, Plot Plans and Graphic Descriptions of
Improvements for Phases 1 through 29

Please refer to Exhibit 12C to the Prospectus

EXHIBIT C
TO
DECLARATION OF CONDOMINIUM
OF
PALOMA AT PALMIRA GOLF AND COUNTRY CLUB, A CONDOMINIUM

Articles of Incorporation
of
Paloma at Palmira Golf and Country Club Condominium Association, Inc.

Please refer to Exhibit 2 to the Prospectus

EXHIBIT D
TO
DECLARATION OF CONDOMINIUM
OF
PALOMA AT PALMIRA GOLF AND COUNTRY CLUB, A CONDOMINIUM

Bylaws of Paloma at Palmira Golf and Country Club Condominium Association, Inc.

Please refer to Exhibit 3 to the Prospectus

EXHIBIT E
TO
DECLARATION OF CONDOMINIUM
OF
PALOMA AT PALMIRA GOLF AND COUNTRY CLUB, A CONDOMINIUM

Site Plan

Please refer to Exhibit 12B to the Prospectus