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AMENDED AND RESTATED COMMUNITY CHARTER

FOR

BABCOCK RANCH RESIDENTIAL PROPERTIES

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AMENDED AND RESTATED COMMUNITY CHARTER
FOR
BABCOCK RANCH RESIDENTIAL PROPERTIES

This Amended and Restated Community Charter for Babcock Ranch Residential Properties (as it may be amended, the "**Charter**") is established by Babcock Property Holdings, LLC, a Delaware limited liability company (with its successors and assigns, the "**Founder**").

BACKGROUND STATEMENT

Babcock Ranch is a mixed-use planned community located in Charlotte County and Lee County, Florida, and a master development of regional impact identified in that Master DRI Development Order approved by the Charlotte County Board of County Commissioners as the Babcock Ranch Community Master Development of Regional Impact ("**Babcock Ranch**"). As the developer of Babcock Ranch, the Founder executed and filed that certain Community Charter for Babcock Ranch Residential Properties, which was recorded as Instrument No. 2453865 in Official Records Book 4105, Page 15, et seq., of the Public Records of Charlotte County, Florida ("**Original Charter**"). As of the date hereof, the Original Charter has been supplemented by instruments recorded in the Public Records of Charlotte County, Florida as follows:

Phase or Tract	Recording Date	Instrument No.	O.R. Book / Page
Phase 1A Lots 24-43, 82-129, and 164-174	September 6, 2016	2463942	O.R. Book 4119, Page 591, *et seq.*
Phase 2A	October 31, 2017	2562060	O.R. Book 4250, Page 928, *et seq.*
Phase 1B2	January 12, 2018	2579189	O.R. Book 4272, Page 1332, *et seq.*
Tract E-2 of Ph. 1A	March 8, 2018, as amended September 12, 2018	2592755, as amended at 2644881	O.R. Book 4289, Page 1704, et seq.; as amended at O.R. Book 4357, Page 591, et seq.
Phase 1B1	July 3, 2018	2626739	O.R. Book 4333, Page 1881, *et seq.*
Phase 1A Tracts I-1 thru I-7	July 25, 2018	2632414	O.R. Book 4341, Page 394, *et seq.*

(collectively, the "**Prior Supplements**").

Pursuant to Section 21.2 of the Original Charter, the Founder reserved the right to amend the Original Charter unilaterally for any purpose until termination of the "Founder Control Period," as defined therein. The Founder Control Period has not terminated and the Founder desires to amend and restate the Original

Charter to revise the description of the "Lee County Parcel" on Exhibit "B" attached hereto, to address certain requirements of Lee County, Florida, and for other purposes as set forth herein, while leaving the Prior Supplements in effect.

NOW, THEREFORE, the Original Charter is amended and restated in its entirety as set forth herein; however, nothing herein shall be construed to amend or supersede the Prior Supplements, which shall remain in full force and effect, as they may be amended from time to time by separate instruments recorded in the Public Records of Charlotte County, Florida that specifically express the intent to amend a particular Prior Supplement.

DECLARATION OF INTENT AND BINDING EFFECT

The Founder has established this Charter to provide a governance structure and a flexible system of standards and procedures for the development, expansion, administration, maintenance, and preservation of the residential properties within Babcock Ranch that may be independently owned and conveyed. A key component of the governance structure is Babcock Ranch Residential Association, Inc. (the "**Association**"), a corporation not for profit, created to administer and enforce this Charter and the other Governing Documents referenced in this Charter.

This document provides for automatic and mandatory membership in a homeowners association subject to Florida Statutes Chapter 720.

The property described in Exhibit "A" to this Charter, including the property described in the Prior Supplements, and any additional property made subject to this Charter in the future by amendment or supplement, shall constitute the "**Community**" referenced in this Charter. This Charter shall run with the title to the real property comprising the Community, shall govern the development and use of such property, and shall be binding upon and benefit every person or entity that now or hereafter has any legal, equitable, or beneficial interest in any portion of the Community, including the Association, its successors and assigns.

PART ONE: INTRODUCTION TO THE COMMUNITY

Chapter 1 - Governing Documents

A community is guided and governed by certain principles that each owner and resident, by choosing to own property or reside in the community, agree to uphold. Those principles are set forth in the community's governing documents, which bind the community together, give it structure, and provide guidance to all who become a part of or have an interest in the Community.

1.1. Scope and Applicability

The Community has been established and is administered pursuant to various documents that have a legal and binding effect on all owners and occupants of property in the Community, as well as on anyone else that may now or in the future have an interest in any portion of the property comprising the Community. Such documents, referred to in this Charter as the "**Governing Documents**," include this Charter and the other documents described in Table 1.1, as they may be amended. All owners and occupants, as well as

GOVERNING DOCUMENTS	
Charter: (recorded)	this Community Charter for Babcock Ranch Residential Properties, which creates obligations that are binding upon the Association and all present and future owners of property in the Community
Supplement: (recorded)	a recorded Supplement to this Charter, which may submit additional property to this Charter, create easements over the property described in the Supplement, impose additional obligations or restrictions on such property, designate special areas as described in Chapter 3, or any of the foregoing
Articles of Incorporation: (filed with Department of State) (attached as Exhibit "D")	the Articles of Incorporation of Babcock Ranch Residential Association, Inc., as they may be amended, which establish the Association as a corporation not for profit under Florida law
By-Laws: (attached as Exhibit "E")	the By-Laws of Babcock Ranch Residential Association, Inc. adopted by its Board of Directors, as they may be amended (the "**By-Laws**"), which govern the Association's internal affairs, such as voting, elections, meetings, etc.
Design Guidelines: (Founder adopts)	the design standards and architectural and aesthetics guidelines adopted pursuant to Chapter 5, as they may be amended, which govern new construction and modifications to property in the Community, including structures, landscaping, and other items constructed or installed by anyone other than the Founder
Rules: (initial set attached as Exhibit "C")	the rules of the Association adopted pursuant to Chapter 7, which regulate use of property, activities, and conduct within the Community
Board Resolutions: (Board adopts)	the resolutions which the Association's board of directors adopts to establish rules, policies, and procedures for internal governance and Association activities and to regulate the operation and use of property the Association owns or controls

Table 1.1 - Governing Documents

their tenants, guests, and invitees, are required to comply with the Governing Documents.

1.2. Additional Covenants

The Owner of any property within the Community may impose additional covenants on its property with such approval as may be required pursuant to Section 18.5. If the provisions of any such additional covenants are more restrictive than the provisions of this Charter, the more restrictive provisions control. The Association shall have standing and the power, but not the obligation, to enforce any such additional covenants.

1.3. Conflicts

If there are conflicts between any of the Governing Documents and Florida law, Florida law shall control. If there are conflicts between or among any of the Governing Documents, then the Charter shall control over the By-Laws, Design Guidelines, and Rules; the By-Laws shall control over the Design Guidelines and Rules, and the Design Guidelines shall control over the Rules. If there is a conflict between the Charter and any additional provisions set forth in a Supplement and applicable only to the property described in such Supplement, the Supplement shall control. If there is a conflict between the Governing Documents and any additional covenants recorded on any property within the Community (or the rules or policies adopted pursuant to any such additional covenants), the Governing Documents shall control.

For purposes of this provision, a "conflict" shall exist only when requirements of two or more documents or laws are inconsistent and mutually exclusive, making compliance with all such requirements impossible. In the event that any two or more of the foregoing impose requirements that address the same matter, but are not inconsistent or mutually exclusive, both shall be complied with, it being the intent that the Governing Documents shall supplement, and may be more restrictive or expansive than, applicable law to the extent permitted by applicable law, and that one Governing Document may be more restrictive or detailed than another so long as not in conflict with the document that would control under this paragraph in the event of a conflict.

The Governing Documents use diagrams, tables, and keynotes (text set apart in boxes with "key" icons) to illustrate concepts and assist the reader. If there is a conflict between any diagram and the text of the Governing Documents, the text shall control.

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

1.4. Definitions

Capitalized terms used in the Governing Documents have the meaning described in the paragraph where they first appear in bold print. An index to defined terms may be found immediately following the Table of Contents and Table of Exhibits for this Charter. All other terms used in the Governing Documents have their natural, commonly accepted definitions.

1.5. Interpretation of Certain References

Community-Wide Standard. Where the Governing Documents require compliance with the "**Community-Wide Standard**," the standard to be applied is the highest of: (a) the standard of use, conduct, architecture, landscaping, or aesthetic matters generally prevailing in

the Community; or (b) the minimum standards described in this Charter, the Design Guidelines, the Rules, and Board resolutions. The Community-Wide Standard may contain objective elements, such as specific maintenance requirements, and subjective elements, such as matters subject to the discretion of the Board or the Reviewer (as defined in Chapter 5). The Community-Wide Standard may or may not be set out in writing The Founder initially shall establish such standard; however, the Community-Wide Standard may evolve as development progresses and as the Community matures.

Consent or Approval. All references in the Governing Documents to "**consent**" or "**approval**" shall refer to permission or approval, which unless otherwise expressly qualified in the specific provision, may be granted or withheld in the discretion of the Person whose consent or approval is required.

Discretion and Determination. All references in the Governing Documents to "**discretion**" or to the right to "**determine**" any matter shall refer to the sole and absolute power or right to decide or act. Unless otherwise expressly limited in the Governing Documents or by law, any one authorized in the Governing Documents to exercise its discretion or make a determination may do so without regard to the reasonableness of, and without the necessity of justifying, the decision, determination, action, or inaction.

Maintenance. Unless otherwise expressly limited, any reference in this Charter to "**maintenance**" shall refer to maintenance, repair, and replacement.

Person. References in the Governing Documents to a "**Person**" or "**Persons**" shall refer to an individual, a corporation, a partnership, a limited liability company, or any other legal entity.

Recording. All references in the Governing Documents to a "**recorded**" legal instrument, or to "**recordation**" or the "**recording**" of a legal instrument, shall refer to an instrument filed or the filing of a legal instrument in the official public records of Charlotte County or Lee County, Florida, as applicable, or such other place designated as the official location for filing documents affecting title to real estate in those counties in order to make them a matter of public record.

Chapter 2 - Community Administration

Vibrant communities depend upon all of their stakeholders working together to uphold community standards and achieve the vision and goals for the community. The Founder, the Association, the Owners, the Commercial Association described herein, and others have a role in the functioning of Babcock Ranch and in helping to fulfill that vision. This Chapter identifies these stakeholders and describes their roles in administering Babcock Ranch.

2.1. The Founder

The Founder has established the vision for Babcock Ranch and, through the Governing Documents, has set forth the founding principles that will guide the Community during the initial period of development and sale and thereafter. The Founder's proposed plan for development of Babcock Ranch is described in the Babcock Ranch Community Master Development of Regional Impact Master DRI Development Order approved by the Board of County Commissioners of Charlotte County, Florida, as Resolution 2009-283 and recorded in the public records of Charlotte County, Florida as Instrument No. 1901091 in O.R. Book 3442, Page 429, et seq., as it may be amended ("**Master Development Order**") and such land use plan(s) for all or portions of Babcock Ranch as may be approved by Charlotte County or Lee County, Florida, as they may be amended (the Master Development Order and any such land use plans are collectively referred to in this Charter as the "**Development Plan**"). The Development Plan encompasses all of the property described in Exhibit "A" and all or a portion of the property described in Exhibit "B" and may include other property not described on Exhibit "A" or "B." The Founder reserves the right to make changes in the Development Plan and is not obligated to submit property shown on or otherwise included in the Development Plan to this Charter. In addition, the Founder may submit property to this Charter that is not a part of the Development Plan. No representation is made that the Community will be developed as shown on the Development Plan.

The Founder has reserved various rights in the Governing Documents with respect to development and administration of the Community. The Founder may exercise certain of these rights throughout the "**Development and Sale Period**," which is the period of time during which the Founder or any "Founder Affiliate" owns real property in the Community or has an unexpired option to expand the Community pursuant to Chapter 17. A "**Founder Affiliate**" is any Person that controls, is controlled by, or is under common control with the Founder, and any Person that is an owner, a member, a partner, or a shareholder of the Founder.

The Founder has reserved other rights that may be exercised during the "**Founder Control Period**," which is the period of time that the Founder is entitled to appoint at least a majority of the members of the Association's board of directors ("**Board**"). The Founder Control Period begins on the date of the Association's incorporation and terminates upon the first of the following to occur:

(a) three months after 90% of the total number of residential dwelling units permitted by the Development Plan have been conveyed to Persons other than the Founder;

(b) December 31, 2055; or

(c) when, in its discretion, the Founder so determines and declares in a recorded instrument.

The Founder has certain approval rights over Association actions for a limited period as provided in the By-Laws after the termination of the Founder Control Period.

The Founder may assign its status and/or rights as the Founder under the Governing Documents, in whole or in part, and with respect to all or any portion of the Community, to any Founder Affiliate or to one or more persons who take title to any portion of the property described in Exhibit "A" or "B" for the purpose of development and/or sale; however, there shall be no more than one Founder at a time. Any such assignment shall be made only in a recorded instrument signed by all parties to the assignment.

2.2. The Association and its Board

The Association is the entity primarily responsible for administering the Community in accordance with the Governing Documents. On most matters, the Association acts through the Board, which is selected as provided in Section 2.1 and the By-Laws. However, in some instances the Governing Documents or applicable law limit the Board's ability to act without the approval of the Association's members. Unless the Governing Documents or Florida law specifically provide otherwise, the Board may exercise the Association's rights and powers without a vote of the membership.

The Association may exercise all rights and powers that the Governing Documents and Florida law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Governing Documents and Florida law. It may also take any action reasonably necessary to effectuate any such right or privilege.

Although the Association has the power to institute, defend, and settle lawsuits pertaining to the Area of Common Responsibility (as defined in Section 3.1) and enforcement of the Governing Documents, the Board has no legal duty to institute litigation or any other proceeding on behalf of or in the name of the Association or its members.

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

2.3. The Owners

Each Person that holds record title to a Unit (as defined in Section 3.1) is referred to in the Governing Documents as an "**Owner**." However, a Person who holds title merely as security for the performance of an obligation (such as a lender holding a mortgage or similar security instrument) is not considered an "Owner." If a Unit is sold under a recorded contract of sale, and the contract specifically so states, the purchaser (rather than the holder of fee simple title) will be considered the Owner. If a Unit has more than one Owner, all co-Owners shall enjoy the benefits to which Owners are entitled and are jointly and severally obligated to perform the responsibilities of the Owner under the Governing Documents.

Every Owner has a responsibility to comply with the Governing Documents and uphold the community standards described in Part Two of this Charter. Each Owner also has an opportunity to participate in the administration of the Community through membership in the Association and through service to the Community in other committee and leadership roles, as described in the By-Laws.

2.4. Builders

The Founder intends to sell property in the Community to builders for the purpose of constructing dwellings for resale in the ordinary

course of their business ("**Builders**"). Builders are considered Owners during the time that they own property in the Community for development, construction, and/or resale, and are entitled to the privileges and subject to the obligations of membership in the Association for each Unit that they own, except as otherwise specifically provided in this Charter. In addition, the Founder may extend any of the rights it has reserved under the Governing Documents with respect to development, marketing, and sale of property in the Community to such Builders as it may designate, but in no event shall any such extension of rights deprive the Founder of the right to continue to exercise such rights on its own behalf.

2.5. Additional Associations

Portions of the Community may be developed under a condominium form of ownership or may have special requirements that warrant a separate owners association to administer additional covenants applicable to that particular area ("**Additional Association**"). However, nothing in this Charter requires the creation of an Additional Association, and the jurisdiction of any Additional Association shall be subordinate to that of the Association. The Owners of Units within the jurisdiction of any Additional Association shall be members of both the Additional Association and the Association.

Any Additional Association shall be responsible for administering the additional covenants applicable to the property within its jurisdiction and for maintaining, in accordance with the Community-Wide Standard, any property that it owns or that its covenants designate as being for the common benefit of its members.

2.6. Mortgagees

If a Unit is made subject to a mortgage or other form of security instrument affecting title to a Unit ("**Mortgage**"), then the holder or beneficiary of that Mortgage ("**Mortgagee**") also has an interest in the administration of the Community. The Governing Documents contain various provisions for the protection of Mortgagees, including those set forth in Chapter 16.

2.7. Independent Special District

The Babcock Ranch Community Independent Special District ("**ISD**") is a special taxing district created pursuant to Chapter 2007-306, Laws of Florida, as it may be amended, to finance the construction of, and own, operate, and maintain certain infrastructure improvements serving all or a portion of Babcock Ranch, which may include such things as storm water or surface water management system facilities, parks, street lights, roads, utilities, public recreation and other facilities, as well as environmental mitigation features both within and outside of Babcock Ranch. At any time, and from time to time, the Founder or the Association may grant easements to the ISD, enter into agreements with the ISD for maintenance and/or use of certain properties within the Community, and/or transfer ownership and/or maintenance responsibility for properties within the Community to the ISD. As a result of any such transfer, the scope of the Association's maintenance responsibilities under this Charter may be reduced or increased.

Each Unit will be subject to assessment by the ISD in addition to such assessments as may be levied by the Association pursuant to Chapter 12 of this Charter. The ISD is also empowered to issue bonds, charge user fees, and levy ad valorem or maintenance taxes.

2.8. Commercial Association

The Founder has established Babcock Ranch Commercial Association, Inc., a Florida not for profit corporation, to administer covenants and restrictions applicable to properties intended for office, retail, institutional, and other nonresidential uses, as well as multi-family rental apartments, if any, within Babcock Ranch (the "**Commercial Association**") pursuant to the Charter for Babcock Ranch Commercial Properties recorded or to be recorded by the Founder (the "**Commercial Charter**") and pursuant to various governing documents referenced in such Commercial Charter (the Commercial Charter and such other governing documents are collectively referred to as the "**Commercial Documents**"). The Founder intends for the Residential Association and the Commercial Association to cooperate in the administration of the property within their respective jurisdictions and in the enforcement of their respective governing documents to establish and maintain consistent standards of operation, maintenance, architecture and use throughout Babcock Ranch. This may include, without limitation, entering into agreements for common management or maintenance.

2.9. Preserve Manager

The State of Florida or entities it controls and Lee County, Florida own certain tracts of land in the vicinity of Babcock Ranch known as the "**Babcock Ranch Preserve.**" The Board of Trustees of the Internal Improvement Trust Fund of the State of Florida, Florida Fish and Wildlife Conservation Commission, the Department of Agricultural and Consumer Services, and Lee County, Florida have appointed a manager ("**Preserve Manager**") to manage and maintain Babcock Ranch Preserve so as to conserve and protect its rural and agricultural character, ecological and hydrological integrity, and animal and plant populations. The Preserve Manager is subject to change from time to time.

2.10. Babcock Ranch Foundation

The Founder has established Babcock Ranch Foundation, Inc., a Florida not for profit corporation (the "**Foundation**"), to facilitate activities and programs to enhance the quality of life within and help sustain the Babcock Ranch community and its environs. The Association may, but shall not be obligated to, provide financial support to the Foundation over and above such amounts as the Foundation may be entitled to receive pursuant to this Charter.

Chapter 3 - Community Structure and Organization

The Community consists of Units intended for the use of the Owner and other occupants of the Unit, as well as property that is intended for common use. Units are grouped into Delegate Districts to facilitate voting on Association matters. Units also may be assigned to Service Areas to permit the Association to provide special services and benefits to particular areas of the Community.

3.1. Designations of Properties Comprising the Community

Units. The Governing Documents refer to the homes and home sites in the Community as "**Units.**" A Unit is a portion of the Community which is depicted as a separately identified lot or parcel on a recorded subdivision plat or as a separate unit on a condominium plat or plan, and which is intended for development, use, and occupancy as a residence for a single family. The term "Unit" refers to the land, if any, which is part of the Unit, as well as to any structures or other improvements on the Unit. In the case of a building containing multiple dwellings, each dwelling that may be independently owned and conveyed shall be deemed to be a separate Unit.

A parcel of land intended for further subdivision and development into one or more Units is considered a single Unit until a subdivision plat, survey, or condominium instrument is recorded subdividing it into more than one Unit, unless otherwise specified in a recorded Supplement applicable to such parcel. The term "Unit" does not include Common Areas, as defined below, common property of any Additional Association, property dedicated to the public, or property which the ISD owns.

ISD Property. Portions of Babcock Ranch, including, without limitation, infrastructure, landscaping, open space, and recreational facilities, may be owned by or dedicated to the ISD or a similar quasi-governmental entity for purposes consistent with those for which the ISD was established (the "**ISD Property**"). ISD Property shall not be considered a Unit and shall not be subject to assessment so long as it is owned or operated by the ISD or its designated agent. The ISD shall not be a member of the Association or entitled to votes in the Association for ISD Property. Notwithstanding the general authority granted to the Association in this Charter or By-Laws to adopt and enforce rules regulating activities within the Community, the Association shall not, without the prior written consent of the ISD, seek to exercise such authority in any manner which interferes with the lawful operation by the ISD or its authorized agent of facilities constructed on ISD Property, it being the intent that the Association's authority to adopt and enforce rules be limited, with respect to ISD Property, to regulation of conduct and activities of the Association's members, their tenants, and their respective guests and invitees on the ISD Property to the same extent that the Association regulates their conduct and activities in other portions of the Community.

Common Area. Any property and facilities that the Association owns or in which it otherwise holds possessory or use rights for the common use or benefit of more than one Unit is referred to as "**Common Area.**" The Common Area also includes easements in favor of the Association and any property that the Association holds under a lease.

Limited Common Area. Certain portions of the Common Area may be designated as "**Limited Common Area**" and assigned for the exclusive use or primary benefit of one or more Units in specified portions of the Community. Limited Common Areas might include, but are not limited to, such things as neighborhood entry features, private streets, shared driveways or

courtyards, or alleys providing rear access to a particular group of Units, if the Association owns or holds easements over such properties.

The Founder may designate property as Limited Common Area and assign it to particular Units on the recorded plat depicting such property, in the deed conveying such property to the Association, or in the Supplement by which the property is submitted to the terms of this Charter. At any time during the Development and Sale Period, the Founder may assign use of the same Limited Common Area to additional Units.

Area of Common Responsibility. All of the properties and facilities for which the Association has responsibility under the Governing Documents, or for which the Association otherwise agrees to assume responsibility, are collectively referred to in the Governing Documents as the "**Area of Common Responsibility**," regardless of who owns them. The Area of Common Responsibility includes all of the Common Area and may also include Units or portions of Units and property dedicated to the public, such as public rights-of-way adjacent to the Community. The initial Area of Common Responsibility is described in Chapter 9.

3.2. Delegate Districts

Units are grouped into "**Delegate Districts**" to facilitate a system of representative voting on matters as to which the Governing Documents require approval of the Association's membership. A Delegate District may be comprised of any number of Units and may include Units of more than one housing type, as well as Units that are not contiguous to one another. Each Delegate District will elect one "Voting Delegate" to cast the votes allocated to Units in that Delegate District on matters requiring a vote of the Owners, as described in Chapter 4. Each Delegate District will also elect an alternate Voting Delegate to cast the Delegate District's votes in the absence of the Voting Delegate.

The Founder initially will assign Units to a specific Delegate District (by name or other identifying designation) either in Exhibit "A" or in a Supplement. During the Development and Sale Period, the Founder may unilaterally record a Supplement, or an amendment to this Charter or any previously recorded Supplement, to designate or change Delegate District boundaries. Thereafter, the Board may amend this Charter or any Supplement to re-designate Delegate District boundaries; however, the Board may not combine two or more existing Delegate Districts without the consent of Owners of a majority of the Units in the affected Delegate Districts.

3.3. Service Areas

Units also may be part of one or more "**Service Areas**" in which the Units share Limited Common Areas or receive special benefits or services from the Association that it does not provide to all Units within the Community. A Unit may be assigned to more than one Service Area, depending on the number and types of special benefits or services it receives. A Service Area may be comprised of Units of more than one housing type and may include Units that are not contiguous.

All Units, except those Units, if any, which are excluded by applicable Supplement from using some or all of the recreational facilities within the Common Area, shall constitute a "Recreational Facilities Service Area" for purposes of sharing the costs of maintaining, operating and insuring those recreational facilities which are not available to all Units on the same basis. For example, a group of Units which are subject to Additional Covenants regulating occupancy of such Units in order to qualify as housing for persons 55 years of age or older as described in Sec-

tion 807(b)(2)(C) of the Fair Housing Act (42 U.S.C. 3607(b)(2)(C)), as amended (an "**Age-Qualified Area**"), may have its own recreational facilities for exclusive use of the occupants of those Units. If so provided in the Supplement applicable to any such Age-Qualified Area, the Owners of such Units may have restricted access to recreational facilities within the Common Area and pay no assessments or reduced assessments related to such recreational facilities, as set forth in the applicable Supplement.

The Founder may designate other Service Areas (by name or other identifying designation) and assign Units to a particular Service Area either in Exhibit "A" to this Charter or in a Supplement applicable to Units comprising the Service Area. During the Development and Sale Period, the Founder may unilaterally amend this Charter or any Supplement to change Service Area boundaries.

In addition, the Board may, by resolution, designate Service Areas and assign Units to them upon petition of Owners of at least 67% of the Units affected by the proposed designation pursuant to Section 10.2, provided that the consent of the Founder shall also be required during the Development and Sale Period.

The Owners of Units within each Service Area may elect a "**Service Area Committee**" in accordance with the By-Laws to represent, and act on behalf of, the Owners with respect to the services and benefits that the Association provides to the Service Area. References to Service Areas in the Governing Documents shall also refer to such Service Area Committees, if appropriate from the context.

3.4. Shared Properties and Services

The Founder may execute and record a declaration of easements and covenant to share costs or similar instrument affecting any portion of the Community ("**Covenant to Share Costs**") providing for:

(a) the maintenance and operation of community infrastructure and improvements ("**Shared Properties**") which benefit any portion of the Community and any other real property in or adjacent to Babcock Ranch;

(b) the sharing of costs incurred in maintaining, operating, and insuring such Shared Properties between the Commercial Association, the Association, and/or any other Persons designated therein;

(c) easements over any portion of the Common Area, Shared Properties, or any other property (with the consent of the Owner thereof), for the benefit of any real property within or adjacent to Babcock Ranch; and/or

(d) easements over any other property for the benefit of all of portions of the Community.

Any such Covenant to Share Costs shall be binding upon the Association and the Owners of any portion of the Community submitted to such Covenant to Share Costs.

Chapter 4 - Association Membership and Voting Rights

The Association is the entity primarily responsible for the governance and administration of the Community. While many powers and responsibilities are vested in the Board in order to facilitate day-to-day management and operation, the membership and voting rights vested in the Owners allow the Owners to participate in administration of the Community and influence the outcome of major decisions.

4.1. Membership

The Association initially has two classes of membership: the "**Owner Membership**," which is comprised of all Owners (including Builders and the Founder, if they own Units), and the "**Founder Membership**," which consists solely of the Founder and is not dependent on ownership of a Unit. All Persons holding a membership in the Association are referred to in this Charter as "**Members**."

(a) ***Owner Members.*** Every Owner is automatically a member of the Association. However, there shall be only one membership per Unit. Thus, if a Unit has more than one Owner, all co-Owners of the Unit shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth below and in the By-Laws. If an Owner is a corporation, a partnership, or other legal entity, its membership rights may be exercised by any officer, director, partner, or trustee, or by an individual the Owner designates from time to time in a writing to the Association's Secretary, except that only the individuals residing in the Unit shall be entitled to use any Common Area recreational facilities available for use by Owners.

(b) ***Founder Member.*** The Founder holds the sole Founder Membership. Unless the Founder voluntarily terminates the Founder membership earlier, the Founder membership shall terminate on the later of (i) when the Founder no longer holds for sale in the ordinary course of business property upon which at least 5% of the total number of dwelling units permitted by the Development Plan have been or may be constructed; or (ii) two years after expiration of the Founder Control Period or on such earlier date as the Founder determines and declares in a recorded instrument.

Unless the Founder specifically delegates such authority, the Founder shall act as, and on behalf of, the Founder Membership on all matters.

4.2. Voting

Each Unit is assigned one equal vote, subject to the limitations on voting set forth in this Charter and the other Governing Documents. No vote shall be exercised for any property exempt from assessment under Section 12.9.

Due to the number of Units that may be developed in the Community, the Governing Documents provide for a representative system of voting. The Owners of Units in each Delegate District elect a "**Voting Delegate**" and an alternative Voting Delegate, in the manner provided in the By-Laws, to cast the votes of all Units in the Delegate District (other than Units owned by the Founder) on matters requiring a vote of the membership, except where the Governing Documents specifically require a vote of the Owners. However, until such time as the Board first calls for election of a Voting Delegate for a particular Delegate District, the Owner of each Unit in such Delegate District shall be considered a "Voting Delegate" and may personally cast the vote allocated to such Owner's Unit on any issue requiring a vote of the Voting Delegates under the Governing Documents. The Founder shall be considered the Voting Delegate for, and may personally cast the vote(s) allocated to, any Units that it owns until expiration of the Development and Sale Period.

Association Membership and Voting Rights

The Voting Delegate or, in his or her absence, the alternative Voting Delegate, attends Association meetings and casts all votes allocated to Units in the Delegate District that he or she represents on any matters as to which such Voting Delegate is entitled to vote under the Governing Documents. A Voting Delegate may vote all votes it is entitled to cast in its discretion and may, but need not, poll the Owners of Units in the Delegate District which he or she represents prior to voting. On any matter for which a Voting Delegate is entitled to cast more than one vote, the Voting Delegate may cast all such votes as a block or split them but shall not be entitled to fractionalize any single vote.

Voting Delegates are elected solely to facilitate the voting process. They are subordinate to the Board, and their responsibility and authority does not extend to policymaking, supervising, or otherwise being involved in Association governance beyond voting on matters put to a vote of the membership. Voting Delegates shall have no authority to meet in their capacity as Voting Delegates or to conduct business outside of a meeting duly called in accordance with the By-Laws provisions for membership meetings.

In any situation in which an Owner is entitled personally to exercise the vote for his or her Unit, if there is more than one Owner of a Unit, any co-Owner or any proxy duly appointed by a co-Owner may cast the vote for such Unit or consent to any action requiring approval of the Owners on behalf of all co-Owners of the Unit; however, no single vote may be split and no more than one vote may be cast for any Unit. If two or more co-Owners or their proxies seek to exercise the Unit's vote independently, neither shall be recognized except that the Unit's vote may be counted as an abstention for purposes of establishing a quorum. The Unit's vote may not be split, and no more than one vote may be cast for any Unit.

PART TWO: COMMUNITY STANDARDS

Chapter 5 - Architecture, Landscaping, and Aesthetic Standards

The Community derives its unique character from a mix of compatible architectural styles and from the cooperation of all Builders and Owners in upholding minimum design, landscaping, and aesthetic standards. This Chapter explains how those standards are established and how they are applied and maintained through a process requiring prior approval for construction on and exterior modifications to improvements on property within the Community initiated by anyone other than the Founder or the Association during the Founder Control Period.

5.1. General

Except as otherwise specifically authorized by Florida Statutes § 720.304 with respect to certain flags and flagpoles, all site work, landscaping, structures, improvements, and other items (including sports, play, and maintenance equipment, outdoor furniture and storage, and decorative items) constructed, installed, placed or stored on any property in the Community in a manner or location visible from outside of any existing structure, and any modifications thereof (collectively, "**Improvements**") are subject to standards for design, landscaping, and aesthetics adopted pursuant to this Chapter ("**Design Guidelines**") and the approval procedures set forth in this Chapter, except as this Chapter or the Design Guidelines may otherwise specify.

Nothing in this Chapter or the Design Guidelines shall authorize the Reviewer (as defined in Section 5.2(c) below) to preclude an Owner from displaying a portable, removal United States flag in a respectful manner, consistent with Title 36 U.S.C. Chapter 10, or to prohibit an Owner from implementing xeriscape or Florida friendly landscape, as defined in Florida Statutes § 373.185(1), or installing solar collectors, clotheslines, or other energy devices based on renewable resources on his or her Unit; however, the Owner shall first comply with the application and review procedures set forth in this Chapter and such application shall be subject to review and approval or disapproval as to number, location, size, manner of installation and other matters described in Section 5.3(b) and the Design Guidelines, to the extent not inconsistent with Florida law. Any requirements imposed on the location of any solar collector shall not impair the effective operation of such solar collector. Approval of applications for installation of landscaping may be conditioned upon the Owner's execution and recording of an agreement to maintain such landscaping at the Owner's expense.

No prior approval is necessary to repaint the exterior of existing structures using the most recently approved color scheme or to rebuild or restore any damaged structures in a manner consistent with the plans and specifications most recently approved for such structures; provided, the Owner shall be responsible for confirming the most recently approved paint color formula prior to repainting. Generally, no approval is required for work done to the interior of a structure; however, modifications to the interior of screened porches, patios, and any other portions of a structure visible from outside of the structure do require prior approval.

Any dwelling constructed on a Unit shall be designed by and built in accordance with the plans and specifications of a licensed architect or a residential designer approved by the Reviewer, unless the Reviewer, in its sole discretion, otherwise agrees. In addition, during the Development and Sale Period, only builders that the Reviewer (as defined in Section 5.2) approves may construct dwellings on Units.

All construction on Units shall comply with all applicable building codes and all applicable local, state and federal permit requirements.

Approval under this Chapter shall be in addition to, not in lieu of, any approvals or reviews required by Charlotte County or Lee County, Florida, or any governmental agency or entity having jurisdiction over architectural or construction matters. However, approval under this Chapter shall be obtained prior to requesting any building or other permit or submitting any documentation to any governmental authority whose review or approval may be required for the proposed work. The Founder and the Association shall have the right and standing to take action to suspend or enjoin processing of any request for review or approval by a governmental authority submitted prior to any necessary approval being granted hereunder.

This Chapter shall not apply to the Founder's design and construction activities or to the Association's activities during the Founder Control Period.

5.2. Design Review Authority

(a) ***Founder.*** The Founder shall have exclusive authority to review and act upon all applications for review of proposed Improvements until the later of (i) the expiration of the Development and Sale Period, or (ii) such time as all Units planned for the property described in Exhibits "A" and "B" have been improved with dwellings for which a certificate of occupancy has been issued. The Founder may designate one or more persons to act on its behalf in reviewing any application and may establish a committee ("**Founder's Review Committee**" or "**FRC**") comprised of such persons as the Founder deems appropriate (which may but need not include architects, engineers, or other professionals), to review applications and make recommendations to the Founder of approval or disapproval during the period of time that the Founder holds reviewing authority under this Chapter. In reviewing and acting upon any request for approval, or otherwise exercising or declining to exercise its authority under this Chapter, the Founder and its designee act solely in the Founder's interest and owe no duty and shall have no liability to the Association or any other Person.

From time to time, the Founder may delegate any or all of its rights under this Chapter to other Persons or committees, including the committee appointed pursuant to Section 5.2(b). Any such delegation shall be in writing, shall specify the scope of responsibilities delegated, and shall be subject to (i) the Founder's right to revoke such delegation at any time and reassume its prior control, and (ii) the Founder's right to veto any decision that it determines, in its discretion, to be inappropriate or inadvisable. So long as the Founder has any rights under this Chapter, the jurisdiction of others shall be limited to such matters as the Founder specifically delegates.

(b) ***Architectural Review Committee.*** Upon the Founder's delegation of authority pursuant to Section 5.2(a), or upon expiration or termination of the Founder's rights under this Chapter, the Board shall appoint an Architectural Review Committee ("**Architectural Review Committee**" or "**ARC**") to assume jurisdiction over matters within the scope of the delegated authority or this Chapter, respectively. The ARC shall consist of at least three persons who shall serve and may be removed and replaced in the Board's discretion. ARC members need not be Owners or representatives of Owners. The ARC may, but need not, include architects, engineers, or similar professionals. The Association may compensate ARC members in such manner and amount, if any, as the Board may determine appropriate.

Until expiration of the Founder's rights under this Chapter, the ARC shall notify the Founder in writing within five business days of any action (*i.e.,* approval, partial approval, or disapproval) it takes under this Chapter. A copy of the application and any additional information the Founder may require shall accompany the notice. The Founder shall have 10 business days after receipt of such notice to veto any such action, in its discretion, by written notice to the ARC.

Unless and until such time as the Founder delegates all or a portion of its reserved rights to the ARC or the Founder's rights under this Chapter terminate, the Association shall have no jurisdiction over architectural matters.

(c) ***Reviewer.*** For purposes of this Chapter, the entity having jurisdiction in a particular case shall be referred to as the "**Reviewer.**"

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



Initially, the Founder reviews applications for proposed Improvements. Thereafter, the Board of Directors will appoint an Architectural Review Committee to review applications for proposed Improvements. The Founder or the Architectural Review Committee, as applicable, is referred to as the "Reviewer." The Reviewer sets fees for reviewing applications.

5.3. Guidelines and Procedures

(a) ***Design Guidelines.*** The Founder may adopt Design Guidelines for the Community, which may contain general provisions applicable to all of the Community as well as specific provisions that vary among uses, housing types, or locations within the Community. The Design Guidelines may establish standards for the location, size, type, and appearance of all Improvements within the Community and shall be deemed to include those provisions set forth in Sections 5.9(a) and (b). The Design Guidelines are intended to provide guidance to Owners and contractors regarding matters of particular concern to the Reviewer. The Design Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Design Guidelines does not guarantee approval. The Founder may impose, enforce, and waive, in its discretion, additional and/or more stringent requirements for construction by Builders pursuant to contracts with such Builders.

The Founder shall have sole and full authority to amend the Design Guidelines for so long as it has review authority under Section 5.2(a). The Founder's right to amend the Design Guidelines shall continue even if it delegates reviewing authority to the ARC, unless the Founder also delegates the power to amend to the ARC. Upon termination or delegation of the Founder's right to amend, the ARC may amend the Design Guidelines with the Board's consent.

Amendments to the Design Guidelines shall apply prospectively only. They shall not require modifications to or removal of any structures previously approved once the approved construction or modification has begun, nor shall they apply to preclude repair or reconstruction of damaged structures in accordance with the plans as originally approved. However, any new work on such structures must comply with the Design Guidelines as amended. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may impose new or more restrictive requirements, eliminate requirements previously imposed or

otherwise make the Design Guidelines less restrictive.

The Reviewer shall make the Design Guidelines available to Owners and their contractors upon request and may charge a reasonable fee to cover reproduction costs. In the Founder's discretion, such Design Guidelines may be recorded, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

(b) ***Procedures.*** Unless the Design Guidelines provide otherwise, no activities within the scope of this Chapter (as described in Section 5.1) may begin on any portion of the Community until a written application is submitted to and approved by the Reviewer. The application must be accompanied by plans and specifications and such other information as the Reviewer or the Design Guidelines require.

Meetings of the ARC shall be open to all members, subject to the same exceptions as Board meetings under the By-Laws. This provision shall not apply when the Founder is the Reviewer.

In reviewing each application, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements.

The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to the procedures in Chapter 19 or judicial review so long as they are made in good faith and in accordance with required procedures.

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

The Reviewer shall notify the applicant in writing of the final determination on any application no later than 30 business days after its receipt of a completed application and all required submissions; however, with respect to any ARC determination subject to the Founder's veto right under Section 5.2(b), the Reviewer shall notify the applicant of the final determination within 45 business days after its receipt of the final determination and all required submissions. Notice shall be deemed given at the time the envelope containing the response is deposited in the U.S. mail. Hand delivery, facsimile, electronic mail, or similar delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant.

If the Reviewer fails to respond within the time period required above, the applicant may send written notice to the Reviewer requesting action on the application and if the Reviewer fails to respond within 30 business days after receipt of such written notice, then approval shall be deemed given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a

written variance has been granted pursuant to Section 5.5.

No approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 5.5.

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

The Reviewer may exempt certain activities from the application and approval requirements of this Chapter, if such activities are undertaken in compliance with the Design Guidelines and the Community-Wide Standard.

(c) *Appeals Process.* After the Board's appointment of the ARC, an applicant may appeal any disapproval of its application to the Board. To request an appeal, the applicant must submit to the Association's Secretary, no later than 15 days after the delivery of the notification of disapproval, a copy of the original application, the notification of disapproval, and a letter requesting review of the decision. The appeal request also shall contain a response to any specific concerns or reasons for disapproval listed in the notification of disapproval. The Board may (i) affirm the ARC's decision, (ii) affirm a portion and overturn a portion of the ARC's decision, or (iii) overturn the ARC's entire decision.

The Board shall notify the applicant and the ARC in writing of its decision no later than 30 days after its receipt of the request for appeal with all required information. The Board's decision shall include a description of its reasons for overturning the ARC's decision. During the appeal process, the Owner shall not commence any work requiring approval hereunder.

This subsection shall not apply while the Founder is the Reviewer.

5.4. No Waiver of Future Approvals

The people reviewing applications under this Chapter will change from time to time, and opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. It may not always be possible to identify objectionable features until work is completed. In such cases, the Reviewer may elect not to require changes to objectionable features. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.5. Variances



When unusual circumstances exist that make it difficult or impossible to comply with a particular requirement of the Design Guidelines, the Owner may file a request with the Reviewer to be excused from complying with such requirement. The Reviewer has the discretion to determine when a variance is appropriate.

The Reviewer may authorize variances from compliance with any of the Design Guidelines and any procedures set forth in this Chapter or in the Design Guidelines when, in its judgment,

circumstances justify an exception. No variance shall (a) be effective unless in writing; (b) be contrary to this Charter; or (c) prevent the Reviewer from denying a variance in other circumstances. A variance requires the Founder's written consent during the Development and Sale Period and, thereafter, requires the Board's written consent.

5.6. Limitation of Liability

This Chapter establishes standards and procedures as a mechanism for maintaining and enhancing the overall aesthetics of the Community; it does not create any duty to any Person. Review and approval of any application pursuant to this Chapter may be based purely on aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with zoning and subdivision ordinances, building codes and other governmental requirements, for ensuring that structures are fit for their intended purpose, or for ensuring that all dwellings are of comparable quality, value, size, or design or are aesthetically pleasing or otherwise acceptable to other Owners.

The Association, the Founder, the Reviewer, and members of the FRC or ARC, shall have no liability for approving plans that are inconsistent with the Design Guidelines provided that the individuals granting such approval acted in good faith in approving such plans. The Founder, the Association, the Reviewer, and members of the FRC or ARC shall have no liability for construction delays or schedule modifications resulting from any Person's failure to obtain or delays in obtaining approval of plans or approval for modifications to previously approved plans.

The Association, the Founder, the Reviewer, and members of the FRC and ARC shall not be liable for: (a) soil conditions, drainage, or other general site work; (b) any defects in plans revised or approved hereunder; (c) any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any architect or contractor, or their respective subcontractors, employees, or agents, whether or not the Founder has approved or featured such architect or such contractor as a Builder in the Community; (d) view preservation; (e) construction delays or schedule modifications resulting from any Person's failure to obtain, or delay in obtaining, approval of plans or approval for modifications to previously approved plans; or (f) any injury, damages, or loss arising out of the manner or quality or other circumstances of construction or modifications, whether or not approved hereunder. In all such matters, the Association shall defend and indemnify the Board, the Reviewer, and the members of each, as provided in the By-Laws.

5.7. Final "As Built" Plans

Upon completion of structural improvements approved pursuant to this Chapter, the Owner shall submit to the Reviewer, in an electronic format as specified by the Reviewer, a final, "as built" site plan, utility plan, and elevations signed and sealed by the architect. The Reviewer may waive this requirement in its discretion for minor modifications to existing structures.

5.8. Certificate of Compliance

Any Owner may request in writing that the Reviewer issue a certificate of compliance certifying that there are no known violations of this Chapter or the Design Guidelines. The Reviewer shall either grant or deny such written request within 30 days after receipt, and may charge a reasonable administrative fee.

5.9. Green Building Practices

(a) ***Low Flow Fixtures.*** All Units improved with a dwelling shall be equipped with "low flow" fixtures for showers, faucets, and toilets that satisfy the water usage limitations set forth in the Design Guidelines.

(b) ***Landscaping and Native Plants.*** Florida native plants or other plant materials authorized in the Design Guidelines shall be used for landscaping on all Units to minimize the amount of turf grass. At least 75% of all trees required on a Unit and at least 75% of all shrubs installed on a Unit shall be native plants. An emphasis shall be placed on utilizing drought-tolerant species. There shall be no planting of invasive exotic plant materials anywhere within the Community.

(c) ***Educational Program.*** The Founder has commenced a "green" building course or educational program consisting of one or more courses or informational sessions designed to encourage builders, Owners, and prospective buyers to utilize environmentally-friendly building practices and energy efficient building materials and adhere to the green building standards for community design set forth in the Design Guidelines and in the Florida Green Building Coalition guidelines or other guidelines approved by the Founder. To the extent not assumed by the ISD or the Foundation, the Association shall be responsible for conducting such program and encouraging Builders, Owners, and prospective buyers to participate in such course or program.

Chapter 6 - Maintenance, Repair, and Replacement

One of the benefits of owning property in a planned community is the commitment among neighbors to maintain their property in a neat and attractive condition to enhance the overall beauty and aesthetic appeal of the community. This Chapter describes the Owners' responsibilities for maintenance and repair of their Units and for insuring their Units against property damage so that funds will be available for repair and restoration if needed.

6.1. Maintenance by Owners

Each Owner shall maintain his or her Unit, including all structures, landscaping, and other improvements comprising the Unit, in a manner consistent with the Governing Documents and the Community-Wide Standard, and for maintaining exterior lighting and irrigation equipment on the Owner's Unit in good working order and repair, unless such maintenance responsibility is otherwise assumed by or assigned to the Association, an Additional Association, or the ISD pursuant to this Charter, any Supplement, other recorded covenants, written agreement, or by law.

Unless such maintenance responsibility is otherwise assumed by or assigned to the Association, an Additional Association, or the ISD pursuant to this Charter, any Supplement, other recorded covenants, or by law, each Owner shall also maintain in a clean, neat, and attractive condition and in a manner consistent with the Governing Documents and the Community-Wide Standard:

(a) turf areas within that portion of the Common Area, ISD property, or right-of-way, if any, lying between the Unit boundary and the nearest curb of any street which runs in front of or along the side of the Unit and any sidewalk within such area or on the Owner's Unit;

(b) turf areas within that portion of the Common Area, ISD property, or right-of-way, if any, lying between the Unit boundary and any wall or fence located on adjacent Common Area, ISD property, or right-of-way within 15 feet of the Unit boundary; and

(c) turf areas within that portion of the Common Area or ISD property, if any, lying between the Unit boundary and the water's edge of any lake or pond within Common Area or ISD property, provided such water's edge lies within 30 feet of the Unit boundary.

Each Owner shall have an easement over the Common Area or right-of-way as necessary to accomplish any required maintenance thereof; however, Owners may not install or remove trees, shrubs, or similar vegetation from such areas without prior approval pursuant to Chapter 5. Owners shall have no responsibility for maintaining community entry features or landscaping associated with such entry features. Maintenance under this Section shall include taking such action as may reasonably be necessary to remove obstructions and other unsafe conditions from sidewalks within or abutting the Owner's Unit.

6.2. Maintenance by Additional Associations

An Additional Association shall maintain its common property and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants. An Additional Association responsible for maintaining property adjacent to its common property to the same extent as an Owner would be responsible under Section 6.1 if such common property were the Owner's Unit. In addition, an Additional Association which is responsible for maintaining landscaping on the Units within its jurisdiction shall also be responsible for maintaining and irrigating the landscaping within those areas for which the Unit Owners

would otherwise be responsible under Section 6.1.

The Association may assume maintenance responsibility for any Additional Association property, either upon designation of the Additional Association as a Service Area pursuant to Section 3.3 or upon the Board's determination, pursuant to Chapter 8, that the level and quality of maintenance then being provided is not consistent with the Community-Wide Standard. The Association need not treat all similarly situated Additional Associations the same. The Association may assess the cost of such maintenance against all Units in the benefited Additional Association as a Service Area Assessment, as provided in Section 12.2(c). The Association need not treat all similarly situated Additional Associations the same.

6.3. Responsibility for Repair and Replacement

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

Each Owner shall carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, unless either an Additional Association (if any) or the Association carries such insurance, which they may but are not obligated to do unless otherwise specified in a recorded Supplement or other recorded covenants applicable to the Unit. If the Association assumes responsibility for insuring a Unit pursuant to this Charter or any Supplement, the premiums for such insurance shall be assessed against the benefited Unit and the Owner as a Service Area Assessment pursuant to Chapter 12. This requirement is for the benefit of all Owners and failure to maintain required insurance shall subject an Owner to disciplinary action by the Association pursuant to Chapter 8; however, nothing in this section shall obligate the Association to monitor compliance or ensure that Owners maintain the required insurance on Units.

Within 90 days after any damage to or destruction of a structure on a Unit, the Owner shall promptly repair or reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved pursuant to Chapter 5 unless the Board, in its discretion, agrees to extend such period. Alternatively, the Owner shall clear the Unit of debris and maintain it in a safe, neat and attractive condition consistent with the Community-Wide Standard. The Owner shall pay any costs that insurance proceeds do not cover.

Additional recorded covenants applicable to any portion of the Community may establish additional insurance requirements and more stringent standards for rebuilding or reconstructing structures on Units and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

This Section shall apply to an Additional Association with respect to common property of the Additional Association in the same manner as if the Additional Association was an Owner and the common property was a Unit.

6.4. Maintenance and Repair of Party Walls and Similar Structures

Except as may otherwise be provided by law, a written agreement between Owners of adjacent Units, or other recorded documents applicable to adjacent Units:

Maintenance, Repair, and Replacement

(a) Each wall, fence, driveway, or similar structure built as part of the original construction on the Units that serves and/or separates any two adjoining Units shall be considered a party structure. The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners whose Units are served by the party structure.

(b) If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner whose Unit is served by the structure may restore it. Other Owners whose Units are served by the structure also shall contribute to the restoration cost in equal proportions, subject to the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

(c) The right to and the obligation of contribution for party walls and similar structures between Owners, as provided in this Section, shall be appurtenant to the land and shall pass to such Owners' successors-in-title.

(d) To the extent not in conflict with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to any party structure. Any dispute concerning a party structure shall be subject to the provisions of Chapter 19.

Chapter 7 - Use and Conduct

This Chapter sets forth basic standards regarding use, occupancy, and transfer of interests in Units. In addition, it provides a procedure by which the Board and the membership can adopt and change rules regulating use, conduct, and activities within the Community to address particular needs and desires of the Community over time.

7.1. Use, Occupancy, and Transfer of Interests in Units

(a) ***Residential and Related Uses.*** Units may be used only for residential and related purposes, except as the Founder may otherwise authorize with respect to construction, marketing, and sale activities of the Founder and Builders it designates, and as otherwise authorized in this Section.

A business activity within a Unit shall be considered "related" to a residential use and thus permitted under this Section only if conducted by a person or persons residing in the Unit and only if the business activity:

(i) is not apparent or detectable by sight, sound, or smell from outside of a permitted structure;

(ii) complies with applicable zoning requirements;

(iii) does not involve regular visitation of the Unit by employees who do not reside in the Unit, clients, customers, suppliers, or other business invitees, or door-to-door solicitation within the Community; and

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

"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis that involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Leasing a Unit for residential purposes shall not be considered a "business" within the meaning of this subsection, provided that such leasing fully complies with Section 7.1(b). However, no Unit shall be advertised or rented for parties or special events.

(b) ***Leasing.*** For purposes of this Charter, the terms "**Lease**" and "**Leasing**" shall refer to the exclusive occupancy of a Unit or any portion thereof by any Person other than the Owner and members of the Owner's household, for which the Owner receives any monetary or "in kind" consideration or benefit. Leasing of Units is prohibited except in strict compliance with the following:

(i) A dwelling that is leased shall be leased only in its entirety; separate rooms, floors, or other areas within a dwelling may not be separately leased; however, any detached "in-law suite" or "guest house" approved pursuant to Chapter 5 or a garage apartment may be leased separately from the main dwelling;

(ii) No signs shall be posted on the Unit, elsewhere in the Community, or on right-of-way adjacent to the Community, advertising the availability of the Unit for rent or for lease, except that an Owner may post one standard real estate sign or other sign approved by the ARC consistent with the Design Guidelines, on the

Unit being offered for lease, advertising the Unit for rent or lease;

(iii) Unless the recorded Supplement applicable to the Unit specifies a different minimum initial term, in which case the Supplement shall control, the lease shall provide for a minimum initial term of at least two months. The Unit may not be leased or subleased and the lease may not be assigned during the initial two-month term. In the event of termination of the lease after the tenant has taken occupancy and prior to the end of such two-month minimum initial term, the Owner may not enter into a new lease with a term commencing prior to the date on which the previous lease would have expired without prior approval of the Board, which shall not be granted unless the Board determines, after consideration of the facts and circumstances, that the Owner acted in good faith, with no intent to circumvent the requirements of this subsection (b), and could not reasonably have anticipated the early termination of the previous lease at the time the lease was signed.

All leases shall be in writing and shall disclose that the tenants and all occupants of the leased Unit are bound by and obligated to comply with the Governing Documents. However, the Governing Documents shall apply regardless of whether such a provision is specifically set forth in the lease.

Prior to a tenant taking occupancy under a lease or rental agreement of any kind, the Owner of the leased Unit shall give the tenant copies of the Governing Documents and shall notify the Board or the Association's managing agent of the lease and provide an alternate mailing address for the Owner, a copy of the lease, and any additional information the Board may reasonably require. The Association or the Board may adopt Rules governing leasing and subleasing in accordance with Sections 7.2 and 7.3, consistent with this subsection (b).

This subsection and any Rules governing leasing and subleasing shall not apply to Units leased by or on behalf of the Founder or any Founder Affiliate.

(c) *Transfer of Title*. Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The Person transferring title shall continue to be jointly and severally responsible with the Person accepting title for all obligations of the Owner, including assessment obligations, until the date upon which the Board receives such notice, notwithstanding the transfer of title. The transferring Owner shall be responsible for payment of the Community Enhancement Fee described in Section 12.12, unless the transfer is exempt under that Section.

Upon acceptance of title to a Unit, the new Owner of the Unit shall pay to the Association an administrative transfer fee to cover the administrative costs incurred by the Association to update its records to reflect the change in ownership. Such fee shall be in such amount as the Board may reasonably determine necessary to cover its costs, including, but not limited to, any fees charged by a management company retained by the Association for updating its records.

(d) *Subdivision and Combination of Units*. No Person other than the Founder or a Founder Affiliate shall subdivide or change the boundary lines of any Unit or combine Units without the Founder's prior written approval during the Development and Sale Period and the Board's prior written approval thereafter. Any such action shall be effective only upon recording

of a plat or other legal instrument reflecting the subdivision or new boundaries of the affected Unit(s). In the absence of such recorded instrument, adjacent Units owned by the same Owner shall continue to be treated as separate Units for purposes of voting and assessment, even though such Units may be improved with a single dwelling.

(e) ***Timesharing.*** No Unit shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, unless such program is established by the Founder or with the Founder's prior written approval.

(f) ***Transient Lodging.*** No Unit or portion thereof shall be advertised or listed or otherwise offered to the public through the internet or any other form of media for overnight or transient lodging, unless such Unit has been specifically designated and approved by the Founder in writing for use as a "bed and breakfast" establishment.

(g) ***Use of Fertilizers and Herbicides.*** The protection of the Caloosahatchee River is vital in limiting the negative impacts of development of the Community on the natural environment. Therefore, the use of fertilizers within the Community is limited or restricted as follows:

(i) Fertilization is not permitted during the summer rainy season, except in response to special fertilization needs, including, but not limited to, the establishment or grow-in of sod and newly-planted materials; and

(ii) Only controlled release fertilizers or non-chemical water-soluble foliar-applied fertilizers may be used on established lawns and landscaped areas. Quick-release fertilizers are permitted during the establishment or grow-in of new sod, new sprigs, or newly-planted materials, except that no quick-release urea nitrogen products may be applied at any time; and

(iii) only licensed landscape professionals or other professionals authorized by Lee County, Florida may perform activities involving the application or use of fertilizers, herbicides, and other chemicals on property located in Lee County, Florida.

(h) ***Limitations on Use of Pesticides.*** In order to protect the Caloosahatchee River, the Association and Owners and occupants of Units shall limit pesticide use in the Community as provided herein. Aerial spraying to control mosquitoes shall not be used unless other biological controls prove ineffective, and if any aerial spraying is to take place, precautions shall be used to minimize the locations where any pesticides shall be used. The Association shall implement an education program, developed or to be developed by the Founder in conjunction with Sierra Club, Inc., and other environmental organizations and resident groups, which program includes guidelines and standards for pesticide use by residents. All Owners and occupants of Units must comply with any such guidelines for pesticide use.

Only licensed landscape professionals or other professionals authorized by Lee County, Florida may perform activities involving the application of pesticides, insecticides, nematicides and other chemicals on property located in Lee County, Florida.

(i) ***Littoral Shelves.*** Littoral or shoreline shelves will be constructed within lake systems to provide foraging areas for wildlife. No littoral shelf plants may be removed by any Person unless they are replaced with similar plants suitable for

the littoral shelf design and purpose, and then only with prior approval of the ARC pursuant to Chapter 5.

7.2. Rulemaking Authority and Procedures

The Governing Documents establish a framework of covenants and conditions that govern the Community. The initial Rules attached as Exhibit "C" are a part of that framework. However, within that framework, the Association must be able to respond to unforeseen issues and changes affecting the Community. Therefore, the Board and the Voting Delegates are authorized to change the Rules in accordance with the following procedures, subject to the limitations set forth in Section 7.3.

(a) ***Founder Authority.*** So long as the Founder has the right unilaterally to amend this Charter pursuant to Chapter 21, the Founder may unilaterally amend Exhibit "C" to add new Rules or to modify or rescind existing Rules.

(b) ***Board Authority.*** Subject to the notice requirements in Section 7.2(c) and the Board's duty to exercise judgment and reasonableness on behalf of the Association and its Members, the Board may adopt new Rules and modify or rescind existing Rules by majority vote of the directors at any Board meeting. Such Rules may regulate use of and conduct on Units as well as Common Area, and may include operating policies and fees relating to use of the Common Area, which policies and fees may be different for different classifications of users (*e.g.*, Owners, tenants, guests, etc.).

(c) ***Membership Authority.*** Subject to the notice requirements in Section 7.2(d), the Voting Delegates representing a majority of the votes in the Association also may adopt new Rules and modify or rescind existing Rules relating to use of and conduct on Units at any meeting of the Association duly called for such purpose, regardless of the manner in which the original Rule was adopted. The Voting Delegates shall have no authority to adopt, modify, or rescind Rules relating to the operation or use of and conduct on the Common Area.

(d) ***Notice.*** The Board shall send notice to all Owners concerning any proposed Rule change relating to use and conduct on Units, and shall post such notice conspicuously within the Community or on closed-circuit television or by other means permitted by the Act, at least 14 days prior to the meeting of the Board or the Voting Delegates at which such action is to be considered. At any such meeting, Voting Delegates shall have a reasonable opportunity to be heard before the proposed action is put to a vote.

The procedures set forth in this Section do not apply to Rules that the Board may adopt establishing operating policies relating to the Common Areas, such as hours of operation of a recreational facility, safety regulations, use fees for use of Association property, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times, notwithstanding that such policies may be published as part of the Rules. The posting of such policies and fees in a conspicuous manner and location within the Community or the publication in a community newsletter of general circulation within the Community shall be deemed sufficient notice to all users.

In addition, the Board shall have discretion, without the necessity of complying with such notice requirement, to enact such Rules as are necessary or appropriate to comply with the terms of any order, permit, or approval of any governmental or quasi-governmental body which is applicable to the Community (*e.g.*, a development order).

(e) ***Effective Date.*** A Rules change adopted under this Section shall take effect 15 days after the date on which written notice of the Rules change is given to the affected Owners or on such later date may be specified in the resolution adopting the change; provided, during the Development and Sale Period, any Rules change under this Section is subject to the Founder's approval.



Since it is impossible to foresee all potential situations and problems that may arise within the Community, the Founder, the Board, and the Voting Delegates have the authority to adopt and modify rules as needed to address new or changing circumstances.

(f) ***Conflicts.*** No action taken under this Section 7.2 shall have the effect of modifying or repealing the Design Guidelines or any provision of this Charter other than the Rules. In the event of a conflict between the Design Guidelines and the Rules, the Design Guidelines shall control. In the event of a conflict between the Rules and any provision of this Charter (exclusive of the Rules), the Charter shall control.

7.3. Protection of Owners and Others

Except as may be set forth in this Charter (either initially or by amendment) or in the initial Rules set forth in Exhibit "C," all Rules shall comply with the following provisions (although nothing in this Section shall be construed to restrict an Additional Association's power to adopt and amend its own rules and regulations with respect to property within its jurisdiction):

(a) ***Similar Treatment.*** Similarly situated Units shall be treated similarly; however, the Rules may vary by location within the Community or by housing type.

(b) ***Displays.*** No Rule shall abridge an Owner's right to display on his or her Unit one United States flag and political, religious, or holiday symbols and decorations of the kinds normally displayed in single-family residential neighborhoods, nor shall any Rule regulate the content of political signs. No Rule may prohibit an Owner from displaying a sign of reasonable size for a contractor for security services within 10 feet of the entrance of the home. However, the Association may adopt time, place, and manner restrictions with respect to flags, signs, symbols, and displays visible from outside structures on the Unit, including reasonable limitations on size and number.

(c) ***Household Composition.*** No Rule shall interfere with an Owner's freedom to determine household composition, except that the Association may impose and enforce reasonable occupancy limitations and conditions based on Unit size and facilities and its fair share use of the Common Area, so long as in compliance with applicable fair housing laws.

(d) ***Activities Within Dwellings.*** No Rule shall interfere with the activities carried on within a dwelling, except that the Association may prohibit activities not normally associated with residential property and may adopt rules to further define, clarify, and implement the restrictions in Section 7.1. It also may restrict or prohibit activities that create monetary costs for the Association or other Owners, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible from outside the dwelling, or that are an unreasonable source of annoyance.

(e) ***Allocation of Burdens and Benefits.*** No Rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the

Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Chapter 12.

(f) ***Leasing and Transfer of Units.*** Except as set forth in Section 7.1, no Rule shall prohibit leasing or transfer of any Unit or require approval prior to leasing or transferring a Unit. The Rules may require that Owners use Board-approved lease forms (or include specific lease terms) and may impose a reasonable review or administrative fee in connection with the Board's review of a lease. Nothing in this Section shall affect the validity of any Supplement to this Charter which imposes additional restrictions regarding leasing of Units subject to that Supplement.

(g) ***Abridging Existing Rights.*** No Rule shall require that an Owner dispose of, or prohibit an Owner from replacing, personal property kept in or on a Unit in compliance with the Rules in effect at the time such personal property was brought onto the Unit. This exemption shall apply only during the period of such Owner's ownership of the Unit and shall not apply to subsequent Owners who take title to the Unit after adoption of the Rule.

(h) ***Reasonable Rights to Develop.*** No Rule may unreasonably interfere with the ability of the Founder, any Founder Affiliate, or any Builder to develop, market, and sell property in the Community.

(i) ***Interference with Easements.*** No Rule may unreasonably interfere with the exercise of any easement, except as set forth in Section 13.1(d).

(j) ***Compliance with Governmental Requirements.*** The Association may not enact any Rule or take any action, which is in violation of, or which prevents actions required to comply with, the terms of any order, permit, or approval of any governmental or quasi-governmental body which is applicable to the Community (*e.g.*, a development order).

7.4. Owners' Acknowledgment and Notice to Purchasers

By accepting a deed, each Owner acknowledges and agrees that the use, enjoyment, and marketability of his or her Unit is limited and affected by the Rules, which may change from time to time. All Unit purchasers are hereby notified that the Association may have adopted changes to the Rules and that such changes may not be set forth in a recorded document. A copy of the current Rules and all administrative policies are available from the Association upon request. The Association may charge a reasonable fee to cover its reproduction cost.

Chapter 8 - Compliance and Enforcement

The covenants, standards, and rules set forth in the Governing Documents are for the benefit of all Owners and occupants of the Community. However, if they are to have any real meaning, there must be a commitment by the stakeholders in the Community to comply with them, and there must be a mechanism in place to enforce that compliance in the event that someone fails or refuses to do so. This Chapter sets forth the obligation to comply and the remedies available to the Association in the event of noncompliance.

8.1. Compliance



All Owners and occupants of Units, as well as their tenants, guests, and other visitors, must abide by the Governing Documents. If any of them fail or refuse to comply with the Governing Documents, they may be subject to various penalties, including fines and the loss of the right to use the Common Area.

Every Owner, occupant, and visitor to a Unit must comply with the Governing Documents and shall be subject to sanctions for violations as described in this Chapter. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Governing Documents by the occupants or visitors to their Units, and for any damage to the Area of Common Responsibility that occupants or visitors may cause.

8.2. Remedies for Non-Compliance

The Association, the Founder, and every affected Owner shall have the right to file suit at law or in equity to enforce the Governing Documents; provided, the Association's right to file suit, other than a suit to collect assessments or foreclose its lien under Article 12 or a suit seeking temporary equitable relief, shall require prior written notice and an opportunity for a hearing in accordance with the enforcement procedures set forth in the By-Laws. The Founder's rights of enforcement shall continue so long as the Founder owns any property subject to, or holds any other rights under, this Charter or the Commercial Charter.

The South Florida Water Management District ("**SFWMD**") shall have the right to enforce, by any proceeding at law or in equity, the provisions of this Charter which relate to the maintenance, operation, management, and/or repair of the Water Management System. The SFWMD shall have the right to take any enforcement action, including a civil action for an injunction, to correct any outstanding problems with the Water Management System.

In addition, the Board may impose sanctions for violation of the Governing Documents, including those sanctions listed below and any others described elsewhere in the Governing Documents.

(a) ***Sanctions Requiring Prior Notice and Hearing.*** After written notice and an opportunity for a hearing in accordance with the By-Laws, the Board may:

(i) impose reasonable monetary fines, not to exceed $100.00 for a single violation or $100.00 per day in the case of a continuing violation; provided, in the case of a continuing violation, only a single notice and opportunity for hearing is required. The Board may adopt a schedule of fines establishing a range of fines for particular types of violations, which range may vary depending on the nature of the violation. There is no limit on the aggregate amount of any fine for a continuing violation;

(ii) suspend the right of any Owner and occupants of a Unit to use any Common Area facilities (other than as required to provide access and utilities to the Unit which they own or occupy) if the Owner is more than 90 days delinquent

in paying any assessment or other charge owed the Association);

(iii) suspend services the Association provides to the Unit if the Owner is more than 90 days delinquent in paying any assessment or other charge owed the Association, which suspension may continue until such assessments or other charges have been paid in full; provided, nothing herein shall authorize the Board to suspend essential utilities (*i.e.*, electricity, natural gas, or water);

(iv) exercise self-help or take action to abate any violation of the Governing Documents in a non-emergency situation (including removing personal property that violates the Governing Documents);

(v) without liability to any Person, preclude any contractor, subcontractor, agent, employee, or other invitee of an Owner who causes damage to any property in the Community owned by others or fails to comply with the terms and provisions of Chapter 5 and the Design Guidelines from continuing or performing any further activities in the Community;

(vi) levy Specific Assessments to cover costs the Association incurs in bringing a Unit into compliance with the Community-Wide Standard or other requirements under the Governing Documents, or in repairing damage to any portion of the Area of Common Responsibility resulting from actions of any Owner or occupant of a Unit, their contractors, subcontractors, agents, employees, or invitees; and

(vii) record a notice of violation with respect to any Unit on which a violation exists.

If, after notice and an opportunity for a hearing, the violation continues or recurs within 12 months after the date of such notice, then unless otherwise limited by the Act, the Board may impose any of the above sanctions without further notice or opportunity for another hearing.

(b) ***Other Sanctions.*** The Board may take the following actions to obtain compliance with the Governing Documents without prior notice or a hearing:

(i) suspend the vote allocated to any Unit if the Owner is more than 90 days delinquent in paying any Base Assessment or Service Area Assessment levied on the Unit pursuant to Chapter 12;

(ii) exercise self-help or take action to abate a violation on a Unit in any situation that requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other persons or their property (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);

(iii) exercise self-help or take action to abate a violation on the Common Area under any circumstances;

(iv) require an Owner or an Additional Association, at its own expense, to perform maintenance or to remove any structure or improvement on such Owner's Unit or on the Additional Association's property, respectively, that is in violation of the Community-Wide Standard or other requirements under the Governing Documents and to restore the property to its previous condition;

(v) enter the property and exercise self-help to remove or cure a violating condition if an Owner or Additional Association fails to take action as required pursuant to Section 8.2(b)(iv) within 10 days after receipt of written notice to

do so, and any such entry shall not be deemed a trespass; or

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

(c) ***Powers Relating to Additional Associations.*** The Association may require specific action to be taken by any Additional Association in connection with its obligations and responsibilities under this Charter or any applicable Supplement, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefore.

An Additional Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Additional Association fails to comply, the Association shall have the right to effect such action on behalf of the Additional Association and levy Specific Assessments against the Units within the Additional Association's jurisdiction to cover the costs, as well as an administrative charge and sanctions.

(d) ***Founder's Right to Impose Sanctions.*** In the event that the Association fails or refuses to take action or impose sanctions under this Chapter after notice from the Founder of a violation of the Governing Documents, the Founder shall have the right to levy monetary fines on behalf of the Association after notice and hearing in the same manner as the Association under Section 8.2(a). In addition, the Founder may exercise self-help or take action to abate a violation or bring suit at law or in equity in the same manner as the Association under Section 8.2(b).

(e) ***Powers Related to Owners of Multiple Units.*** Notwithstanding any other provision of the Governing Documents, in the case of an Owner who owns more than one Unit, the Owner's voting rights and rights to use any Common Area facilities may be suspended with respect to all of such Owner's Units, regardless of the fact that the reason for the sanction relates to less than all of the Owner's Units.

8.3. Board Decision to Pursue Enforcement Action

The Association's decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. For example, the Board may determine that, in a particular case:

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

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

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

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

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

Compliance and Enforcement

8.4. Attorneys' Fees and Costs

In any action to enforce the Governing Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action, in addition to such other amounts as may be authorized by Florida law.

8.5. Enforcement of Ordinances

The Association, by contract or other agreement, may enforce applicable laws, regulations, ordinances, and governmental requirements. In addition, Charlotte County or Lee County, Florida, and other governmental entities having jurisdiction, may enforce laws, regulations, ordinances, and governmental requirements within the Community.

PART THREE: ASSOCIATION OPERATIONS

Chapter 9 - Property Management

One of the Association's primary functions is maintaining and operating property and facilities for the common benefit of the Owners and residents of the Community. This Chapter establishes the Association's obligation to accept property that the Founder designates as Common Area or Limited Common Area and to maintain, operate, and insure it, along with certain other properties, for the benefit of the Community.

9.1. Acceptance and Control of Association Property

(a) ***Transfers and Conveyances by Founder.*** The Founder and its designees may transfer or convey to the Association interests in and obligations imposed with respect to real or personal property within or for the benefit of the Community, and the Association shall accept such transfers and conveyances, assume and hold the Founder harmless from such obligations, and cooperate with and support any effort by the Founder, Founder Affiliates, or their designees to be released from such obligations. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests.

Upon the Founder's written request, the Association shall reconvey to the Founder, or to a third party whom the Founder may designate, any real property that the Founder originally conveyed to the Association for no payment, to the extent conveyed in error or needed to make minor adjustments in property lines or accommodate changes in the development plan.

The Founder shall have the right to convey any property to the Association as Common Area subject to easements or other rights permitting persons who are not members of the Association to use and enjoy such Common Area upon such terms and conditions as set forth in the document creating such easement.

The Founder may also transfer and assign to the Association any continuing obligations and responsibilities under development agreements or conditions of development approvals relating to the Community, including any obligation to post or maintain maintenance bonds on improvements within public rights-of-way or other portions of the Area of Common Responsibility. The Association shall accept, assume, and fulfill all such obligations and responsibilities as the Founder shall assign to it.

(b) ***Management and Control.*** The Association is responsible for management, operation, and control of the Common Area, subject to any covenants set forth in the deed or other instrument transferring the property to the Association. The Association may enter into leases, licenses, or operating agreements with respect to portions of the Common Area for payment or no payment, as the Board deems appropriate, subject to the requirements of Florida law. The Association may permit use of Common Area facilities and Association property by persons other than Owners and occupants of Units and may charge use fees, in such amount as the Board may establish, for such use.

9.2. Maintenance of Area of Common Responsibility

The Association shall maintain the Area of Common Responsibility in accordance with the Community-Wide Standard. The Area of Common Responsibility includes, but is not limited to:

(a) the Common Area, if any;

(b) community signage, entry features, monumentation, and landscaping installed by the Founder at entrances to the Community and along roadways running through or adjacent to the Community, whether located on Common Area or in ISD or public rights-of-way, except to the extent that any ISD or other governmental or quasi-governmental authority is responsible for such maintenance;

(c) streets and alleys, if any, within the Community until such time as the ISD assumes responsibility for maintenance thereof; thereafter, the Association may arrange for street cleaning, if permitted by the ISD, to the extent that the Board deems it appropriate to maintain the Community-Wide Standard;

(d) such portions of any additional property as may be dictated by the Founder, this Charter, any Supplement, any Covenant to Share Costs recorded pursuant to Section 3.4, or any covenant or agreement for maintenance entered into by, or otherwise binding on the Association;

(e) any property and facilities that the Founder owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. The Founder shall identify any such property and facilities by written notice to the Association, and they shall remain part of the Area of Common Responsibility until the Founder revokes such privilege of use and enjoyment by written notice to the Association; and

(f) to the extent not the responsibility of the ISD, any wetlands located on Common Area or on property designated to be Common Area on a recorded plat of any portion of the Community, including ongoing monitoring and maintenance of the same in accordance with all local, state and federal permit requirements.

(g) lakes and ponds within any portion of the Community owned or maintained by the ISD, if permitted by the ISD and to the extent that the Board deems it appropriate to maintain the Community-Wide Standard;

(h) the Water Management System described below, if applicable.

Except to the extent that the ISD is responsible for maintenance and operation thereof, the Association shall be responsible for maintenance and operation of any storm water or surface water management system facilities located on Common Area or on any land designated to be Common Area on a recorded plat of any portion of the Community (the facilities which are the Association's responsibility being referred to in this Charter as the ("**Water Management System**"), including maintenance, repair, and replacement, as needed, of pipes, culverts, and other structures and equipment located on the Common Area, unless and until such maintenance is assigned to or assumed by the ISD or another governmental or quasi-governmental authority. For so long as the Association is responsible for any portion of the Water Management System, the SFWMD permit and any future SFWMD permit actions shall be kept as part of the Association's official records.

To the extent the Association is responsible for maintenance of the Water Management System, if wetland mitigation and/or monitoring is required by the permit issued by the SFWMD, the Association shall be responsible for carrying out this obligation, including, but not limited to, meeting all conditions of the SFWMD permit relating to wetland mitigation, maintenance, and/or monitoring.

The Association shall have no responsibility for landscaping or other maintenance of Units burdened by stormwater drainage easements un-

less otherwise specifically set forth in this Charter, a Supplement or in a recorded agreement or plat. This paragraph is for the express benefit of the SFWMD, which shall have the right to take action to enforce this provision, including, without limitation, the right to perform any required maintenance and recover from the Association all costs incurred in so doing.

The Association may maintain other property it does not own, including, without limitation, Units, property dedicated to the public, or property owned or maintained by an Additional Association, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property it does not own except to the extent that it has been negligent in performing its maintenance responsibilities.

The Association shall specifically be authorized to enter into agreements with the Commercial Association, Charlotte County and Lee County, Florida, and other owners of property in or near Babcock Ranch for the sharing of maintenance responsibility and/or costs associated with any property or services which the Board deems to benefit the Association and its Members.

9.3. Discontinuation of Operation

After termination of the Founder Control Period, the Association shall maintain the Common Area facilities, if any, in continuous operation unless, with respect to Common Areas other than Limited Common Areas, Voting Delegates representing 75% of the total votes in the Association consent in writing to discontinue such operation. If the property is Limited Common Area, any discontinuation shall require the Board's approval and the approval in writing of Owners representing at least 75% (or such higher percentage as a Supplement may require) of the Units to which such Limited Common Area is assigned. In addition, the Founder's consent is required to discontinue operation of any Common Area facilities during the Development and Sale Period.

This Section shall not apply during the Founder Control Period and shall not apply to restrict the Board's ability to establish reasonable operating hours, which may vary by season, or to preclude temporary closures or interruptions in operation, as the Board may determine appropriate to perform maintenance or repairs.

9.4. Restoring Damaged Improvements

In the event of damage to or destruction of portions of the Area of Common Responsibility for which the Association has insurance responsibility, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially its condition prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

The Association shall repair or reconstruct damaged Common Area improvements, unless:

(a) this Charter is terminated pursuant to Section 21.1;

(b) repair or restoration would be illegal under any state or local statute or ordinance governing health or safety;

(c) with respect to Common Areas other than Limited Common Areas, Voting Delegates representing at least 75% of the total votes in the Association, decide within 60 days after the loss not to repair or reconstruct, and with respect to Limited Common Area or Units within a Service Area, any decision not to restore the damaged improvements is approved by Owners represent-

ing at least 75% of the Units to which such Limited Common Area is assigned or the affected Service Area, respectively. In addition, the Founder's approval is required for the decision not to repair or reconstruct portions of the Common Area prior to the termination of the Development and Sale Period.

If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. No Mortgagee shall have the right to participate in determining whether the damage or destruction to the Common Area shall be repaired or reconstructed.



This provision ensures that desirable Common Area improvements will be replaced if destroyed, but it also makes it possible not to repair or rebuild if the Owners who benefit from the Common Area prefer not to rebuild.

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

The insurance proceeds, if any, attributable to any Units or Limited Common Areas that are not rebuilt shall be distributed to the Owners of the damaged Units or the Units to which such Limited Common Areas were assigned, or to their respective lienholders, as their interests may appear, in proportion to their relative liability for Association expenses. The Association shall retain and place in a capital improvements account for the benefit of all Owners or the Owners of Units within the affected Service Area, as appropriate, any insurance proceeds remaining after paying the costs of repair or reconstruction or after such settlement as is necessary and appropriate. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Voting Delegates, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 11.4.

Chapter 10 - Provision of Services

In addition to its property management role, the Association is a vehicle for providing a variety of services for the benefit of the Community at large and individual Units. This Chapter describes some of the services the Association may provide and the mechanism by which it may provide varying levels and types of services to different areas of the Community.

10.1. Provision of Services to Units

The Association may arrange for or provide services to Owners and their Units, directly or through contracts with the Founder or other third parties. The Association may enter into bulk service agreements by which a particular service is provided to all Units, or it may offer various services at the option of each Owner, or both. By way of example and not limitation, such services might include such things as cable television, technology services, utilities, fire protection, security, trash collection, landscape maintenance, pest control, caretaker services, and concierge services.

Services may be provided to all Units, to all Units improved with a completed dwelling that is occupied or has been conveyed by the Builder for residential occupancy ("**Improved Units**"), to all Units in a Service Area, or to particular Units upon request. Services may be provided as a Common Expense pursuant to Section 12.1(a) or as a Service Area Expense pursuant to Section 12.1(b), as applicable, for which the Association may levy assessments pursuant to Chapter 12; provided, unimproved Units need not be assessed for services available only to Improved Units (*e.g.*, cable television). The Association shall charge a separate use fee, in such amount as the Board may determine appropriate in its discretion, for any services offered at the option of an Owner, which fee shall be assessed against the benefited Unit as a Specific Assessment pursuant to Chapter 12.

Any Association contract for services shall comply with Florida Statutes § 720.309, if applicable, and may require individual Owners or occupants to execute separate agreements directly with the Persons providing components or services in order to gain access to or obtain specified services. Such contracts and agreements may contain terms and conditions that, if violated by the Owner or occupant of a Unit, may result in termination of services provided to such Unit. Any such termination and any failure or refusal to participate shall not relieve the Owner of the continuing obligation to pay assessments for any portion of the charges for such service that are assessed against the Unit as a Common Expense or Service Area Expense pursuant to Chapter 12.

In its discretion, the Board may discontinue offering particular services and may modify or cancel existing contracts for services, subject to the contract terms and any provision that may exist elsewhere in the Governing Documents requiring the Association to provide such services.

10.2. Provision of Services to Service Areas

(a) ***Service Areas Designated by Founder.*** The Association shall provide services to Units and Limited Common Areas serving the Units within any Service Area designated by the Founder pursuant to Section 3.3 as required by the terms of any Supplement applicable to such Service Area.

(b) ***Service Areas Designated by Board.*** In addition to Service Areas the Founder may designate pursuant to Section 3.3, any group of Owners may petition the Board to designate their Units as a Service Area for the purpose of receiving from the Association (i) special benefits or services that are not provided to all Units, or (ii) a higher level of service than the Association otherwise provides. Any such petition shall be signed by Owners of a majority of the Units with-

in the proposed Service Area. Upon receipt of such petition, the Board shall investigate the terms upon which the requested benefits or services might be provided and notify the Owners in the proposed Service Area of such terms and the initial fees for providing the requested service, which may include a reasonable administrative charge. If Owners representing at least 67% of the Units within the proposed Service Area approve the proposal in writing, the Board shall designate the Units as a Service Area and include the fees for such service as a line item in the Service Area budget pursuant to Section 12.2(c).

10.3. Community Technology

(a) ***Community Systems.*** Without limiting the generality of Sections 10.1 and 10.2, the Founder or any Founder Affiliate may provide, or may enter into and assign to the Association or the Commercial Association, or cause either such association to provide or to enter into contracts with other Persons to provide, central telecommunication receiving and distribution systems (*e.g.*, cable television, high speed data/Internet/intranet services, and security monitoring) and related components, including associated infrastructure, equipment, hardware, and software to serve the Community ("**Community Systems**"). Any such contracts may provide for installation, operation, management, maintenance, and upgrades or modifications to the Community Systems as the Founder or Board determines appropriate.

The Association may directly, or through a Covenant to Share Costs with the Commercial Association, enter into a bulk rate service agreement providing access to any such Community System for all Units as a Common Expense. If particular services or benefits are provided to particular Owners or Units at their request, the benefited Owner(s) shall pay the service provider directly for such services, or the Association may assess the charges as a Service Area Assessment or Specific Assessment pursuant to Article 12 and pay such charges to the provider on behalf of the Owners, as the Board deems appropriate.

The Founder specifically reserves for itself and Founder Affiliates, and their respective successors and assigns, the right to establish a community intranet for the Community, the right to contract with third parties to provide service, software, and support; the right to grant access to the community intranet to the Association and its members on such terms and conditions as the Founder or Founder Affiliate determines appropriate, and the right to sell advertising on such community intranet and retain all revenues from the sale of such advertising.

(b) ***Opportunities for Community Interaction.*** The Association, alone or in conjunction with the Commercial Association or other associations pursuant to a Covenant to Share Costs, may make use of available technology to facilitate community interaction and encourage participation in Association activities. For example, the Association may, as a Common Expense, sponsor a community cable television channel, create and maintain a community intranet or Internet home page, maintain an "online" newsletter or bulletin board, and offer other technology-related services and opportunities for Owners and residents to interact and participate in Association-sponsored activities. To the extent Florida law permits, and unless otherwise specifically prohibited in the Governing Documents, the Association may send notices electronically, hold Board or Association meetings and permit attendance and voting by electronic means, and electronically send and collect assessment and other invoices.

Chapter 11 - Association Insurance

The Association is responsible for insuring against various types of risks, including property damage, personal injury, and liability. This Chapter describes the minimum types and amounts of coverage that the Association must obtain, the specific requirements for such policies, and the handling of deductibles and premiums for such insurance.

11.1. Required Coverages

The Association shall obtain and maintain in effect the following insurance coverage, if reasonably available, or if not reasonably available, the most nearly equivalent coverage as is reasonably available:

(a) Blanket property insurance covering "risks of direct physical loss" (or comparable coverage by whatever name denominated) for all insurable improvements on

(i) the Common Area;

(ii) property within any Service Area, to the extent specified in any Supplement; and

(iii) other portions of the Area of Common Responsibility, to the extent that the Association has responsibility for repair or replacement in the event of a casualty.

If necessary, coverage for wind damage may be by separate policy, including any policy issued by a joint underwriting association or company or any company writing wind coverage exclusively or predominantly. The limits of Association property insurance policies shall be sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(b) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage shall have a limit of at least $2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage. Such coverage may be provided through a combination of primary and umbrella policies. However, if additional coverage and higher limits are available at reasonable cost that a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits;

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

(d) Directors and officers liability coverage; and

(e) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one fourth of the annual Base Assessments (as defined in Section 12.2) on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

Unless otherwise required by an applicable Supplement, Association property and liability insurance does not cover individual Units, and it is the responsibility of each Owner to insure its Unit and the contents of its Unit as provided in Section 6.3.

The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Charlotte County and Lee County, Florida area. In the exercise of its

business judgment, the Board may obtain additional insurance coverage and higher limits than this Section requires.

11.2. Deductibles

The Association's policies may contain a reasonable deductible, which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 11.1. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Service Area Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment, but the right to do so shall not affect or impair any waiver of subrogation provision of any policy.



The Board may hold any Persons who cause damage to insured improvements responsible for the insurance deductible payable on any insurance claim related to such damage.

11.3. Policy Requirements

All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Owner and Mortgagee.

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

(a) be written with a company authorized to do business in Florida that satisfies the requirements of the Federal National Mortgage Association ("**Fannie Mae**"), the Federal Home Loan Mortgage Corporation ("**Freddie Mac**"), or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(b) be written in the name of the Association as trustee for the benefited parties. All policies shall be for the benefit of the Association and its members, except that policies on Limited Common Area shall be for the benefit of the Owners of Units within the Service Area to which the Limited Common Area is assigned and their Mortgagees, as their interests may appear;

(c) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(d) contain an inflation guard endorsement;

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

(f) provide that each Owner is an insured person with respect to liability arising out of such Owner's status as a member of the Association;

(g) provide a waiver of subrogation against any Owner or household member of an Owner;

(h) include an endorsement precluding cancellation, invalidation, suspension, or nonrenewal by the insurer on account of any act or omission of one or more Owners, unless acting on the Association's behalf within the scope of their authority, or on account of any curable defect or violation, without prior written demand to the Association and allowance of a reasonable time to cure the defect or violation.

In addition, the Board shall use reasonable efforts to secure insurance policies that list the Owners as additional insureds and provide:

(a) a waiver of subrogation as to any claims against the Association's directors, officers, employees, and manager;



Subrogation is a legal concept by which one person is substituted in the place of another with respect to a lawful claim or right. For example, once they have paid a claim by an insured party, insurance companies generally have the right to step into the shoes of the insured party and sue anyone that the insured party could have sued.

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

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

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

(e) a cross liability provision; and

(f) a provision vesting in the Board exclusive authority to adjust losses. However, Mortgagees having an interest in such losses may not be precluded from participating in the settlement negotiations, if any, related to the loss.

11.4. Insurance Premiums

Premiums for all Association insurance shall be a Common Expense, except that premiums for property insurance on Units within, or Limited Common Areas assigned to, a particular Service Area shall be a Service Area Expense unless the Board reasonably determines that other treatment of the premiums is more appropriate.

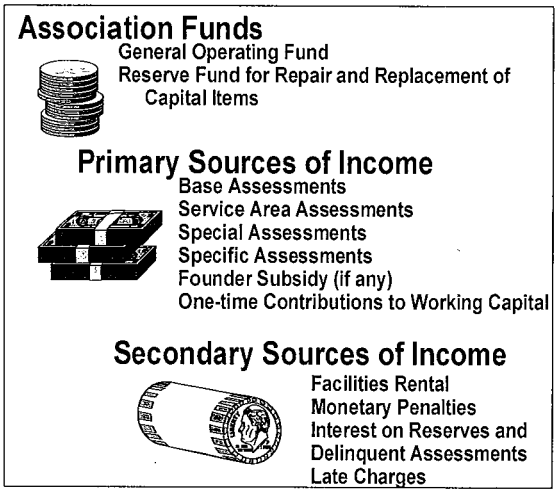
Chapter 12 - Association Finances and Special Purpose Fees

This Chapter provides for various types of funding to cover expenses that the Association incurs or expects to incur in exercising its authority and performing its responsibilities under the Governing Documents. The primary source of funding is the assessments this Chapter authorizes the Association to levy against the Units and collect from the Owner of each Unit. Assessments are secured by a lien on each Unit as described in this Chapter. In addition, this Chapter provides for payment of certain special purpose fees for the benefit the Community which are secured by a lien on each Unit.

12.1. Association Expenses

(a) ***Common Expenses.*** Except as the Governing Documents otherwise specifically provide, all of the expenses that the Association incurs, or expects to incur, in connection with the ownership, maintenance, and operation of the Area of Common Responsibility, and otherwise for the general benefit of the Owners, are considered "**Common Expenses.**" Common Expenses include such operating reserves and reserves for repair and replacement of capital items within the Area of Common Responsibility as the Board finds necessary or appropriate.

Common Expenses shall not include any expenses incurred during the Founder Control Period for initial development or original construction costs unless Voting Delegates (other than Founder appointees) representing a majority of the total votes in the Association approve such expenditure. Payments due under leases of capital improvements such as streetlights shall not be considered an initial development or original construction cost.



The characterization of a particular expense as a "Common Expense" shall not preclude the Association from seeking reimbursement for, or a contribution toward, such expenses from other Persons who may be responsible for the expenses incurred or for sharing such expenses pursuant to this Charter, any Supplement, or any other recorded covenants or agreements.

(b) ***Service Area Expenses.*** All expenses that the Association incurs or expects to incur in connection with the ownership, maintenance, and operation of Limited Common Areas or in providing other benefits and services to a Service Area, including any operating reserve or reserve for repair and replacement of capital items maintained for the benefit of the Service Area, are considered "**Service Area Expenses.**" Service Area Expenses may include a reasonable administrative charge in such amount as the Board deems appropriate, provided that any such administrative charge is applied at a uniform rate per Unit among all Service Areas receiving the same service.

12.2. Budgeting for and Allocating Association Expenses

(a) ***Preparation of Budget.*** At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year ("**General Budget**"). In addition, the Board shall prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses that the Association expects to incur for the bene-

fit of such Service Area in the coming year ("**Service Area Budget**").

The estimated expenses in each budget shall include, in addition to any operating reserves, a contribution to a reserve fund, in such amount as may be required by the funding formula set forth in Florida Statutes § 720.303(6), for deferred maintenance and repair and replacement of any capital improvements to be maintained as a Common Expense or as a Service Area Expense of the Service Area for which the budget is prepared, as applicable, unless the membership waives or reduces such reserves as provided in Florida Statutes § 720.303(6). In determining the amount of such reserve contribution, the Board shall take into account the number and nature of replaceable assets, the expected useful life of each, the expected repair or replacement cost or deferred maintenance expense, and the contribution required to fund the projected needs by annual contributions over the useful life of the asset, in accordance with the requirements of Florida Statutes § 720.303(6), as amended. So long as the Board exercises business judgment, which may include relying in good faith on the advice of its accountants or other professional advisers in determining the amount or necessity of the reserve fund, the amount shall be considered adequate.

Each budget shall separately set forth all fees or charges to be paid by the Association for recreational amenities, whether owned by the Association, the Founder, or another Person.

Each budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units (including amounts to which the Association is entitled pursuant to any covenant or agreement to share costs), and the amount to be generated through the levy of Base Assessments and Service Area Assessments pursuant to Sections 12.2(b) and (c). Each budget shall reflect the estimated surplus or deficit as of the end of the current year.

(b) ***Calculation of Base Assessments.*** The Board shall establish a rate of assessment which it believes will be sufficient to fund the General Budget when levied equally against all Units subject to assessment under Section 12.6. The total assessment against each such Unit for its share of the General Budget shall be levied as a "**Base Assessment,**" subject to the provisions of subsection (e).

(c) ***Calculation of Service Area Assessments.*** For each Service Area Budget, the Board shall establish a rate of assessment which it believes will be sufficient to fund such Service Area Budget when levied against all Units in the Service Area that are subject to assessment under Section 12.6. The total assessment against each Unit for its share of the Service Area Budget shall be levied as a "**Service Area Assessment,**" subject to the provisions of subsection (e). Unless otherwise specified in any Supplement applicable to a Service Area, Service Area Assessments shall be set at a uniform rate per Unit in the Service Area, except that any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves that pertain to particular structures may be levied on each of the benefited Units in proportion to the benefit received, as the Board may reasonably determine.

All funds that the Association collects as Service Area Assessments shall be accounted for separately from the Association's general funds and expended solely for the benefit of the Service Area for which they were collected.

(d) ***Founder's Subsidy Option.*** The Founder may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by the Founder under Section 12.6(b)). Any such subsidy may be treated as a contribution, an advance against future assessments due from the Founder, or a loan, in the Founder's discretion. Any such subsidy and the characterization thereof shall be conspicuously disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate the Founder to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Founder.

(e) ***Notice of Budget and Assessment; Right to Disapprove.*** The Board shall send a copy of each applicable budget, together with notice of the amount of the Base Assessment and any Service Area Assessment to be levied pursuant to such budgets, to each Owner at least 30 days before the fiscal year begins.

Notwithstanding any provision to the contrary, and except for assessment increases necessary for emergency situations, after termination of the Founder Control Period, any Base Assessment that is more than 10% greater than such assessment for the immediately preceding fiscal year is subject to disapproval at a meeting by Voting Delegates representing at least 75% of the votes allocated to Units subject to such assessment.

Except for increases necessary for emergency situations, after termination of the Founder Control Period, any Service Area Assessment that is more than 10% greater than such assessment for the immediately preceding fiscal year is subject to disapproval at a meeting by Owners representing a majority of the votes within the Service Area subject to such assessment.

An emergency situation is any one of the following:

(i) an extraordinary expense required by an order of a court;

(ii) an extraordinary expense necessary to repair or maintain any portion of the Community for which the Association is responsible where a threat to personal safety is discovered;

(iii) an extraordinary expense necessary to repair or maintain any portion of the Community for which the Association is responsible and which could not reasonably have been foreseen by the Board in preparing and distributing the pro forma budget. However, prior to the imposition or collection of such an assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. Notice of the Board meeting at which such resolution is to be considered, explaining the nature of the assessment proposed, shall be provided to the Owners along with the notice of such assessment; or

(iv) to defend itself in litigation, arbitration, or other legal or administrative actions brought against it.

There shall be no obligation to call a meeting for the purpose of considering any budget except, in the case of the General Budget, on petition of the Voting Delegates as provided for special meetings in the By-Laws, and in the case of a Service Area Budget, on petition of Owners of at least 67% of the Units within the Service Area. Any such petition must be presented to the Board within 10 days after delivery of the budget and notice of any assessment. In addition, if required by Florida law, Owners shall be given notice of and the opportunity to attend Board meet-

ings at which assessments are to be considered and levied.

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

(f) ***Budget Revisions.*** The Board may revise the budget and adjust the Base Assessment or Service Area Assessments anytime during the year, subject to the same notice requirements and rights to disapprove set forth in Section 12.2(e).

12.3. Special Assessments

In addition to other authorized assessments, the Association may levy "**Special Assessments**" against all Units, or against the Units within any Service Area, to cover non-routine or unanticipated expenses or expenses in excess of those anticipated by the applicable budget. During the Founder Control Period, any Special Assessment shall require such approval as is required by Florida Statutes § 720.315. Thereafter, except as otherwise specifically provided in this Charter or the By-Laws, any Special Assessment for Common Expenses may be adopted by the Board unless it would exceed, on a per Unit basis, 10% of the Base Assessment levied against each Unit for the year in which the Special Assessment is adopted, in which case it shall require the affirmative vote or written consent of Voting Delegates entitled to cast at least 75% of the votes attributable to Units subject to assessment under Section 12.6 and shall be allocated equally among all such Units.

Any Special Assessment for Service Area Expenses may be adopted by the Board unless it would exceed, on a per Unit basis, 10% of the Service Area Assessment levied against each Unit in the Service Area for the year in which the Special Assessment is adopted, in which case it shall require the affirmative vote or written consent of Owners representing more than 50% of the total votes allocated to Units in the benefited Service Area and shall be allocated in the same manner as Service Area Assessments under Section 12.1(c) except as otherwise specifically provided in this Charter or the By-Laws. In addition, during the Development and Sale Period, any Special Assessment shall also be subject to the Founder's written consent.

Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

12.4. Specific Assessments

The Association may levy "**Specific Assessments**" against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to the Unit upon request of the Owner pursuant to any menu of optional services the Association may offer pursuant to Section 10.1. Specific Assessments for optional services may be levied in advance of the provision of the requested service;

(b) in the case of an Improved Unit, to cover the charges for services provided to all Improved Units pursuant to any bulk service or similar agreement entered into by the Association pursuant to Section 10.1;

(c) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; however, the Board shall give

the Unit Owner prior written notice and an opportunity for a hearing in accordance with the By-Laws before levying any Specific Assessment under this subsection;

(d) to cover the Unit's pro rata share of any costs that the Association incurs in bringing any Additional Association of which the Unit is a part into compliance with the provisions of the Governing Documents; however, the Board must give prior written notice to the Additional Association and the Owners of Units comprising it and an opportunity for such Owners to be heard before levying any such assessment; and

(e) to cover any deductible assessed against the Owner of Unit pursuant to Section 11.2; and

(f) to cover any other amounts that the Governing Documents authorize the Association to charge to a particular Owner or levy against any particular Unit.

The Association may levy Specific Assessments against an Additional Association to cover costs that the Association incurs in bringing the Additional Association into compliance with the provisions of the Governing Documents; however, the Board must give prior written notice to the Additional Association's board of directors and an opportunity for the Additional Association to be heard before levying any such assessment.

12.5. Environmental Stewardship Fee

In addition to assessments authorized hereunder, the Association shall charge and collect from each Improved Unit an "**Environmental Stewardship Fee**" which shall be used for the purpose of supporting environmental education and stewardship activities in the Community and its environs, which may include the Babcock Ranch Preserve. The Board shall set the amount of the Environmental Stewardship Fee at not less than $12.00 per Improved Unit per year. The Environmental Stewardship Fee shall constitute an assessment against the Improved Unit collectible in the same manner as other assessments hereunder and shall be secured by a lien in favor of the Association as provided in Section 12.8. In addition to or in lieu of conducting its own environmental education and stewardship activities, the Board may, in its discretion, pay all or any portion of the Environmental Stewardship Fees it collects to the Foundation to support environmental programs and activities conducted by the Foundation, or require that Owners pay the Environmental Stewardship Fees directly to the Foundation for such purposes.

12.6. Authority to Assess Owners; Time of Payment

The Founder hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Chapter and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the later of: (a) the date on which the Association first adopts a budget and levies assessments; or (b) the date on which the Unit is made subject to this Charter, except that the obligation to pay the Environmental Stewardship Fee shall not commence until the first day of the first month after a Unit becomes an Improved Unit, as defined in Section 10.1 and, if this Charter or any Supplement so provides, all or a portion of the Service Area Assessments on a Unit may be discounted for Units which are not Improved Units to reflect the lower Service Area Expenses associated with such Units. The first annual Base Assessment and Service Area Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

Assessments shall be paid in such manner and on such dates as the Board may establish. If the

Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Service Area Assessment shall be due and payable in advance on the first day of each fiscal year. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

12.7. Obligation for Assessments and Fees

(a) ***Personal Obligation.*** By accepting a deed or entering into a recorded contract to purchase any Unit, each Owner covenants and agrees to pay all assessments and fees authorized in the Governing Documents. All assessments and fees, together with interest (computed from its due date at a rate of 12% per annum or such higher rate as the Board may establish, subject to the limitations of Florida Statutes § 720.3085), late charges as determined by Board resolution (subject to the limitations of Florida Statutes § 720.3085), costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance, without prejudice to any right the grantee may have to recover from the prior Owner the amounts paid by the grantee. However, the liability of a Mortgagee who obtains title to a Unit by foreclosure or deed in lieu of foreclosure of its Mortgage for unpaid assessments that accrued prior to such acquisition of title shall be limited as provided in Florida Statutes § 720.3085.



By buying a Unit in the Community each Owner agrees to pay all assessments levied against his or her Unit. If the Owner does not pay on time, that Owner will be charged late fees on all past due amounts. Owners may not claim a reduction in their assessments due to action or inaction by the Association.

Notwithstanding any restrictive endorsement, designation, or instruction placed on or accompanying the payment, all payments accepted by the Association on the account of any Owner shall be applied first to interest accrued, then to any late charge, then to any costs and reasonable attorney's fees incurred in collection, and then to the principal amount of the delinquent assessment.

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments, Service Area Assessments, and Environmental Stewardship Fees at the rate established for the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfall.

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Unit, or non-use of services provided to all Units or to all Units within the Service Area to which the Unit is assigned. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, for inconvenience or discomfort arising from the making of

repairs or improvements, or from any other action it takes.

Within 15 days after receipt from an Owner or Mortgagee or its designee of a written request for an estoppel certificate, the Association shall provide a certificate in writing signed by an officer or authorized agent of the Association setting forth the amount of any unpaid assessments or other charges owed to the Association with respect to the Unit. If so authorized by Board resolution, the Association may require the payment of a reasonable fee for the preparation and issuance of such certificate and the amount of such fee shall be stated in the certificate.

(b) ***Founder's Financial Obligations to Association.*** The Founder shall be liable for assessments on any Units it owns that are subject to assessment under this Section, except that from the date of recording of the Original Charter through the termination of the Founder Control Period, the Founder shall be excused from its obligation to pay Base Assessments and Service Area Assessments on Units it owns so long as it is obligated to pay operating expenses incurred by the Association (exclusive of contributions to reserve funds) in excess of the assessments receivable from other Members plus other income of the Association, if applicable ("**Excess Operating Expenses**").

The Founder shall be obligated to pay Excess Operating Expenses under this subsection (b) during any fiscal year for which it has given the Board written notice of its commitment to pay such Excess Operating Expenses in lieu of paying regular assessments and during each successive fiscal year, unless and until the Founder otherwise notifies the Board in writing at least 60 days before the beginning of the next fiscal year. After termination of the Founder Control Period, the Founder shall pay assessments on any Units it owns that are subject to assessment under Section 12.6 in the same manner as any other Owner liable for such assessments.

Regardless of the Founder's election under this Section, any of the Founder's financial obligations to the Association may be satisfied in the form of cash, by "in kind" contributions of services or materials, or by a combination of these.

12.8. Lien for Assessments

(a) ***Existence of Lien.*** Subject to Florida law, as it may be amended, the Association shall have a lien against each Unit to secure payment of assessments and Environmental Stewardship Fees, as well as interest, late charges (subject to the limitations of Florida law), and costs of collection (including attorneys' fees and expenses), except that a Specific Assessment for monetary fines of less than $1,000 in the aggregate shall not be secured by the Association's lien against the Unit unless and until they exceed $1,000 in the aggregate. Subject to the limitations of Florida law, such lien shall be effective from and relate back to the date on which the Original Charter was recorded, except that as to any first Mortgage of record, it shall be effective from and after recording of a claim of lien in accordance with Florida Statutes § 720.3085. Such lien shall be superior to all other liens except (i) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (ii) the lien or charge of any recorded Mortgage made in good faith and for value having first priority over any other Mortgages on the Unit and recorded prior to the recording of the Association's claim of lien.

Prior to filing a claim of lien or otherwise taking any action to enforce its lien, the Association shall provide the delinquent Owner with written notice or demand for the past due assessments and any other amounts which the Owner owes to the Association pursuant to the Governing Documents. Such notice shall give the Owner at least 45 days within which to pay all amounts due, including, but not limited to, any attorneys'

fees and actual costs that the Association has incurred in connection with the preparation and delivery of such notice. Such notice may inform the Owner of the Association's intent to file a claim of lien and to foreclose such lien and collect the amounts due if not paid within such 45-day or longer period. The notice shall be sent by registered or certified mail, return receipt requested, and by first class mail, to the last address of the Owner reflected in the Association's records and to the address of the Unit, if different from the address in the Association's records. If the Owner's address as reflected in the Association's records is located outside the United States, sending the notice to such address by first class United States mail shall be sufficient.

(b) ***Enforcement of Lien.*** The Association may take action to foreclose its lien in the same manner as the foreclosure of a mortgage and may also bring an action to recover a money judgment for the amounts due without waiving its claim of lien; however, no such action shall be brought until 45 days after the Owner has been provided with notice of the Association's intent to foreclose and collect the unpaid amount as provided in subsection (a).

The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association.

The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same in addition to pursuing any and all remedies allowed by law to enforce the lien.

(c) ***Effect of Sale or Transfer.*** Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit and the subsequent owner thereof from the personal obligation for assessments due at the time of transfer of title, except that the liability of a holder of a first Mortgage who acquires title to a Unit pursuant to foreclosure of the Mortgage or a deed in lieu of such foreclosure for assessments due prior to such acquisition of title shall be limited as provided in Florida Statutes § 720.3085. Any unpaid assessments for which such holder is not liable shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 12.6, including such acquirer, its successors and assigns.



If an Owner does not pay his or her assessments on time, the Association may foreclose its lien on the Owner's Unit, causing it to be sold to pay the past due assessments. The Association also may sue an Owner in court to recover past due assessments.

12.9. Exempt Property

The following property shall be exempt from payment of Base Assessments, Service Area Assessments, and Special Assessments:

(a) All Common Area and such portions of the property owned by the Founder as are included in the Area of Common Responsibility;

(b) Any property dedicated to and accepted by the ISD; and

(c) Property owned by any Additional Association for the common use and enjoyment of its members, or owned by the members of an Additional Association as tenants-in-common.

In addition, both the Founder and, after termination of the Founder Control Period, the Association shall have the right, but not the obliga-

tion, to grant exemptions to Units owned and used by Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code, so long as the Owner to whom such exemption is issued continues to hold title to the Unit, maintain its tax-exempt status, and uses the property for tax-exempt purposes consistent with the conditions of such exemption. Exemptions granted by the Founder shall be granted by written notice to the Association and the Owner setting forth the conditions of such exemption and shall be binding on the Association so long as the conditions set forth herein and in such notice continue to be satisfied.

12.10. Capitalization of Association

Except as otherwise provided in this Section, upon each transfer of title of a Unit to a Person other than the Founder, a Founder Affiliate, or a Builder designated by the Founder, the transferee shall make a contribution to the working capital of the Association in an amount equal to one-sixth of the annual Base Assessment per Unit levied by the Association for the year in which the transfer occurs. This amount shall be in addition to, not in lieu of, the annual Base Assessment and any Service Area Assessment levied on the Unit and shall not be considered an advance payment of such assessments. This amount shall be due and payable to the Association immediately upon transfer of title for its use in covering initial start-up expenses, operating expenses, and other expenses that it incurs pursuant to this Charter and the By-Laws. This Section shall not apply to the following transfers:

(i) a transfer to the Founder, a Founder Affiliate, or a Builder designated by the Founder;

(ii) a transfer by a co-Owner to any Person who was a co-Owner immediately prior to such transfer;

(iii) a transfer to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner; or

(iv) a transfer to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage.

12.11. Use and Consumption Fees

The Association may offer services or facilities for which it does not recover its costs through assessments under this Chapter. The Board may charge use and consumption fees to any Person who chooses to use such services, equipment, or facilities and may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (*e.g.*, Owners and non-Owners).

12.12 Community Enhancement Fee.

(a) *Authority.* A "**Community Enhancement Fee**" shall be paid upon each transfer of title to a Unit, except such transfers as are exempt under Section 12.12(d). The Community Enhancement Fee shall be in an amount determined pursuant to Section 12.12(c), shall be charged to the seller of the Unit, and shall be paid at the closing of the transfer. For any non-exempt transfers occurring prior to the date upon which Babcock Ranch Foundation, Inc. (the "Foundation") is granted tax-exempt status under I.R.C. Section 501(c), the fee shall be paid to the Association. Thereafter the fee shall be paid directly to the Foundation. Community Enhancement Fees shall constitute an assessment against the Unit being transferred and shall be secured by a lien in favor of the Association or the Foundation, as applicable, having the same characteristics and enforceable in the same manner as the Association's lien for assessments under Section 12.8, except that any lien in favor of the

Foundation shall be subordinate to the Association's lien for assessments hereunder.

(b) ***Purpose.*** All Community Enhancement Fees collected hereunder shall be placed in a segregated account and used exclusively to provide funding for programs and activities designed to enhance and provide a "direct benefit" to the Community, as the term "direct benefit" is defined in rules of the Federal Housing Finance Agency at 12 C.F.R. Part 1228.1, as it may be amended. For example, Community Enhancement Fees might be used to sponsor or fund, or to assist one or more tax-exempt entities in sponsoring or funding cultural, educational, charitable, recreational, environmental, conservation, or other similar activities that are conducted in or protect the Community or adjacent or contiguous property, or are conducted on Common Area or other property primarily used by residents of the Community. Community Enhancement Fees shall not be used to engage in any political activity, including lobbying, protesting, or taking or asserting a position in any zoning matter.

Within the parameters of this Section 12.11, the Board's judgment in determining the allocation and expenditure of such funds shall be final so long as such judgment is exercised in good faith, and the Association, the Foundation, and their respective directors, officers, and employees shall not be liable to any Person for any error in judgment or any action or inaction relating to the expenditure of such funds, except that nothing in this Section shall relieve any person of liability for gross negligence or willful misconduct in the handling of such funds.

(c) ***Fee Determination.*** The Board shall have the sole discretion to determine the amount of and method of calculating the Community Enhancement Fee. The fee may be fixed or based upon a sliding scale that varies according to the "gross sales price" of the property or any other factor the Board deems appropriate. However, the Community Enhancement Fee may not exceed one-quarter of one percent (0.25%) of the Unit's gross sales price, or in the case of a transfer other than a sale at fair market value, the average of the Community Enhancement Fee paid upon the last five non-exempt transfers. The "gross sales price," for purposes of this section, shall mean the total amount paid by the purchaser for the real property, excluding customary closing costs.

(d) ***Exempt Transfers.*** Notwithstanding the above, no Community Enhancement Fee shall be levied upon transfer of title to a Unit:

(i) by or to the Founder or a Founder Affiliate;

(ii) by a Builder designated by the Founder who held title solely for purposes of development and resale;

(iii) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer;

(iv) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner;

(v) to an entity wholly owned by the grantor or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; provided, upon any subsequent transfer of an ownership or beneficial interest in such entity, the Community Enhancement Fee shall become due;

(vi) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage; or

(vii) under circumstances which the Board, in its discretion, deems to warrant classifi-

cation as an exempt transfer (e.g., a transfer made solely for estate planning purposes may be, but is not required to be, deemed exempt from payment of the Community Enhancement Fee).

PART FOUR: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

Chapter 13 - Easements

The easements created in this Chapter establish the rights of Owners to use the Common Area and create various rights for the benefit of owners, the Founder, the Association, and others over property within the Community. Some of these rights are related to development and construction within the Community and on adjacent property while others relate to the rights of the Association to come upon property of others to fulfill its responsibilities.

13.1. Easements in Common Area



An easement is one person's right to go onto the property of another.

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

(a) the Governing Documents and any other applicable covenants;

(b) any restrictions or limitations contained in any deed conveying such property to the Association;

(c) certain Owners' rights to the exclusive use of those portions of the Common Area designated Limited Common Area; and

(d) the Board's right to:

(i) adopt rules regulating Common Area use and enjoyment, including rules limiting the number of guests who may use the Common Area, and to charge use fees for such use except that no such rule shall unreasonably restrict an Owner's right to peaceably assemble on the Common Area or to invite public officers or candidates for public office to appear and speak on the Common Area;

(ii) suspend an Owner's or occupants' right to use Common Area facilities for nonpayment of assessments or other violations of the Governing Documents;

(iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Charter;

(iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area, which fees may vary by class of user as provided in Section 7.2(b);

(v) require execution of an assumption of risk and waiver and release of liability in favor of the Association as a condition of using any facility or participating in any Association-sponsored activity or any activity taking place on the Common Area;

(vi) rent all or a portion of any Common Area facility on an exclusive or non-exclusive short-term basis to any Person, on such terms as the Board may deem appropriate;

(vii) permit use of any Common Area facility by persons other than Owners and occupants of Units, which use may be subject to admission charges, membership fees, or other user fees established in the Board's discretion;

(viii) grant licenses to Owners and occupants, on such terms as the Board deems appropriate, for the exclusive use of garden plots within any portion of the Common Area designated for use as a community garden;

(ix) permit use of any Common Area facilities, at such charge or no charge as the Board may determine appropriate, for the purpose of conducting special events, providing services for the convenience of owners and occupants of Units, or offering and conducting classes or other activities for interested Owners and occupants and their employees, whether offered on a fee basis for profit or otherwise; and

(ix) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and

(e) the Board's duty to permit use of Common Area facilities by residents of Units within any Age-Qualified Area or dwellings within in any multi-family rental properties within Babcock Ranch, and their respective guests, in accordance with the terms of any recreational use agreement or similar document entered into by the Founder or the Association relating to such Common Area facilities;

(f) the right of the Founder and its designees to use the Common Area pursuant to Chapter 18.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease, except that an Owner who leases a garage apartment or similar accessory dwelling approved pursuant to Chapter 5 may extend such rights of use and enjoyment to the lessee of such accessory dwelling without relinquishing such rights for the benefit of the occupants of the main dwelling on the Unit.

13.2. Easements of Encroachment



An encroachment occurs when a person's home, fence, or other structure extends onto his or her neighbor's property. This section permits minor, inadvertent encroachments to remain.

The Founder grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units. A permitted encroachment is a structure or fixture that extends unintentionally from one person's property onto another's a distance of less than one foot, as measured from any point on the common boundary along a line perpendicular to such boundary. An encroachment easement shall not exist if the encroachment results from willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

13.3. Easements for Utilities and Other Infrastructure

(a) ***Installation and Maintenance.*** The Founder reserves for itself and grants to the Association and all utility providers perpetual nonexclusive easements throughout the Community (but not through a structure) to the extent reasonably necessary to:

(i) install utilities and other Community Systems, security and similar systems, drainage systems, and other infrastructure to serve the Community;

(ii) install walkways, pathways and trails, streetlights, and signage on property the Founder or the Association owns or within public rights-of-way or easements reserved for such purpose on a recorded plat;

(iii) inspect, maintain, repair, and replace the utilities, infrastructure, and other improvements described above; and

(iv) access and read utility meters.

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

(b) ***Easements for ISD.*** A perpetual non-exclusive easement is hereby reserved in favor of the ISD throughout the Community as reasonably necessary for access to operate, inspect, maintain, manage, and/or repair any portion of the Water Management System and other infrastructure and utilities operated and maintained by the ISD for the benefit of the Community. By this easement, the ISD shall have the right to enter upon any portion of any Unit that is part of the Water Management System, to operate, maintain, manage, and/or repair the Water Management System as required by the SFWMD permit.

(c) ***Specific Easements.*** The Founder also reserves the non-exclusive right and power to grant and record such specific easements consistent with Section 13.3(a) as it deems necessary to develop the property described in Exhibits "A" and "B." The location of the specific easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

(d) ***Minimal Interference.*** All work associated with the exercise of the easements described in Sections 13.3(a), (b), and (c) shall be performed so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to the condition existing prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

13.4. Easements to Serve Additional Property

The Founder hereby reserves for itself and its duly authorized agents, successors, assigns, and Mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," regardless of whether such property is made subject to this Charter. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. The Person exercising such easement rights shall be responsible for any damage caused to the Common Area as a result of their actions in connection with development of such property.

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

13.5. Easements for Maintenance, Emergency, and Enforcement



The Association may come onto the exterior portions of a Unit to do maintenance or to address violations of the covenants but will give prior notice unless there is an urgent need to enter the property before notice can be given.

By this Charter, the Founder grants to the Association easements over such portions of the Units as necessary to enable the Association to exercise its authority and fulfill its maintenance responsibilities under this Charter and the terms of any order, permit, or approval of any governmental or quasi-governmental body which is applicable to the Community and to exercise its enforcement rights under Chapter 8. The Association also shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to inspect for compliance with the Governing Documents, and to enforce the Governing Documents. Any member of the Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

13.6. Easement for Fence and Landscape Maintenance

The Founder reserves for itself, the Association, and their respective successors, assigns, and designees, a perpetual, nonexclusive right and easement over portions of the Community lying within 20 feet of the perimeter boundary of the Community, and within 20 feet of the back-of-curb of any public thoroughfare within or adjacent to the Community, for the purpose of constructing, installing, maintaining, repairing, and replacing perimeter fencing or walls and landscaping along the perimeter boundary of the Community, or along public thoroughfares adjacent to or running through the Community. Nothing in this Section shall obligate the Founder, the Association, or any Builder to install fencing, walls, or landscaping, the installation of such items being in the sole discretion of the Founder and the Association.

13.7. Easements for Maintenance of Water Bodies and Flooding

The Founder reserves for itself, the Association, and their respective successors, assigns, and designees, the nonexclusive right and easement, without obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility, and to enter upon exterior portions of Units lying within 20 feet of such bodies of water and wetlands, to: (a) install, operate, maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility; (b) construct, maintain, and repair structures and equipment used for retaining water; (c) temporarily flood and back water upon and maintain water over such property; and (d) install and maintain littoral plantings; and (e) perform such maintenance and repair as the Board may deem appropriate, which may include, without limitation, maintenance of shorelines, bulkheads, and water quality, algae control, removal of silt and debris, removal of dead or diseased trees, shrubs, and plants; and taking action to control any condition or remove any thing that constitutes a potential health or safety hazard. The Founder, the Association, and their respective successors, assigns, and designees shall have an access easement over and across any portion of the Community that abuts or contains bodies of water or wetlands, to the extent reasonably necessary to exercise their rights under this Section.

All Persons entitled to exercise these easements shall use reasonable care in, and repair any

damage resulting from, the intentional exercise of such easements. Nothing herein shall be construed to make the Founder or any other Person liable for damage resulting from flooding due to weather events or other natural occurrences.

13.8 Easements for Stormwater Drainage and Runoff and Surface Water Management

Each portion of the Community is hereby burdened with a perpetual, non-exclusive easement for the benefit of each other portion of the Community for the discharge of stormwater into those Water Management System facilities constructed on the benefited property or in rights-of-way adjacent to the benefited property and for the flow of stormwater through those facilities located on the burdened property, all subject to and in accordance with the regulations of SFWMD. No Person shall alter the drainage flow of the Water Management System, including any buffer areas and/or drainage swales located within the Community, without first obtaining the written approval of the SFWMD.

13.9. Easements over Alleys

Certain tracts of land within the Community are designated as "alleys" on recorded plats and are designed to provide rear access to dwellings on Units ("**Alleys**"). The Founder hereby establishes a perpetual, nonexclusive easement of access, ingress, and egress over each Alley for the benefit of the Units adjacent to and intended to be served by such Alley, which easement may be exercised by the Owners and occupants of the benefitted Units, their guests and invitees, including their contractors and others providing labor, materials and construction services to their Units, subject to such regulations as the ISD (or the Association, if so authorized) may establish governing their use.

The Founder hereby reserves for itself and its agents, employees, successors, and assigns, and invitees of the Founder or its successors and assigns, an easement for access, ingress and egress over all Alleys during the Development and Sale Period.

The Founder hereby creates a perpetual, non-exclusive easement for access, ingress, and egress over the Alleys for the Association, the ISD, utility providers, and their respective agents and employees; for law enforcement, fire fighting, paramedic, rescue, and other emergency vehicles, equipment, and personnel acting in their official capacities; for U.S. Postal Service delivery vehicles and personnel; and for vehicles, equipment, and personnel providing garbage collection service to the Community.

13.10. Easements for Potable Water and Sanitary Sewer Facilities

The Founder hereby grants to the ISD, its successors and assigns, and MSKP Town and Country Utility, LLC, a Delaware limited liability company doing business as Town and Country Utility, its successors and assigns ("**TCU**"), a perpetual, non-exclusive easement (which may be exercised by its employees and contractors) over, under, and through the utility easements running parallel to Alleys within the Community for purposes of constructing, installing, maintaining, repairing, and replacing public underground potable water and sanitary sewer facilities servicing the Community, which easement shall specifically include the right to temporarily excavate and stockpile excavated dirt and debris within the 10-foot utility easement and adjacent Alley, block vehicular access over and through the adjacent Alley, and/or divert pedestrian and vehicular traffic away from the adjacent Alley; provided, such temporary rights with respect to any Alley may only be exercised while such construction, maintenance, or repair activity is actually occur-

ring in the utility easement adjacent to such Alley.

13.11. Easement for Smoke, Ash and Resource Management Activities

The Founder hereby reserves for itself, its successors, and assigns, the Association, and the contractors, agents, and employees of each, a perpetual, non-exclusive easement over all outdoor portions of the Community for the drifting, passage, and settling of heat, smoke, sparks, embers, and ash generated by burning of vegetation as part of ongoing resource management activities within Babcock Ranch and on property in proximity to Babcock Ranch. Persons conducting such activities shall take reasonable precautions to schedule and conduct such activities when weather conditions are not expected to create a high risk of fires burning out of control and shall have appropriate training and employ appropriate techniques designed to keep prescribed burning under control. To the extent feasible, the Founder or the Association shall give prior notice to the Owners of the location of and anticipated schedule for planned burning activities within Babcock Ranch.

Chapter 14 - Private Amenities

Various recreational and other facilities may be located within or in the vicinity of the Community that are privately owned and operated by Persons other than the Association. Those facilities are not part of the Common Area of the Community, and ownership of property in the Community does not give any person the right to use them. This Chapter explains the right of the owners of those facilities to determine if and on what terms they wish to make their facilities available for use by Owners. It also establishes certain rights for the benefit of the owners of such facilities.

14.1. General

Any property and facilities located within, adjacent to, or near the Community, which Persons other than the Association own and operate for recreational and related purposes, are referred to in this Charter as a "**Private Amenity**" or "**Private Amenities**."

Neither membership in the Association nor ownership or occupancy of a Unit shall confer any ownership interest in or right to use any Private Amenity. Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as the owners of the Private Amenities may determine. The owners of the Private Amenities shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities, including, without limitation, eligibility for and duration of use rights, categories of use and extent of use privileges, and number of users and also shall have the right to reserve use rights and to terminate use rights altogether subject to the terms of any written agreements with their respective members.

14.2. Ownership and Operation of Private Amenities

All Persons, including Owners, are hereby advised that no representations or warranties have been or are made by the Founder, the Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of any Private Amenities. No purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenities.

Ownership or operation of the Private Amenities may change at any time by virtue of, but without limitation: (a) the sale to or assumption of operations of any Private Amenities by a Person other than the current owner or operator; (b) the establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of the Private Amenities or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenities; or (c) the conveyance of any Private Amenities to one or more Founder Affiliates. Consent of the Association, any Additional Association, any Voting Delegate, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenities, for or without consideration and subject to or free of any mortgage, covenant, lien, or other encumbrance.

Chapter 15 - Disclosures and Waivers

This Chapter discloses some important information about the Community for the benefit of prospective purchasers of property in the Community. Each Owner, by accepting a deed to property in the Community, also accepts and agrees to the matters set forth in this Chapter.

15.1. Access by General Public

Certain facilities and areas within the Community will be owned by the ISD or dedicated to the public on recorded plats and, as such, will be open for use and enjoyment of the public. The ISD may enter into an interlocal agreement with other special taxing districts for reciprocal use of their respective facilities by the residents of all such districts and for sharing of the costs of operating such facilities among the participating districts. Such facilities and areas may include, by way of example: lakes, ponds, recreational facilities, greenbelts, trails and paths, roads, sidewalks, medians, and parks.

15.2. Safety and Security

Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in Babcock Ranch. The Association, the Commercial Association, and/or the ISD may, but shall not be obligated to, maintain or support certain activities within the Community designed to promote or enhance the level of safety or security that each person provides for himself or herself and his or her property. However, the ISD, the Association, the Commercial Association, the Founder, and Founder Affiliates shall not in any way be considered insurers or guarantors of safety or security within the Community, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including security monitoring systems or any mechanism or system for limiting access to the Community, cannot be compromised or circumvented, or that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing any tenants and other occupants of such Owner's Unit and their guests that the Association, its Board and committees, and the Founder are not insurers or guarantors of security or safety and that each Person within the Community assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties. Owners shall include in each lease for any Unit or any portion thereof provisions informing and binding tenants to these provisions.

15.3. Changes in Development Plan

The Founder reserves the right to make changes in the Development Plan in its sole discretion, subject to such governmental approvals as may be required. Each Owner acknowledges that the Community is a master planned community, the development of which is likely to extend over many years, and agrees that neither the Association nor any Additional Association shall, without the Founder's prior written consent, engage in or use Association funds to support any protest, challenge, or other form of objection to (a) changes in uses or density of property within the Community, or (b) changes in the Development Plan.

15.4. View Impairment

Neither the Founder nor the Association guarantee or represent that any view over and across the Units, any open space within the Community, or any Private Amenity will be preserved without impairment. The Founder, Founder Affiliates, the Association, and any Private Amenity owner shall have no obligation to relocate, prune, or thin trees or other landscaping except to maintain the Community-Wide Standard or as otherwise required herein or under a separate covenant or agreement. The Association (with respect to the Common Area) and Private Amenity owners (with respect to any Private Amenity) have the right to add trees and other landscaping from time to time, subject to applicable law and the terms of this Charter. Except as otherwise specifically provided or referenced in this Charter, there shall be no express or implied easements for view purposes or for the passage of light and air.

15.5. Neighboring Uses

Babcock Ranch is planned as a mixed-use community which has or is expected to have non-residential uses in close proximity to residential Units. Uses are subject to applicable zoning ordinances. There is no guarantee as to the specific retailers or types of businesses that may choose to locate in Babcock Ranch or the hours that such businesses may be open. The particular mix of non-residential uses within Babcock Ranch may change from time to time. Such uses may include restaurants, bars, and other establishments that draw crowds and generate traffic, noises, odors, and light which may affect surrounding properties. By accepting title to or taking occupancy of a Unit, each Owner and occupant expressly assumes the risk of such Unit being affected by traffic, parking, noise, odors, and lights from the existence or operations of any permitted non-residential use and Persons providing service or supplies in connection with such permitted use.

In accordance with the Ranch Management Agreement, the Babcock Ranch Preserve may be managed and used as a working ranch and for forestry and recreational operations, which may include cattle ranching, timber management, timber harvesting, native plant nursery, apiary operations, sod farm and related operations, agriculture and farming operations, horticultural debris disposal, mining, eco-tourism, hiking, hunting, fishing, camping, bird watching, horseback trail riding, and other natural resources-based recreation.

Every neighborhood is impacted by conditions which different people may find objectionable. Each Owner and occupant of a Unit, by taking title to or occupying a Unit, acknowledges and agrees that there may be conditions within and outside of the Community which he or she may find objectionable and that it shall be the Owner's or occupant's sole responsibility to become acquainted with conditions within and surrounding Babcock Ranch which could affect the use and enjoyment of his or her Unit. No representations are made regarding the use or zoning of adjacent property or that the category to which adjacent property is zoned may not change in the future.

Each Owner agrees that the Founder, the Association, and any Founder Affiliate or agents shall not be liable to any Owner or any other Person claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, death, destruction of property, trespass, loss of enjoyment, or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of the Owner's Unit to any nonresidential use or other objectionable uses outside within or outside

of Babcock Ranch, including without limitation, any claim arising in whole or in part from the negligence of the Founder, any Founder Affiliates, or their agents, or the Association. The Owner agrees to indemnify and hold harmless the Founder, Founder Affiliates and agents, and the Association against any and all such claims by Owner's visitors, tenants, and others upon such Owner's Unit.

15.6. Notices and Disclaimers as to Community Systems

Any Community System and its providers, managers, and operators may be subject to federal, state, or municipal regulations, laws, and ordinances. Such regulations, laws, and ordinances may have a significant impact on certain aspects of the system including, but not limited to, the fees charged, the method of delivery, the rights of the system users, as well as the rights of the system providers or operators. These regulations and their impact are beyond the Association's and Founder's control.

In recognition of the fact that interruptions in cable television and other Community Systems services will occur from time to time, neither the Founder nor any Founder Affiliate, the Association, nor any of their respective successors or assigns shall in any manner be liable for any interruption in Community Systems services.

The Owner of each Unit shall be responsible for ensuring that the dwelling on such Unit is pre-wired to connect to any Community System installed by or at the request of the Founder pursuant to Section 18.7. If such wiring is installed by a party other than the provider of the Community System, the Owner shall contact the provider of the Community System upon completion of such installation and arrange for the provider of the Community System to inspect the wiring to ensure compatibility with the Community System. If authorized by the Founder, the provider of the Community System may charge the Owner of the Unit a reasonable fee for such inspection. If it is determined that the wiring is not compatible, the Owner of the Unit shall promptly arrange for such wiring to be replaced with wiring that is compatible with the Community System.

Each Owner acknowledges and agrees that the Association, by virtue of contractual relationships with Community Systems providers, may gain access to information relating to individual use of the Community Systems, including account and content information. In recognition of this fact, each Owner waives any privacy rights he or she may have in such information and any claims against the Association, the Board, Founder, and Founder Affiliates relating to the acquisition of such information. Further, each Owner acknowledges and agrees that the acquisition of such information by the Association shall not create any duty on the part of the Association, Founder, or Founder Affiliates to any Person to act in any manner with respect to such information.

15.7. Construction Activities

All Owners, occupants, and users of Units are hereby placed on notice that the Founder, any Founder Affiliates, and/or their agents, contractors, subcontractors, licensees, and other designees, successors, or assigns, will be conducting development and construction activities within The Community and that such activities may be conducted in phases and may cause disturbance and disruption that impact the use and enjoyment of a Unit.

By the acceptance of a deed or other conveyance or mortgage, leasehold, license, or other interest and by using any portion of a Unit or the Community generally, the Owners and all occupants and users of Units acknowledge and agree:

(a) that such activities shall not be deemed nuisances or noxious or offensive activities under any applicable covenants or at law generally; (b) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise), any property within or in proximity to the Unit or any other portion of the Community where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (c) that the Founder, any Founder Affiliates, and all of their agents, contractors, subcontractors, licensees, and other designees, successors, and assigns, shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (d) that any purchase or use of any portion of a Unit or any other portion of the Community has been and will be made with full knowledge of the foregoing; and (e) this acknowledgment and agreement is a material inducement to the Founder or Founder Affiliates to sell, convey, lease, and/or allow the use of Units and other facilities within the Community.

15.8. Hurricane Preparedness

Babcock Ranch is located in a region that is vulnerable to the dangerous effects of hurricanes and tropical storms, including extremely high winds, flooding, flying debris, ocean surges, and lightning. Each Owner and occupant of a Unit shall be responsible for his or her own safety in the event of a hurricane and should take appropriate safety precautions (which may include evacuating the Community and/or the region) to avoid personal injury, including death, and property damage. Each Owner and occupant of a Unit shall be obligated to adhere to any established hurricane plan for Community residents.

The Association may, but shall not be required to, adopt and implement a storm preparedness plan for the Community. In addition, the Association may, but is not obligated to, maintain or support certain activities which promote or enhance safety or security to persons or property in the Community in the event of a violent storm. Each Owner and occupant of a Unit shall be obligated to adhere to any established hurricane plan for the Community However, the Association, the Founder, and their respective members, directors, officers, agents, affiliates, and committees shall not in any way be considered guarantors of safety or security in the Community, nor shall they be held liable for any loss or damage by reason of failure to provide adequate security or safety measures in the event of a tropical storm or hurricane or ineffectiveness of security or safety measures undertaken.

15.9. Water Management

Each Owner acknowledges and agrees that wetlands, stormwater ponds, and other bodies of water within or adjacent to the Community are not designed as aesthetic features and, due to fluctuations in rainfall and groundwater elevations within the immediate area, may be wet or dry at various times and will not likely maintain a constant water level. Each Owner further acknowledges and agrees that the Founder and the Association have no control over the presence or absence of water or water levels. Therefore, each Owner agrees to release and discharge the Founder, Founder Affiliates, and the Association from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including reasonable attorneys' fees and costs at all tribunal levels, related to or arising out of any claim relating to the aesthetic appearance of, the presence or absence of water in, or fluctuations in water level in such areas.

No person shall alter, modify, or expand, or deposit fill, debris, or any other material or item in, any part of the Water Management System, or remove, cut, trim, or apply herbicides to any vegetation within any wetlands mitigation area or wet detention pond located within or in the vicinity of the Community, without the prior written approval of the Founder and the SFWMD, and any other local, state, or federal regulatory or permitting authorities as may have relevant jurisdiction over such matters.

15.10. Entry onto and Use of Water Bodies

Any Person entering upon or near or otherwise using any wetlands, ponds, or other water bodies and related facilities within or adjacent to the Community shall be responsible for his or her own personal safety in connection with such entry and use and shall assume all risks of personal injury, including death, relating to such entry or use. The Founder, Founder Affiliates, and the Association shall not in any way be a guardian or insurer of safety in connection with the presence, entry upon, or use of any water bodies or features within or adjacent to the Community and shall not be held liable or responsible for any personal injury or death, property damage, or any other loss due to, arising out of, or related to use of such water features for any purpose.

Some Units are located adjacent to lakes, ponds or stormwater detention or retention facilities that may from time to time contain water. Owners and occupants of such Units have no right to erect fences, attach docks, build retaining walls, anchor or store boats or other watercraft, or landscape, clear, or otherwise disturb vegetation between the boundary of the Unit and such lakes, ponds, or other facilities.

15.11. Wildlife and Natural Conditions

The Community and surrounding areas contain a number of manmade, natural and environmentally sensitive areas, including wetland mitigation areas and preserves, that may serve as habitats for a variety of native plants and wildlife, including insects, venomous and non-venomous snakes, predators, alligators and other reptiles, and other animals. Portions of Babcock Ranch are also traditional range and crossing corridors for wildlife. Some of the plants or wildlife may pose hazards to persons or pets coming in contact with them. In addition, damage to personal or real property by wild animals, including landscaping on a Unit, may occur.

Each Owner and occupant of any Unit, and every person entering the Community or such surrounding areas (i) acknowledges that such plants and wildlife are indigenous to the area and are not restrained or restricted in their movement within or through the Community or surrounding areas; and (ii) assumes all risk of personal injury arising from the presence of such plants and wildlife. Neither the Association, the Founder, any Builder, nor the members, partners, affiliates, officers, directors, agents or employees of any of them, shall have any duty to take action to control, remove, or eradicate any plant or wildlife in the Community or surrounding areas, nor shall they have any liability for any injury resulting from the presence, movement or propagation of any plant or wildlife within or through the Community.

The natural areas described in this Section may also contain creeks, ponds, or intermittent pools of water, muddy areas, and underbrush, among other things, all of which are important to the ecological balance and maintenance of the area as a wildlife habitat. No Owner or occupant of a Unit shall enter upon, or permit their guests or any other person acting on their behalf

to enter upon or disturb, such areas in any way without the Association's or the Founder's prior written approval.

15.12. Irrigation Using Treated Effluent

Each Owner and occupant of a Unit, and their respective guests and invitees, are hereby advised that a reuse water system may be operated within the Community, and the water used to irrigate property within or adjacent to Babcock Ranch, including the Area of Common Responsibility, any Private Amenity, and other landscaped areas adjacent or in close proximity to Units, may be treated effluent.

In addition, treated effluent may be discharged into lakes within Babcock Ranch not designated for swimming. Treated effluent is considered safe for irrigation, but should not be used for drinking, bathing, swimming, or any purpose other than irrigation. Any effluent used within Babcock Ranch shall be treated to applicable governmental standards and regulations.

15.13. Utility Operations

Each Owner and occupant of a Unit is hereby advised that utility plants and operations will exist within Babcock Ranch to provide services to Babcock Ranch and the surrounding area. One or more treatment plants for the storage, treatment, recycling, and reclamation of wastewater or sewage comprised of commercial buildings and equipment will be located within Babcock Ranch. Noise and odors from the operation and maintenance of the plants may emanate from the plants from time to time.

In addition, as of the date of recording of the Original Charter, a photovoltaic facility exists within Babcock Ranch which uses a large number of solar panels to convert sunlight into electricity.

15.14. Schools

No representations are made regarding the public or private schools, colleges, daycare centers, or early childhood programs that currently or may in the future serve the Community, and the Founder makes no commitment to construct or organize any such school or program.

15.15. Fire and Timber Management Activities; Prescribed Burning

The Founder, the Association, and their respective agents, contractors, and employees, may engage in selective pruning and removal of trees and other vegetation, and periodic burning and/or mechanical removal of undergrowth on property they own or lease, or on other property with the permission of the owner, located within or in proximity to the Community, as part of a continuing resource management plan to enhance the appearance of the woodlands within or in proximity to the Community and to minimize the risk of unplanned and uncontrolled wildfires. If so requested in writing by park staff, the Association shall notify all residents in advance of prescribed burn activities being conducted on public preserve lands adjacent to the Community. Such activities may generate high levels of noise from equipment in use and may result in substantial smoke, ash, and embers drifting or being carried by the wind across property within the Community during burning activities. Additional information regarding the use of prescribed burning as a land management technique is attached as Exhibit "F."

It is often difficult to predict weather conditions and, in order to conduct such activities when weather conditions are optimal, it may not always be possible or practical to give adequate advance notice or to schedule such activities so as to minimize inconvenience to Owners and occupants of Units. **Each Owner, by accepting**

a deed to a Unit, and each tenant, by accepting a lease or rental agreement for a Unit, acknowledges that such activities are necessary to proper management of the natural resources within and adjacent to the Community and to minimize fire hazards and waives all claims which such Owner or tenant and their respective family members and guests may have against the Founder, the Association, and their respective officers, directors, contractors, agents, and employees, as a result of any personal injury, property damage, nuisance, or inconvenience arising out of the resource management activities undertaken within the Community or on property adjacent or in proximity to the Community.

15.16. Mining Operations.

There is an existing mining operation within or in the vicinity of the Community that is expected to continue indefinitely.

15.17. Lee County Panther and Black Bear Management Plan; Trash Receptacles.

Portions of the Community are located in Lee County, Florida, which has adopted ordinances to provide criteria, guidelines, and requirements to protect certain animal and plant species, including panthers and black bears, which inhabit Lee County by safeguarding the habitat in which the species are found from the impacts associated with land development. The Founder has established a Florida Black Bear Management Plan which requires, among other things, distribution of educational brochures to purchasers of Units describing how the panther and black bear habitat are maintained. Pursuant to the management plan, all Units in portions of the Community located in Lee County must use bear-proof trash receptacles.

15.18. Alligators.

Babcock Ranch and adjacent areas include an abundance of lakes, wetlands, streams, and other natural and improved areas which may serve as habitat for alligators. While the Founder and the Association may post warning signs in various areas of the Community to warn that alligators may be present, neither the Founder nor the Association have any duty to monitor for the presence of alligators in such areas or elsewhere in Babcock Ranch, nor any duty to remove alligators or install fencing or take other protective measures to protect residents and others within the Community from alligators that may be present in such areas. Each person who enters into an area of Babcock Ranch where alligators may be present does so as his or her own risk and is responsible for his or her own safety. IT IS DANGEROUS AND ILLEGAL TO FEED OR HARASS ALLIGATORS. PENALTIES MAY INCLUDE MONETARY FINES FOR VIOLATORS AS PROVIDED BY FLORIDA LAW.

15.19. Application of Fertilizers and Other Chemicals to Property in Lee County.

In an effort to address potential degradation of surface or groundwater due to use of chemicals and other regulated substances, only licensed landscape professionals or other professionals authorized by Lee County, Florida may perform activities involving the application or use of fertilizers, pesticides, insecticides, herbicides, nematicides and other chemicals on property located in Lee County, Florida.

Chapter 16 - Rights of Lenders

In order to enhance each Owner's ability to obtain financing for the purchase of his or her Unit, this Chapter sets forth various provisions for the benefit of lenders who make mortgage loans and for the benefit of those agencies that guarantee and insure mortgage loans made by institutional lenders.

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Units in the Community. The provisions of this Chapter apply to both this Charter and to the By-Laws, notwithstanding any other provisions contained therein.

16.1. Notices to Association

Each Owner shall provide the Association with the name and street address of the holder or guarantor of any Mortgage encumbering such Owner's Unit. In addition, any institutional holder or guarantor of a Mortgage may provide written notice to the Association stating the name and address of such holder or guarantor and the street address of the Unit to which its Mortgage relates. All holders and guarantors of Mortgages of which the Association has been notified pursuant to this Section are referred to as "**Eligible Holders**."

16.2. Special Freddie Mac Provisions

To the extent not inconsistent with Florida law, if a condominium exists within any portion of the Community, and so long as required by Freddie Mac, or any successor organization, the provisions of this Section 16.2 shall apply.

(a) ***Notices of Action.*** If the Association has not been notified of the name and street address of the holder or guarantor of a Mortgage on a Unit, the Association may send any notice required to be sent to Mortgagees to the Unit address, and such act shall be deemed sufficient notice to the Mortgagee of such Unit for all purposes under this Charter and the By-Laws.

Each Eligible Holder will be entitled to timely written notice of:

(i) Any condemnation loss or any casualty loss that affects a material portion of the Community or that affects any Unit on which there is a first Mortgage held or guaranteed by such Eligible Holder;

(ii) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days;

(iii) Any lapse, cancellation, or material modification of any insurance policy required to be maintained by the Association; and

(iv) Any proposed action that would require the consent of a specified percentage of Mortgagees.

(b) ***Actions Requiring Approval of Eligible Holders.*** In addition to such other approvals as may be required under this Charter, the By-Laws, or the Articles of Incorporation, the following actions shall require the approval of Eligible Holders of first Mortgages that represent at least 51% of the Units subject to first Mortgages:

(i) Any action to terminate the legal status of the Community or the Association or to use insurance proceeds for any purpose other than to rebuild damaged or destroyed Common Area improvements; and

(ii) Any amendment to this Charter, the By-Laws, or the Articles of Incorporation of a material adverse nature to Eligible Holders of first Mortgages.

16.3. No Priority

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

16.4. Failure of Mortgagee to Respond

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 60 days after the Mortgagee actually receives proper notice of the proposal by certified or registered mail, return receipt requested.

16.5. Amendment by Board

The purpose of this Chapter is to facilitate financing of Unit purchases by compliance with secondary mortgage market requirements or standards. Should any institutional or governmental lender, purchaser, insurer, or guarantor of residential mortgage loans, including, for example, Fannie Mae, Freddie Mac, the Department of Housing and Urban Development, the Federal Housing Finance Agency, or the Department of Veterans Affairs, hereafter eliminate, create, or otherwise revise any of their respective requirements to make, purchase, insure, or guarantee mortgage loans on Units, the Board, without the approval of the Owners or Mortgagees, may cause an amendment to this Chapter 16 to be recorded to comply with such revised requirements or standards. Each Owner, by acting title to a Unit, and each Mortgagee, by accepting a Mortgage on a Unit, acknowledges and agrees to such amendments and grants to the Board the authority to make changes to this Chapter 16 as contemplated by this Section 16.5.

16.6. Construction of Chapter 16

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

PART FIVE: COMMUNITY DEVELOPMENT

Chapter 17 - Expansion of the Community

Due to the need to pace development to the needs of the Community and the market demand for Units or Common Areas, the Community may be developed in phases. The Founder or the Association may expand the initial property submitted to the Charter as set forth in this Chapter.

17.1. Expansion by the Founder

From time to time, the Founder may submit to the terms of this Charter all or any portion of the property described in Exhibit "B" by recording a Supplement describing the additional property to be submitted. The Founder may record such a Supplement without the consent of any Person except the owner of such property, if not the Founder.

The Founder's right to expand the Community under this Section expires when all property described in Exhibit "B" has been submitted to this Charter or 50 years after this Charter is recorded, whichever is earlier. Until then, the Founder may transfer or assign this right, in whole or in part, and with respect to all or any portion of the Exhibit "B" property (reserving all rights as to any portion not included in such assignment), to any Person who is the developer of at least a portion of the real property described in Exhibit "A" or "B." Any such transfer shall be described in a recorded instrument executed by the Founder.

Nothing in this Charter shall require the Founder or any successor to submit additional property to this Charter or to develop any of the property described in Exhibit "B" in any manner whatsoever.

17.2. Expansion by the Association

The Association also may submit additional property to this Charter by recording a Supplement describing the additional property. Any Supplement that the Association records must be approved by Voting Delegates representing more than 50% of the total votes in the Association at a meeting duly called for such purpose and by the owner of the property to be submitted. In addition, during the Development and Sale Period, the Founder's consent is required. The Association's President and Secretary, the owner of the property, and the Founder, if the Founder's consent is required, shall sign the Supplement.

17.3. Additional Covenants and Easements

Any Supplement that the Founder records may impose additional covenants and easements on the property described in such Supplement, such as covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Service Area Assessments. Such provisions may be included in a Supplement submitting new property to this Charter or may be set forth in a separate Supplement applicable to property previously submitted to this Charter. If someone other than the Founder owns the property, then the Supplement must be signed by such owner evidencing such owner's consent.

Any Supplement may add to, create exceptions to, or otherwise modify the terms of this Charter as it applies to the property described in the Supplement, in order to reflect the different character and intended use of such property. For example, a Supplement for an Age-Qualified Area in which an Additional Association maintains amenities for the exclusive use of residents and their guests may limit access by such residents to specified recreational facilities maintained by the Association and provide for such Units to pay a reduced assessment or no assess-

ment for expenses related to such recreational facilities.

17.4. Effect of Filing a Supplement

A Supplement shall be effective upon recording unless otherwise specified in the Supplement. On the effective date of the Supplement, any additional property made subject to this Charter shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Charter.

17.5. Conversion of Commercial Property to Residential Use

In the event that any property under the jurisdiction of the Commercial Association is converted to use as residential units for individual sale, the owner of such property may, upon withdrawal of such property from the coverage of the Commercial Charter, submit such property to the provisions of this Charter by recording a Supplement describing the property and specifically making it subject to the terms of this Charter. Such Supplement shall not require the consent of the Association, but shall require the signature of an officer of the Association acknowledging it, which shall be provided within 10 days after receipt of a written request for such acknowledgment. In addition, the Founder's prior written consent shall be necessary during the Development and Sale Period.

Chapter 18 - Additional Rights Reserved to the Founder

This Chapter reserves various rights to the Founder, in addition to those specifically reserved elsewhere in the Governing Documents, in order to facilitate the Founder's development and sale of property in the Community, to enable the Founder to respond to Owners' concerns, and to protect various property rights and other interests of the Founder.

18.1. Special Development Rights

In addition to the rights specifically reserved to the Founder under Chapter 17 with respect to expanding the Community, the Founder reserves the right, during the Development and Sale Period, to:

(a) create Units, Common Areas, and Limited Common Areas, and to designate roadways, within any portion of the Community which it owns;

(b) subdivide or combine any Unit or Units which it owns in order to create larger or additional Units, Common Areas, and/or Limited Common Areas;

(c) convert any Unit which it owns into Common Area, Limited Common Area, or roadways;

(d) adjust the boundaries of any Units that it owns and any Common Area or Limited Common Area; and

(e) amend this Charter or any Supplement to withdraw property from the Community and the coverage of this Charter, provided that such property has not been improved with a dwelling. Any such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Founder. If the property is Common Area, the Association shall consent to such withdrawal.

The foregoing rights shall specifically include the right, subject only to obtaining the requisite governmental approvals, to replat and record revised, amended, or additional plats affecting any property which it owns in the Community to accomplish any the foregoing. Such replats or revised or amended plats shall not require the consent of the Association, the Voting Delegates, any Owner, or any other Person (except appropriate governmental authorities), notwithstanding that they may vacate right-of-way, eliminate open spaces, convert right-of-way or open space to Units, or convert Units to open space or right-of-way, and neither the Association nor any Owner shall have the right to object to any such replatting; however, no replat or revised or amended plat shall alter the boundaries of any property owned by a Person other than the Founder without that owner's written consent.

If a proposed replat or revised or amended plat would alter the boundaries of any property that the Founder has conveyed to the Association as Common Area and such property has not been improved with recreational facilities, then the Association shall, upon the Founder's request, execute such documents as may be necessary to grant its consent to such replat or revised or amended plat.

18.2. Marketing and Sales Activities

Notwithstanding anything in the Governing Documents to the contrary, during the Development and Sale Period the Founder and its designees or assigns may construct, use, and maintain upon portions of the Common Area and other property they own, such facilities and activities as, in the Founder's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Units, subject to any limitations imposed by applicable zoning. Such permitted facilities and activities shall include business offices, signs, flags (whether hung from flag

poles or attached to a structure), model homes, sales offices, parking facilities, holding or sponsoring special events, and exterior lighting features or displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, the Founder and its employees, agents, and designees may park vehicles in designated parking areas.

The Founder and authorized Builders whom the Founder may designate shall have easements for access to and use of such facilities at no charge. Such right shall specifically include the right of the Founder and its designees to use Common Area facilities for an information center and/or for administrative, sales and business offices at no charge during the Development and Sale Period and to restrict use or access to such facilities by the Association, its members and others as long as they are being used for any such purpose. There shall be no limit on the number or location of such facilities, except as otherwise restricted by state law or local ordinance or regulations.

After the Development and Sale Period, the Founder shall continue to have a right of access to and the right to use all Common Area facilities for parties, special events, and marketing activities in connection with the marketing and sale of other communities being developed, marketed, or sold by the Founder, its agents, or affiliates, subject to any limitations imposed by applicable zoning. Any such use after the Development and Sale Period shall be subject to reasonable notice to the Association and payment by the Founder of all reasonable costs the Association directly incurs in connection with such use (*i.e.*, over and above costs the Association would incur in the absence of such use).

18.3. Access for Development Purposes

During the Development and Sale Period, the Founder and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area and roads within the Community for the purpose of:

(a) exercising any rights reserved to the Founder pursuant to this Charter, including the rights set forth in Sections 17.1 and 17.2; and

(b) making, constructing, and installing any improvements indicated on recorded subdivision maps or plats of the Community and such other improvements to the Common Area and to the Exhibit "B" property as it deems appropriate; and

(c) making repairs or correcting any condition on the Common Area or any Unit.

18.4. Right to Approve Changes in Community Standards

During the Development and Sale Period, no amendment to or modification of any Rules or Design Guidelines shall be effective without prior notice to and the written approval of the Founder.

18.5. Additional Covenants and Restrictions

Except as may specifically be authorized in recorded covenants which include the Founder's joinder or written consent, during the Development and Sale Period, no one other than the Founder may record any additional covenants or restrictions affecting any portion of the Community without the Founder's written consent. Any instrument recorded without the required consent shall be void and of no force and effect.

Additional Rights Reserved to the Founder

18.6. Rights to Use Names; License Agreements

The name "Babcock Ranch," along with all logos associated with such name, are the proprietary trade names and/or service marks of the Founder or Founder Affiliates. No Person shall use the name "Babcock Ranch," or any associated logo, for advertising or any other purpose in any promotional material, whether printed, audio, video, or otherwise, in any signage, on any Internet website, or in any logo or depiction, without the prior written consent of the Founder or the Person who owns such mark. In addition, due to the integrated nature of Babcock Ranch as a planned community and the public identification of the Units with Babcock Ranch, any name or "logo" to be used in connection with or displayed on any signage or in any sales or other materials or documentation related to any Unit, shall be subject to the Founder's prior written consent. Such approval may be given or withheld in the Founder's discretion and may be subject to such terms and conditions as the Founder deems appropriate.

The Founder or the mark or trademark owner may condition the Association's or any Owner's use of protected trade names or marks upon the signing of one or more license agreement(s), which are intended to protect the trade names and service marks from unauthorized use by others. Such license agreement(s) shall be non-exclusive, non-transferable, and in form and substance acceptable to the owner of the mark. Subject to such licensing agreements, the Association may use the words "Babcock Ranch" in its name. Other use by the Association or any Owner is subject to the restrictions set out in this Section or otherwise imposed by the Founder.

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

18.7. Community Systems

The Founder reserves for itself, Founder Affiliates, and their respective successors and assigns, a perpetual right and easement over all property in the Community to install and operate such Community Systems as the Founder, in its discretion, deems appropriate to serve any portion of the Community. Such right shall include, without limitation, the Founder's right to select and contract with companies licensed to provide telecommunications, cable television, and other Community Systems services in the region. The Founder also has the right to charge individual users a reasonable fee, not to exceed the maximum allowable charge for such service, as defined from time to time by the laws, rules, and regulations of the governmental authority having jurisdiction.

Notwithstanding the above, there is no guarantee or representation that any particular Community System will be made available or, if provided, that it will continue to be provided or made available.

18.8. Easement to Inspect and Right to Correct



The Founder, or someone it designates, may enter onto any Unit to inspect and correct problems with the Unit. The Founder must give the Owner of the Unit prior notice, and if entering an enclosed structure on the Unit, obtain the Owner's prior consent unless it is an emergency.

The Founder reserves for itself and others it may designate the right, but not the obligation, to

inspect, monitor, test, redesign, and correct any structure, improvement, or condition that may exist on any portion of the property within the Community, including Units, and a perpetual nonexclusive easement of access throughout the Community to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner, and no entry into an enclosed structure shall be permitted without the Owner's consent. The person exercising this easement shall promptly repair, at such person's own expense, any damage he or she causes. Nothing in this paragraph shall relieve an Owner of the responsibility for the maintenance and repair of his or her Unit.

18.9. Right to Notice of Design or Construction Claims

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Community in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless the Founder and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the owner of the property to discuss the owner's concerns and conduct their own inspection.

18.10. Right to Transfer or Assign the Founder's Rights

Any or all of the Founder's rights and obligations set forth in this Charter or the By-Laws may be transferred in whole or in part to other Persons without transferring the status of the Founder. However, such a transfer shall not reduce an obligation or enlarge a right beyond that which the Founder has under this Charter or the By-Laws. No such transfer or assignment shall be effective unless it is in a recorded instrument the Founder signs. The foregoing sentence shall not preclude the Founder from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to the Founder in this Charter where the Founder does not intend to transfer such right in its entirety. In such case, it shall not be necessary to record any written assignment unless necessary to evidence the Founder's consent to such exercise.

18.11. Termination of Rights

If the term of any rights contained in this Chapter is not specified, such right shall terminate upon the earlier of (a) termination of the Development and Sale Period; or (b) the Founder's recording of a written statement that all sales activity has ceased.

PART SIX: PROCEDURES FOR AND LIMITATIONS ON CERTAIN ACTIONS

Chapter 19 - Dispute Resolution and Limitation on Litigation

From time to time, disputes may arise between Owners or between an Owner and the Association, the Founder, or others involved in the Community. This Chapter commits the parties to any such dispute to work together in an attempt to resolve certain types of disputes without litigation in order to facilitate the prompt resolution of such disputes in a manner that respects and builds upon the relationships between the parties. It also requires substantial support of the Association's membership before the Association can engage in certain types of litigation that could result in significant legal and emotional costs to the Community.

19.1. Agreement to Encourage Resolution of Disputes Without Litigation

(a) ***Bound Parties.*** The Founder, the Association and its officers, directors, and committee members, all Persons subject to this Charter, and any Person not otherwise subject to this Charter who agrees to submit to this Chapter (collectively, the "**Bound Parties**"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to:

(i) any dispute subject to the dispute resolution process set forth in Florida Statutes § 720.311 and Chapter 61B-80, F.A.C., without first complying with that process; and

(ii) with respect to any Claim described in Section 19.1(b) which is not subject to Florida Statutes § 720.311 without first complying with the dispute resolution procedures set forth in Section 19.2 of this Chapter;

all in a good faith effort to resolve such Claim or dispute.

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

(i) the interpretation, application, or enforcement of the Governing Documents;

(ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or

(iii) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Chapter 5, which shall not be subject to review and shall not be subject to this Chapter.

(c) ***Exceptions.*** Notwithstanding the above, the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 19.2:

(i) any suit by the Association to collect assessments or other amounts due from any Owner;

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

(iii) any suit that does not include the Founder, a Founder Affiliate, or the Association

as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Governing Documents;

(iv) any dispute that affects the material rights or obligations of a party who is not a Bound Party and has not agreed to submit to the procedures set forth in Section 19.2;

(v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 19.2(a) unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this Chapter; and

(vi) any suit by the Association to enforce the Governing Documents where the Association has given the violator notice and either a hearing or an opportunity to cure the violation, or both, prior to the Association filing suit.

19.2. Dispute Resolution Procedures

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

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

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

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

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

(b) *Negotiation.* The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

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

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

If the parties do not settle the Claim within 30 days after submission of the matter to mediation or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each

Party shall pay an equal share of the mediator's fees.

Notwithstanding the above, in any dispute as to which the Association is a party, the parties may waive mediation by mutual agreement and proceed to file suit or initiate other proceedings.

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

19.3. Initiation of Litigation by Association

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote at a meeting of Voting Delegates entitled to cast 75% of the total votes in the Association, except that no such approval shall be required to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it, or for actions or proceedings where the amount in controversy is $100,000 or less if initiated:

(a) during the Founder Control Period;

(b) to enforce the provisions of this Charter, including collection of assessments and foreclosure of liens;

(c) to challenge *ad valorem* taxation or condemnation proceedings; or

(d) against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

Chapter 20 - Changes in the Common Area

Various influences and circumstances within and outside the Community may give rise to a need or desire to make changes in the ownership of or rights to use Common Area. This Chapter explains the procedures for dealing with matters such as changing use rights in Common Area or Limited Common Area, partition of the Common Area, and condemnation.

20.1. Assignment and Reassignment of Limited Common Area

The Board may designate a portion of the Common Area as Limited Common Area, and may reassign Limited Common Area, upon approval of the Board and the vote of Voting Delegates representing a majority of the total votes in the Association, including a majority of the votes attributable to Units to which the Limited Common Area is proposed to be assigned or reassigned. During the Development and Sale Period, any such assignment or reassignment shall also require the Founder's written consent.

Upon approval of a majority of Owners of Units to which any Limited Common Area is assigned, the Association may permit Owners of other Units to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Service Area Expenses attributable to such Limited Common Area.

20.2. Condemnation



A public entity such as a town, county, or state has the power to condemn property for its own uses and generally has to pay the value of the property to do so.

If any part of the Common Area is taken by any authority having the power of condemnation or eminent domain, or conveyed by the Association in lieu of and under threat of condemnation with such approval as may be required under Section 20.4, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Founder, during the Development and Sale Period, and Voting Delegates representing at least 75% of the total votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 9.4 regarding funds for restoring improvements shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be treated in the same manner as proceeds from the sale of Common Area under Section 20.4.

20.3. Partition



Partition is a legal action in which a party requests to have a portion of one interest in property split off so that the party can possess that portion or interest separately from other parties who have rights in the property.

Except as permitted in this Charter, the Common Area shall remain undivided, and no Person shall bring any action to partition any portion of the Common Area without the written

consent of all Owners and Mortgagees and, during the Development and Sale Period, the Founder. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property or from acquiring and disposing of real property that may or may not be subject to this Charter, with such approval as may be required under Section 20.4.

20.4. Transfer or Dedication of Common Area

The Association may transfer or dedicate portions of the Common Area to Charlotte County or Lee County, Florida, the ISD, or any other local, state, or federal governmental or quasi-governmental entity, may subject Common Area to a security interest, or may transfer or convey Common Area as follows:

(a) if Common Area other than Limited Common Area, upon the written direction of Voting Delegates representing at least 75% of the total votes in the Association, and the Founder during the Development and Sale Period; or

(b) if Limited Common Area, upon written approval of Owners of at least 75% of the Units to which such Limited Common Area is assigned.

Notwithstanding the above, no such approval shall be required: (i) to reconvey Common Area to the Founder as required by Section 9.1(a); (ii) to grant easements for access and utility purposes over the Common Areas so long as they are not inconsistent with the intended use of the Common Area; and (iii), during the Founder Control Period, the Founder may cause the Association to dedicate to Charlotte County or Lee County, Florida, the ISD, or any other local, state, or federal governmental or quasi-governmental entity, any streets within the Community over which access is not limited, without the consent of the Owners (upon acceptance by the entity to whom they are being dedicated).

The proceeds from the sale or mortgaging of Common Area other than Limited Common Area shall be an asset of the Association to be used as the Board determines. The proceeds from the sale or mortgaging of Limited Common Area shall be disbursed in the manner approved by the Owners of Units to which the Limited Common Area is assigned at the time such sale or mortgage is authorized.

No conveyance or encumbrance of Common Area may deprive any Unit of rights of access or support.

Chapter 21 - Termination and Amendment of Charter

As the Community matures and grows, the rules by which it is governed must be flexible enough to adapt to changes in the development plan as well as changes in the needs and desires of the Community that inevitably will occur. This Chapter sets out procedures by which either the Founder or the Owners as a group may amend this Charter to address such changes.

21.1. Term and Termination

This Charter shall be effective, subject to amendments adopted pursuant to Section 21.2, for a minimum of 25 years from the date of recording of the Original Charter. After such 25 year period, this Charter shall be extended automatically for successive 10-year periods unless at least 75% of the then Owners sign a document stating that the Community Charter is terminated and that document is recorded within the year before any extension. In such case, this Charter shall terminate on the date specified in the termination document.

In any event, if any provision of this Charter would be invalid under the Florida Uniform Statutory Rule Against Perpetuities, that provision shall expire 90 years after this Charter is recorded.

This Section shall not permit termination of any easement created in this Charter without the consent of the holder of such easement.

In the event of termination of this Charter and/or the termination, dissolution, or final liquidation of the Association, if the responsibility for the operation, management, maintenance, and repair of the Water Management System has not been transferred to the ISD, then such responsibility must be transferred to and accepted by an appropriate agency of local government or a not for profit corporation similar to the Association, which entity and transfer shall be approved by the SFWMD prior to any such termination, dissolution, or liquidation.

21.2. Amendment

(a) ***By Founder.*** In addition to specific amendment rights granted elsewhere in this Charter, until termination of the Founder Control Period, the Founder may unilaterally amend this Charter for any purpose.

Thereafter, the Founder may unilaterally amend this Charter if and to the extent permitted by Florida law.

(b) ***By Membership.*** Except as otherwise specifically provided above and elsewhere in this Charter, this Charter may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Delegates entitled to cast not less than 75% of the total votes in the Association, or by Owners of not less than 67% of the Units. In addition, during the Development and Sale Period, any such amendment shall also require the Founder's written consent. The approval requirements set forth in Chapter 16 also shall be met, if applicable.

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

(c) ***Approval of SFWMD.*** Notwithstanding Section 21.2(a) and (b), any amendment to this Charter that alters any provision relating to the Water Management System or that materially affects the operation and maintenance of the Water Management System, or any amendment to this Section 21.2(c), must have the prior approval of the SFWMD.

(d) ***Approval of ISD.*** Notwithstanding Section 21.2(b), any amendment to this Charter or its exhibits (other than an amendment adopted by the Founder pursuant to its authority under Section 21.2(a)), which would interfere with the lawful operation by the ISD or its authorized agent of facilities constructed on ISD Property, impose new obligations on the ISD, or alter any rights or protections specifically granted to the ISD under this Charter, shall require the prior written consent of the ISD.

(e) ***Validity and Effective Date.*** No amendment may remove, revoke, or modify any right or privilege of the Founder or the Founder Member without the written consent of the Founder or the Founder Member, respectively (or the assignee of such right or privilege).

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

Any amendment shall become effective upon recording unless a later effective date is specified in the amendment. A copy of the amendment, or if permitted by Florida Statutes §720.306(1)(b), notice of the recording thereof, shall be provided to the Owners within 30 days after recording. Any procedural challenge to an amendment must be made within six months of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Charter.

(f) ***Exhibits.*** Exhibits "A," "B" and "F" are incorporated by this reference, and this Chapter shall govern amendment of those exhibits. Exhibit "C" is incorporated by this reference and may be amended under Chapter 7 or pursuant to this Section. All other exhibits are attached for informational purposes and may be amended as provided in those exhibits or in the provisions of this Charter that refer to such exhibits.

IN WITNESS WHEREOF, the Founder has executed this Charter this 25th day of October, 2018.

FOUNDER: **BABCOCK PROPERTY HOLDINGS, LLC**, a Delaware limited liability company

By: _____
Name: Richard P. Severance
Its: President

ADDRESS: 42850 Crescent Loop, Suite 200
Babcock Ranch, Florida 33982

WITNESSES:
Kathleen Ella Valentine
Print Name: Kathleen Ellen Valentine

Erica S Woods
Print Name: Erica S Woods

STATE OF FLORIDA §
§
COUNTY OF CHARLOTTE §

The foregoing instrument was acknowledged before me on this the 25th day of October, 2018, by Richard P. Severance, President of Babcock Property Holdings, LLC, a Delaware limited liability company, on behalf of such entity. He/she is personally known to me and did (did not) take an oath.

Given under my hand and official seal this 25th day of October, 2018.

[SEAL]

Name Kathleen Ella Valentine
Title: Notary Public
Serial Number, if any: GG 026257
My Commission Expires: 9/28/2020

KATHLEEN ELLEN VALENTINE
MY COMMISSION # GG 026257
EXPIRES: September 28, 2020
Bonded Thru Notary Public Underwriters

This document was prepared by:

Jo Anne P. Stubblefield
HYATT & STUBBLEFIELD, P.C.
Peachtree Center Harris Tower
233 Peachtree Street, NE, Suite 1200
Atlanta, Georgia 30303

597201/Resid/Charter/101618/jps

EXHIBIT "A"

Initial Property

ALL THOSE TRACTS OR PARCELS OF LAND lying and being in Sections 30 and 31, Township 42 South, Range 26 East, Charlotte County, Florida, and being more particularly described as Lots 1 through 193, inclusive, Tracts A-1, A-2, A-3, A-5, and A-6, Tracts D-1, D-2, D-3, D-4, and D-5, and Tracts R-1, R-2, R-3, R-4, R-5, on that certain subdivision plat entitled "Babcock Ranch Community Phase 1A and Town Square" recorded in Plat Book 22, Pages 6A thru 6P of the official public records of Charlotte County, Florida, as such property may be replatted from time to time or as such plat may be revised or amended,

the Units within the above-described Initial Property being hereby assigned to Delegate Districts (pursuant to Section 3.2 of the Charter) as follows:

Lots	**Delegate District**
Lots 1-92	Delegate District No. 1
Lots 93-193	Delegate District No. 2

all such Delegate Districts being subject to expansion in accordance with Section 3.2 of the Charter as additional property is made subject to the Charter.

In addition to the above-described property, the property submitted to the Charter as of the date of recording of this Amended and Restated Community Charter for Babcock Ranch Residential Properties includes that property described in and submitted by the Prior Supplements, as they may be amended. Additional property may be submitted to this Charter in the future by Supplement recorded pursuant to Chapter 17 or amendment of this Exhibit "A" pursuant to Section 21.2, with the consent of the owner of the property being submitted.

EXHIBIT "B"

Expansion Property

Those two parcels of land lying and being in Charlotte County and Lee County, respectively, in the state of Florida, and being more particularly described as follows:

CHARLOTTE COUNTY PARCEL:

A parcel of land lying within Sections 29, 31 through 33, Township 41 South, Range 26 East, AND, Sections 4 through 10, Sections 15 through 17 and Sections 19 through 36, Township 42 South, Range 26 East, Charlotte County, Florida, being more particularly described as follows:

Commence at the Southwest corner of Section 31, Township 42 South, Range 26 East and run S89°41'45"E, along the South line of said Section 31, a distance of 50.00 feet to a point on the East right-of-way line of State Road No. 31, said point also being the Point of Beginning of the parcel of land herein described; Thence continue S89°41'45"E a distance of 5,189.75 feet to the Northeast corner of Section 6, Township 43 South, Range 26 East; Thence S89°41'45"E a distance of 5,306.08 feet to the Northeast corner of Section 5, Township 43 South, Range 26 East;

Thence S89°37'16"E a distance of 5,289.11 feet to the Northeast corner of Section 4, Township 43 South, Range 26 East; Thence S89°35'44"E a distance of 5,294.60 feet to the Northeast corner of Section 3, Township 43 South, Range 26 East; Thence S89°35'44"E a distance of 5,294.60 feet to the Northeast corner of Section 2, Township 43 South, Range 26 East; Thence S89°35'44"E, along the North line of Section 1, Township 43 South, Range 26 East, a distance of 3,430.66 feet; Thence N00°00'40"W a distance of 10,185.53 feet; Thence N05°46'23"E a distance of 1,058.56 feet; Thence N66°40'38"W a distance of 200.62 feet; Thence S83°12'47"W a distance of 1,373.33 feet; Thence N30°17'33"W a distance of 1,686.63 feet; Thence N70°02'41"W a distance of 1,332.41 feet; Thence S72°42'44"W a distance of 1,430.81 feet; Thence N49°18'31"W a distance of 2,362.25 feet; Thence S69°00'57"W a distance of 1,518.19 feet; Thence S21°08'17"W a distance of 865.44 feet; Thence S20°29'11"E a distance of 1,376.91 feet; Thence N74°38'25"E a distance of 1,635.69 feet; Thence S00°18'50"E a distance of 1,309.92 feet; Thence S89°45'02"W a distance of 4,154.48 feet; Thence N51°39'36"W a distance of 782.53 feet; Thence N04°14'12"E a distance of 1,329.59 feet; Thence N39°20'59"W a distance of 1,779.16 feet; Thence N42°01'35"W a distance of 1,162.94 feet; Thence S52°01'16"W a distance of 818.34 feet; Thence S62°56'46"W a distance of 516.42 feet; Thence S89°59'33"W a distance of 307.20 feet; Thence N80°06'18"W a distance of 334.84 feet; Thence N20°54'51"W a distance of 336.86 feet; Thence N05°03'05"E a distance of 533.35 feet; Thence N22°47'49"E a distance of 5,490.82 feet; Thence N55°42'26"E a distance of 195.73 feet; Thence N21°59'06"W a distance of 1,739.17 feet; Thence N52°37'55"E a distance of 867.75 feet; Thence N13°36'57"W a distance of 2,507.33 feet; Thence S78°50'16"W a distance of 687.95 feet; Thence N19°48'25"W a distance of 366.25 feet; Thence N08°01'21"W a distance of 493.32 feet; Thence N03°43'40"E a distance of 687.22 feet; Thence N00°28'20"E a distance of 674.51 feet; Thence N25°12'33"W a distance of 261.13 feet; Thence N42°54'55"W a distance of 643.19 feet; Thence N07°19'37"W a distance of 171.40 feet; Thence N13°05'30"E a distance of 201.96 feet; Thence N32°40'01"W a distance of 186.12 feet; Thence N05°04'15"W a distance of 1,832.77 feet; Thence N19°47'08"W a distance of 527.20 feet; Thence N26°13'22"W a distance of 802.13 feet; Thence S79°06'55"W a distance of 475.20 feet; Thence N74°19'19"W a distance of 1,689.05 feet; Thence N01°26'06"W a distance of 897.42 feet; Thence

EXHIBIT "B"
Expansion Property
(continued)

N89°51'42"W a distance of 67.91 feet; Thence N00°00'03"W a distance of 1,218.37 feet; Thence N39°50'11"W a distance of 190.86 feet; Thence N00°00'29"W a distance of 324.62 feet; Thence N89°59'52"W a distance of 688.20 feet; Thence N00°00'00"E a distance of 1,967.22 feet; Thence N41°13'25"W a distance of 2,825.17 feet; Thence S89°59'57"W a distance of 3,566.80 feet; Thence S00°00'03"E a distance of 2,799.34 feet; Thence S89°11'17"W a distance of 5,960.98 feet to a point lying 50.00 feet East of the East right-of-way line for State Road No. 31; Thence along a line 50.00 feet East of, and parallel with, the East right-of-way line for State Road No. 31, the following courses and distances: S00°48'43"E a distance of 2,976.13 feet and S00°34'01"W a distance of 786.25 feet; Thence S89°25'59"E a distance of 4,104.32 feet; Thence S00°01'22"E a distance of 2,084.04 feet; Thence S16°46'15"E a distance of 1,740.24 feet; Thence S09°11'59"W a distance of 1,325.85 feet; Thence S73°15'18"E a distance of 661.15 feet; Thence N59°20'29"E a distance of 577.75 feet; Thence S38°10'48"E a distance of 551.46 feet; Thence S86°25'58"E a distance of 385.80 feet; Thence S24°01'11"E a distance of 975.12 feet; Thence S57°46'34"E a distance of 530.20 feet; Thence S70°04'12"E a distance of 1,843.47 feet; Thence N63°01'21"E a distance of 1,214.99 feet; Thence S50°03'22"E a distance of 2,565.56 feet; Thence S13°56'09"W a distance of 1,953.90 feet; Thence S12°51'59"E a distance of 1,862.33 feet; Thence S71°59'01"W a distance of 448.53 feet; Thence N45°00'57"W a distance of 266.60 feet; Thence S69°50'23"W a distance of 1,104.27 feet; Thence S28°10'55"E a distance of 1,272.60 feet; Thence S62°45'03"W a distance of 4,638.30 feet; Thence S82°12'01"W a distance of 711.48 feet; Thence S81°38'00"W a distance of 5,167.82 feet; Thence N77°54'41"W a distance of 707.32 feet; Thence N89°28'15"W a distance of 299.98 feet to a point lying 50.00 feet East of the East right-of-way line for State Road No. 31;
Thence along a line 50.00 feet East of, and parallel with, the East right-of-way line for State Road No. 31, the following courses and distances:
S00°31'45"W a distance of 4,197.71 feet, S00°26'10"W a distance of 5,282.33 feet and S00°36'46"W a distance of 5,337.00 feet to the Point of Beginning.

Containing 13,630.64 acres, more or less.

Bearings hereinabove mentioned are based on the North line of Section 6, Township 43 South, Range 26 East to bear S89°41'45"E.

LEE COUNTY PARCEL:
Commence at the Southwest corner of Section 31, Township 42 South, Range 26 East and run S89°41'45"E, along the South line of said Section 31, a distance of 50.00 feet to a point on the East right-of-way line of State Road No. 31, said point also being the Point of Beginning of the parcel of land herein described; Thence continue S89°41'45"E a distance of 5,189.75 feet to the Northeast corner of Section 6, Township 43 South, Range 26 East; Thence S89°41'45"E a distance of 5,306.08 feet to the Northeast corner of Section 5, Township 43 South, Range 26 East; Thence S89°37'16"E a distance of 5,289.11 feet to the Northeast corner of Section 4, Township 43 South, Range 26 East; Thence S89°35'44"E a distance of 5,294.60 feet to the Northeast corner of Section 3, Township 43 South, Range 26 East; Thence S89°35'44"E a distance of 5,294.60 feet to the Northeast corner of Section 2, Township 43 South, Range 26 East; Thence S89°35'44"E, along the North line of Section 1, Township 43 South, Range 26 East, a dis-

EXHIBIT "B"
Expansion Property
(continued)

tance of 155.76 feet; Thence S09°58'52"W a distance of 4,667.96 feet; Thence S04°10'14"W a distance of 283.52 feet; Thence S03°53'19"E a distance of 515.32 feet to a point on the South line of Section 2, Township 43 South, Range 26 East (said point being 558.41 feet West of the Southeast corner of said Section 2); Thence N88°38'22"W a distance of 2,084.07 feet to the South one-quarter corner of said Section 2; Thence N88°38'42"W a distance of 2,642.06 feet to the Southwest corner of said Section 2; Thence N89°51'49"W a distance of 5,300.09 feet to the Southwest corner of Section 3, Township 43 South, Range 26 East; Thence N89°51'54"W a distance of 2,650.09 feet to the South one-quarter corner of Section 4, Township 43 South, Range 26 East; Thence S00°23'25"W a distance of 1,330.65 feet to the Southwest corner of the North one-half of the Northeast one-quarter of Section 9, Township 43 South, Range 26 East; Thence S06°02'41"E a distance of 1,338.36 feet to a point on the North line of the Southeast one-quarter of said Section 9 (said point being 150.00 feet East of the Northwest corner of the Southeast one-quarter of said Section 9); Thence S00°22'58"W, parallel with and 150.00 feet East of the West line of the Southeast one-quarter of said Section 9, a distance of 2,611.56 feet to a point on the North right-of-way line of County Road No. 78; Thence along said right-of-way line the following courses and distances, N89°54'54"W a distance of 150.26 feet and N89°54'44"W a distance of 2,648.95 feet to a point on the West line of said Section 9; Thence N00°22'31"E a distance of 2,612.02 feet to the West one-quarter corner of said Section 9; Thence N00°21'56"E a distance of 2,663.13 feet to the Southeast corner of Section 5, Township 43 South, Range 26 East; Thence N89°52'00"W a distance of 2,666.70 feet to the South one-quarter corner of said Section 5; Thence N89°50'47"W a distance of 2,667.42 feet to the Southwest corner of said Section 5; Thence S00°23'16"W, along the East line of Section 7, Township 43 South, Range 26 East, a distance of 5,294.00 feet to a point on the North right-of-way line of County Road No. 78; Thence Westerly along the curved right-of-way line, (said curve being curved concave to the North, having a delta angle of 00°53'52" and a radius of 11,339.17 feet, with a chord bearing of N89°19'12"W and a chord length of 177.69 feet) a distance of 177.69 feet to the end of the curve; Thence N88°52'16"W, along said North right-of-way line, a distance of 4,406.31 feet to the beginning of a curve to the right; Thence along the arc of the curved right-of-way line, (said curve being curved concave to the Northeast, having a delta angle of 89°12'05" and a radius of 522.94 feet, with a chord bearing of N44°16'14"W and a chord length of 734.37 feet) a distance of 814.14 feet to a point on the East right-of-way line of State Road No. 31; Thence along the East right-of-way line for State Road No. 31, the following courses and distances, N00°19'49"E a distance of 4,776.07 feet, N00°18'54"E a distance of 5,313.41 feet and N00°36'46"E a distance of 0.14 feet to the Point of Beginning.

Containing 4,157.2 acres, more or less.

Bearings hereinabove mentioned are based on the North line of Section 6, Township 43 South, Range 26 East to bear S89°41'45"E. Dimensions and acreages shown herein are grid values.

CONTAINING A TOTAL AREA OF 17,787.84 ACRES, PLUS OR MINUS.

TOGETHER WITH any other real property located within two (2) miles of the perimeter boundaries of the property described on Exhibit "A" or this Exhibit "B."

[continued on next page]

EXHIBIT "B"
Expansion Property
(continued)

LESS AND EXCEPT such portion of the above property as is described on Exhibit "A".

Note to clerk and title examiners: This Charter is not intended to create an encumbrance on title to the property described on this Exhibit "B." Such title may be encumbered only with the consent of the owner by filing a Supplement in accordance with Chapter 17 or an amendment in accordance with Section 21.2, which specifically describes the property submitted thereby.

EXHIBIT "C"

Initial Rules

The following initial Rules are subject to amendment or modification in accordance with the procedures set forth in the Charter.

1. **Restricted Activities**. Unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board or the Charter, the following activities are prohibited within the Community, except to the extent undertaken by the Founder or its designees in the course of development, marketing and sale of property in Babcock Ranch:

(a) Parking any vehicles on Units in places other than garages or driveways; parking vehicles on streets or alleys within the Community except in on-street parking spaces specifically designed for vehicular parking or parallel to the curb of a street adjacent to the Unit owned, occupied or being visited by the vehicle owner, in the direction of traffic flow, and then only between the hours of 6:00 a.m. and 1:00 a.m.; parking on sidewalks or landscaped areas or in a manner that blocks access to any driveway; parking on a street opposite another vehicle in a manner that restricts emergency vehicle access; or parking commercial vehicles or equipment, motor homes, recreational vehicles, golf carts, boats, jet skis and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided, construction, service, and delivery vehicles may be parked on a street adjacent to a Unit or Common Area, or in the driveway of a Unit or on Common Area, during daylight hours only, while construction activity is underway on the Unit or for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area. For purposes of this subsection (a), the term "commercial vehicle" shall refer to any vehicle weighing more than 3/4 ton, vehicles outfitted with ladder or equipment racks or containing visible tools, equipment or inventory; any vehicle on which a sign or other object is mounted for advertising purposes; or any vehicle displaying a name, logo, graphics, symbol, or message for purposes of advertising a commercial brand, goods, or services, if the area devoted thereto exceeds 1 square foot in any location or 2 square feet in total, but shall not include official public safety vehicles owned by governmental or quasi-governmental bodies. For purposes of this subsection (a), a vehicle shall be considered "stored " or "inoperable" if it has been parked outside of a garage without being driven for a continuous period of 30 days or longer, or has been parked outside of a garage for more than 14 days with a flat tire, partially dismantled, or wrecked so as to be unable to be driven.

(b) Raising, breeding, capturing, trapping, keeping, or killing animals or wildlife, except that (i) a maximum of three dogs, three cats, and a reasonable number of birds, reptiles or other common pets kept in cages may be permitted in a Unit, and (ii) the Association, its contractors, agents, and employees may engage in such activities as permitted by law and consistent with wildlife management plans approved by applicable governmental officials as part of a continuing resource management plan for the Community. Pets that are permitted to roam free or, in the Board's sole discretion, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed from the Community upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed, and inoculated as required by law;

EXHIBIT "C"

Initial Rules
(continued)

(c) Any activity that emits foul or obnoxious odors outside the Unit or creates noise or other conditions that, in the Board's reasonable discretion, tend to disturb the peace or threaten the safety of or cause embarrassment, discomfort, annoyance, or nuisance to the occupants of other Units or persons using the Common Area, except that this Rule shall not restrict the ability of the Association and its contractors, agents, or employees to engage in such activities as part of a continuing resource management plan for the Community;

(d) Any activity that violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take action to enforce such laws or regulations or to prevent a violation;

(e) Pursuing hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit;

(f) Storage or use of barbecue grills, fire pits, fire bowls, chimineas, freestanding outdoor fireplaces, or outdoor heaters of any kind on front porches or in front yards of Units, or outside burning of trash, leaves, debris, or other materials, except that (i) charcoal, wood and natural gas may be burned in grills and other devices intended for burning of such materials, provided they are not used in front porches or front yards; and (ii) the Founder, the ISD, the Association, and their respective contractors or agents may engage in ecological burning as part of a continuing resource management plan;

(g) Using or discharging any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except fire and security alarm devices used exclusively for such purposes;

(h) Using or discharging firecrackers and other fireworks except on Independence Day and New Years Eve;

(i) Accumulating rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers which, for Units located in Lee County, must be bear-proof if placed outdoors for collection, as provided in Section 15.17 of the Charter. Waste containers may be placed facing the curb no earlier than 8:00 p.m. the evening before a scheduled pick up and shall be removed and stored out of sight no later than 8:00 p.m. on the day of service. To avoid animals and pests getting into trash, trash containers shall have secure lids and any trash that does not fit in a container shall not be placed outside before 4:30 a.m. on day of service. Trash containers shall be stored so as not to be visible from either the front or side of any dwelling except while placed at the curb for pickup and then only during the times set forth herein;

(j) Discharging firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(k) On-site storage of fuel, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of grills, mowers and similar tools or equipment, and the Association shall be permitted to store and sell fuel for refueling of boats, operation of maintenance vehicles, genera-

tors, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Chapter 5;

(l) Dumping, pumping out, or discharging fuel, gray water, pesticides, or toxic substances onto the land or into bodies of water within or adjacent to the Community;

(m) Any activities that materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Community, that use excessive amounts of water, or that result in unreasonable levels of sound or light pollution;

(n) Operating any mini-bike, motorbike, "all-terrain vehicle" or other fossil fuel-powered vehicle with an internal combustion engine, other than a licensed automobile, or any golf cart or unlicensed motor vehicle of any kind, anywhere in the Community, on or off roadways, except that this shall not apply:

(i) to restrict use of golf carts on private streets solely within any portion of the Community which is subject to the jurisdiction of an Additional Association, to the extent permitted by and in accordance with applicable covenants and rules of such Additional Association; or

(ii) to restrict use of motorcycles or golf carts on public streets for transportation purposes by persons holding a valid license to operate motor vehicles, provided they comply with applicable state and local requirements for operation on public streets and, in the case of golf carts, are registered with the Association and insured against liabilities, such registration and operation to be subject to such additional requirements and policies as the Board may establish from time to time and set forth in a private golf cart agreement to be executed by the golf cart owner and/or operator as a condition of such registration and operation);

(o) Operating motorized boats on lakes or ponds within the Community, except that the Association, the ISD, and their respective agents and contractors shall not be subject to this Rule;

(p) Converting any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Chapter 5;

(q) Excavation into or through the Florida aquifer's confining layers, or any activity interfering with the integrity of wetlands, such as clearing, excavating, draining or filling, without written authorization from appropriate federal, state and local agencies, including the Director of the Environmental Protection Commission or his designated agent, as required by applicable law or conditions of any development approvals affecting the property;

(r) Constructing or modifying any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, or on or over any marsh, wetland, creek, pond, or waterway within or abutting any portion of the Community, except in strict compliance with the provisions of Chapter 5. This shall include, without limitation, signs, basketball hoops, and swing sets and similar sports and play equipment; clotheslines; garbage cans; woodpiles; above-ground swimming pools;

docks, piers, and similar structures; hedges, walls, dog runs, animal pens, or fences of any kind; and satellite dishes and antennas, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter;

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals;

shall be permitted on Units, subject to such reasonable requirements as to location and screening as may be set forth in the Design Guidelines, consistent with applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property. The Founder and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of the Community, should any master system or systems be utilized by the Association and require such exterior apparatus; and

(s) Operating any model aircraft, drone, or other unmanned device capable of navigation through the air ("Unmanned Device"):

(i) outside the boundaries of a Unit occupied by the owner or operator of such Unmanned Device, except that this clause (i) shall not prohibit operation of an Unmanned Device within the Community (A) by the Founder or its designees in connection with the development, marketing, or sale of any portion of the Community during the Development and Sale Period; or (B) for legitimate governmental or commercial purposes by law enforcement or other public safety personnel acting in their official capacities, or (C) by any governmental agency or utility provider or their employees or contractors in the performance of their duties, or (D) by any person or entity engaged in a business or profession licensed by the State, provided that the Unmanned Device is used only to perform tasks within the scope of the operator's official capacity, duties, or license, is operated in full compliance with all applicable laws and regulations, and is not operated in the a manner described in subclauses (A) or (B) of clause (ii) or (iii) below. The Board may, in its discretion, grant exemptions for other categories of use subject to such conditions as the Board deems appropriate, provided that such exemptions are based on the nature of the drone use and operation within the Community and do not give preferential treatment to any particular business over its competitors; or

(ii) on or above the Unit occupied by the owner or operator of such Unmanned Device, in any manner which:

(A) allows the gathering of information about the identity, habits, conduct, movements, whereabouts, affiliations, associations, transactions, reputation, or character of any person or persons located outside the boundaries of the Owner or operator's Unit, without the consent of such person(s);

EXHIBIT "C"

Initial Rules
(continued)

(B) allows the capture of photographs or video or audio recordings of any person or property located outside the boundaries of the operator's Unit without the consent of such person or the owner of such property, if such images or sounds would not be readily observable or detectable by the Owner or operator of the device from ground level at places where such Owner or operator has a legal right to be; or

(iii) in any manner which, in the Board's judgment, is intended to or does harass or invade the privacy of persons on other Units or the Common Area, or interferes with any person's right to quiet enjoyment of their Unit;Except as specifically authorized pursuant clause (i) above, operation of any Unmanned Device shall:

(i) be for recreational or hobby purposes only (no commercial purposes);

(ii) occur only between dawn and dusk; and

(iii) comply with Section 336 of the FAA Modernization and Reform Act of 2012, as it may be amended, and all applicable Federal Aviation Administration rules, including such registration as may be required thereunder.

In addition, the Board may require that Owners and occupants of Units register any Unmanned Device with the Association prior to operation within the Community and may impose such additional requirements and policies as the Board may establish from time to time and set forth in a written agreement to be executed by the owner of the Unmanned Device as a condition of such registration, including proof of insurance and indemnification of the Association.

2. **Prohibited Conditions**. The following shall be prohibited in the Community:

(a) Accumulation or storage of combustible materials or debris on Units, except to the extent reasonably necessary during construction of a dwelling on the Unit. This Rule shall not preclude storage of a reasonable amount of firewood on a Unit provided it is stacked and stored in a safe manner and location; and

(b) Structures, equipment, or other items on the exterior portions of a Unit that have become rusty, dilapidated, or otherwise fallen into disrepair.

EXHIBIT "D"

Articles of Incorporation of Babcock Ranch Residential Association, Inc.

[See attached]

ARTICLES OF INCORPORATION
OF
BABCOCK RANCH RESIDENTIAL ASSOCIATION, INC.

The undersigned, acting as incorporator of a corporation under the Florida Not For Profit Corporation Act (the "**Act**"), adopts the following Articles of Incorporation for the corporation:

Article 1. **Name**. The name of the corporation is Babcock Ranch Residential Association, Inc. For convenience, the corporation shall be referred to in this instrument as the "**Association**."

Article 2. **Principal Office**. The initial principal office of the Association is located in Charlotte County, Florida. The street and mailing address of the initial principal office is 11390 Palm Beach Boulevard, Suite 204, Fort Myers, Florida 33905.

Article 3. **Duration**. The Association shall have perpetual duration, subject to any merger, consolidation or dissolution effected pursuant to Article 10.

Article 4. **Definitions**. All capitalized terms used herein that are not defined shall have the meaning set forth in the Community Charter for Babcock Ranch Residential Properties, recorded or to be recorded by Babcock Property Holdings, LLC, a Delaware limited liability company ("**Founder**"), in the public records of Charlotte County, Florida, and Lee County, Florida, as appropriate (as such Community Charter may be amended from time to time, the "**Charter**").

Article 5. **Purposes**. The Association does not contemplate pecuniary gain or benefit, direct or indirect, to its members. By way of explanation and not of limitation, the purposes for which the Association is organized are:

(a) to be and constitute the Association to which reference is made in the Charter, to perform all obligations and duties and to exercise all rights and powers of the Association as specified in the Charter and the other "**Governing Documents**" described therein, and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the owners of real property now and hereafter made subject to the Charter (such real property is referred to in these Articles as the "**Community**").

Article 6. **Powers**. In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Charter or the Association's by-laws, may be exercised by its Board of Directors:

(a) all of the powers conferred upon corporations not-for-profit by common law and Florida statutes in effect from time to time, including, without limitation, the power to sue and be sued; and

(b) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Charter, and the Association's by-laws, including, without limitation, the following:

(i) to fix, levy, collect, and enforce payment of all charges or assessments authorized by the Charter by any lawful means; to pay all expenses in connection therewith and all administrative and other expenses incident to conducting the business of the Association including all licenses, taxes, or governmental charges levied or imposed against the property of the Association; and to use a portion of the collected assessments for the costs of maintenance, repair, management, and/or operation of the Water Management System described below;

(ii) to manage, control, operate, maintain, repair, and improve the Common Area (as defined in the Charter) and any other property for which the Association has a right or duty to provide such services pursuant to the Charter, other applicable covenants, or any agreement or contract, including the surface water management system facilities serving the property subject to the Charter and all inlets, ditches, swales, culverts, water control structures, retention and detention areas, ponds, lakes, floodplain compensation areas, wetlands and associated buffer areas, and wetland mitigation areas which are a part thereof ("**Water Management System**"), except to the extent that maintenance thereof is the responsibility of the Babcock Ranch Community Independent Special District;

(iii) to make and enforce rules and regulations and to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Charter or By-Laws;

(iv) to engage in activities that will actively foster, promote, and advance the common interests of all owners of property subject to the Charter;

(v) to buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;

(vi) to borrow money for any purpose subject to such limitations as may be set forth in the Charter and the Association's by-laws;

(vii) to enter into, make, perform, and enforce contracts of every kind and description and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals;

(ix) to adopt, alter, and amend or repeal such by-laws ("**By-Laws**") as may be necessary or desirable for the proper management of the Association's affairs; provided, any amendment is subject to Voting Delegate approval to the extent required in the By-Laws, and such By-Laws may not be inconsistent with or contrary to any provisions of the Charter; and

(x) to provide any and all supplemental municipal services to the Community as may be necessary or desirable.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers that may now or hereafter be allowed or permitted by law; and the powers

specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article.

Article 7. **Members**. The Association shall be a membership corporation without certificates or shares of stock. The Owner of each Unit, as those capitalized terms are defined in the Charter, shall be a member of the Association and shall be entitled to a vote for such Unit, subject to the limitations set forth in the Charter and the By-Laws, to be cast by the Voting Delegate representing such Unit except as provided in the Charter and By-Laws. In addition, the Founder shall be a Member and entitled to vote for such period as provided in the Charter, regardless of whether the Founder owns any Unit.

Change of an Owner's membership in the Association shall be established by recording in the Official Records of Charlotte County or Lee County, Florida, as applicable, a deed or other instrument establishing record title to a Unit. Upon such recordation, the Owner designated by such instrument shall become a member of the Association and the membership of the prior Owner shall terminate.

Article 8. **Board of Directors**. The Association's affairs shall be conducted, managed, and controlled by a Board of Directors consisting of three to seven directors. The Board may delegate its operating authority to such corporations, individuals, and committees as it, in its discretion, may determine.

The initial Board of Directors shall consist of three persons. The names and addresses of the initial directors, who shall serve until their successors are elected and have qualified, or until their resignation or removal, are as follows:

William Vander May	11390 Palm Beach Boulevard, Suite 204, Fort Myers, Florida 33905
Elizabeth Andres	11390 Palm Beach Boulevard, Suite 204, Fort Myers, Florida 33905
Michael Acosta	11390 Palm Beach Boulevard, Suite 204, Fort Myers, Florida 33905

The number of directors, method of election and removal, method of filling vacancies, and term of office of directors shall be as set forth in the By-Laws.

Article 9. **Liability and Indemnification of Directors**. To the extent consistent with the Florida Not For Profit Corporation Act, as it exists on the date hereof or as it may hereafter be amended, the Association shall indemnify its officers and directors as required by the Charter and By-Laws. No director of the Association, including any director appointed by the Founder, shall be personally liable to the Association or its members for monetary damages for breach of duty of care or other duty as a director, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such action was unlawful. The termination of any such action, suit, or proceeding by judgment, order, settlement, conviction, or a plea of nolo contendere or its equivalent shall not in and of itself create a presumption that the director did not act in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association or that he or she had reasonable cause to believe that his or her conduct was unlawful. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Article 10. **Merger, Consolidation or Dissolution**. The Association may merge, consolidate, or effect its dissolution only upon a resolution duly adopted by its Board of Directors, with the written consent of the Founder during the Development and Sale Period (as defined in the Charter), and either: (a) the affirmative vote of Voting Delegates entitled to cast at least two-thirds (2/3) of the votes entitled to be cast at a meeting at which a quorum is represented; or (b) the written consent of all Voting Delegates. In the event of termination, dissolution, or final liquidation of the Association, the control or right of access to the property containing any portion of the Water Management System owned by the Association shall be conveyed or dedicated to an appropriate governmental unit or public utility or, if not accepted by a governmental unit or public utility, conveyed to a not for profit corporation similar in nature to the Association, which shall assume the Association's responsibilities with respect to such Water Management System, which entity must be approved by the South Florida Water Management District prior to any such termination, dissolution, or liquidation.

Article 11. **Amendments**. During the Founder Control Period, these Articles may be amended by the Board of Directors without a vote of the membership. Thereafter, these Articles may be amended only upon a resolution duly adopted by the Board of Directors, with the written consent of the Founder during the Development and Sale Period, and either the affirmative vote or written consent of Voting Delegates entitled to cast at least two-thirds (2/3) of the votes in the Association. Written notice setting forth any proposed amendment or a summary of the changes to be effected by the amendment shall be given to each Voting Delegate entitled to vote on the proposed amendment. No amendment may be in conflict with the Charter, and no amendment shall be effective to impair or dilute any rights of the Members granted under the Charter.

Article 12. **Incorporator**. The name and address of the incorporator are Jo Anne P. Stubblefield, Hyatt & Stubblefield, P.C., 233 Peachtree Street, N.E., Suite 1200, Atlanta, GA 30303.

Article 13. **Registered Agent and Office**. The initial registered office of the Association is 4500 PGA Boulevard, Suite 400, Palm Beach Gardens, Florida 33418, and the initial registered agent at such address is George Speer.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation.

Jo Anne P. Stubblefield, Incorporator

597201/Resid Assn/AOI-Babcock Ranch Resid/062716/jps

CERTIFICATE OF DESIGNATION
REGISTERED AGENT/REGISTERED OFFICE

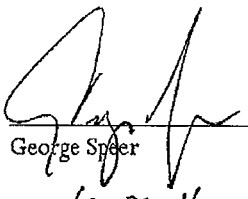
Pursuant to the provisions of Section 617.0501, Florida Statutes, the undersigned corporation, organized under the laws of the State of Florida, submits the following statement in designating the registered office/registered agent, in the State of Florida.

1. The name of the corporation is: Babcock Ranch Residential Association, Inc.

2. The name and address of the registered agent and office is:

George Speer
4500 PGA Boulevard, Suite 400
Palm Beach Gardens, Florida 33418

HAVING BEEN NAMED AS REGISTERED AGENT TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE STATED CORPORATION AT THE PLACE DESIGNATED IN THIS CERTIFICATE, I HEREBY ACCEPT THE APPOINTMENT AS REGISTERED AGENT AND AGREE TO ACT IN THIS CAPACITY. I AM FAMILIAR WITH AND ACCEPT THE OBLIGATIONS OF MY POSITION AS REGISTERED AGENT.

Signature 

George Speer

Date 6-20-16

EXHIBIT "E"

By-Laws of Babcock Ranch Residential Association, Inc.

[See attached]

BY-LAWS

OF

BABCOCK RANCH RESIDENTIAL ASSOCIATION, INC.

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BY-LAWS
OF
BABCOCK RANCH RESIDENTIAL ASSOCIATION, INC.

Article 1
Name, Principal Office, and Definitions

1.1. Name.

The name of the corporation is Babcock Ranch Residential Association, Inc. ("**Association**").

1.2. Principal Office.

The Association's principal office shall be located in Charlotte County or Lee County, Florida. The Association may have such other offices, either within or outside Florida, as the Board may determine or as the Association's affairs require.

1.3. Definitions.

The words used in these By-Laws shall have their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Community Charter for Babcock Ranch Residential Properties recorded by Babcock Property Holdings, LLC, a Delaware limited partnership, in the official public records of Charlotte County and Lee County, Florida, as appropriate (as it may be amended and supplemented, the "**Charter**"), unless the context indicates otherwise. The term "majority," as used in these By-Laws, means those votes, Owners, or other group, as the context may indicate, totaling more than 50% of the total eligible number. The term "Act," as used in these By-Laws, means the Florida Homeowners' Association Act, Florida Statutes Section 720.301, *et seq.*, , as amended from time to time.

Article 2
Membership: Meetings, Quorum, Voting, Proxies

2.1. Membership.

The Association shall have two classes of membership, Owner Membership and Founder Membership, as more fully set forth in the Charter. Provisions of the Charter pertaining to membership are incorporated by this reference. Members of the Association are referred to generally in these By-Laws as "Members."

2.2. Place of Meetings.

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

2.3. Association Meetings.

(a) ***General.*** Association meetings shall be of the Voting Delegates unless the Board otherwise specifies or Florida law otherwise requires; provided, until Voting Delegates are selected, meetings shall be of the Members and references in these By-Laws to Voting Delegates shall be deemed to be references to the Members.

(b) ***Annual Meetings.*** The Board shall schedule regular annual meetings to occur within 120 days after the close of the Association's fiscal year, on such date and at such time and place as the Board shall determine. Annual meetings may be conducted electronically (*i.e.*, *via* the Internet, intranet, or teleconference) if, and to the extent, permitted by law.

(c) ***Special Meetings.*** The President may call special meetings of the general membership or special meetings of the Members owning Units within any Service Area. It shall also be the President's duty to call a special meeting of the general membership if so directed by Board resolution or upon a written petition of Voting Delegates representing at least 25% of the total votes in the Association. It shall also be the President's duty to call a special meeting of the Members within any Service Area if so directed by Board resolution or upon a written petition of Voting Delegates within any Service Area representing at least 25% of the total votes in the Service Area.

If the President does not send notice of a special meeting pursuant to Section 2.4 within 30 days after the date written demand is delivered to the Association's Secretary, any Member signing the demand may set the time and place of the special meeting and give the Association notice pursuant to Section 2.4.

(d) ***Agenda Items.*** If Members entitled to cast at least 20% of the total votes in the Association petition the Board in writing to address an item of business, the Board shall place the petitioned item of business on its agenda at its next regular Board meeting or at a special meeting of the Board, which shall be held within 60 days after the receipt of the petition.

2.4. Notice of Meetings.

The President, the Secretary, or the officers or other persons calling a meeting of the Members or the Voting Delegates shall deliver or cause to be delivered to each Member or Voting Delegate, as applicable, entitled to vote at such meeting a written notice stating the place, day, and hour of the meeting, such notice to be given in any manner permitted by Florida law.

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

Such notice shall be delivered by such means as permitted under Section 9.4, at least 14 but not more than 50 days before the date of such meeting.

2.5. Waiver of Notice.

Waiver of notice of an Association meeting shall be deemed the equivalent of proper notice. Any Voting Delegate may waive, in writing, notice of any Association meeting, either before or after such meeting. A Voting Delegate's attendance at a meeting shall be deemed a waiver by such Voting Delegate of notice of

the time, date, and place thereof, unless the Voting Delegate specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.6. Adjournment of Meetings.

If any Association meeting cannot be held because a quorum is not present, the Voting Delegates entitled to cast a majority of the votes present at such meeting may adjourn the meeting to a time at least five but not more than 30 days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum is present, any business may be transacted that might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, the Board shall provide notice to the Voting Delegates of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

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

2.7. Voting.

(a) ***Voting Rights.*** Members shall have such voting rights as are set forth in the Charter, which provisions are specifically incorporated by this reference. Until such time as the Board first calls for election of a Voting Delegate for any Delegate District, the Owners within such Delegate District shall be entitled personally to cast the votes attributable to their respective Units on any issue as to which a Voting Delegate representing the Delegate District would be entitled to vote, and the term "Voting Delegate" shall include all such Owners.

In any situation where a Member's voting rights have been suspended, the suspended vote shall not be considered for any purpose, including, but not limited to, calculating the total number of votes in the Association, determining the number of votes necessary to constitute a quorum, or the number of votes or approvals required to approve an action.

(b) ***Election of and Removal of Voting Delegates.*** The Owner Members owning Units within each Neighborhood shall elect a Voting Delegate to cast all votes attributable to their Units on all Association matters requiring a membership vote, except as otherwise specified in the Charter or these By-Laws. In addition, each Delegate District shall elect an alternate Voting Delegate who shall be responsible for casting such votes in the absence of the Voting Delegate.

The first election of a Voting Delegate and alternate Voting Delegate from each Delegate District shall occur at least 30 days prior to any Association meeting at which the Voting Delegate from such Delegate District will be entitled to vote. Thereafter, the Board shall call for an election of Voting Delegates and alternates on an annual basis.

Except as otherwise provided in this subsection (b), Voting Delegate elections shall be by ballots cast by mail, computer, or at a meeting of the Owner Members within such Delegate District, as the Board deter-

mines. If the Board authorizes secret ballots for election of Voting Delegates to be cast by mail, such balloting shall be conducted in accordance with the procedures set forth in Florida Statutes §720.306(8)(b). If the Board authorizes electronic voting through an internet-based online voting system, such voting shall be conducted in accordance with Florida Statutes § 720.317. Upon written petition signed by Owner Members holding at least 20% of the votes attributable to Units within any Delegate District, the election for such Delegate District shall be held at a meeting. Candidates for election as Voting Delegates may be nominated by the Board, a nominating committee the Board may appoint, and/or from the floor at any meeting at which such election is to be held. In addition or in the alternative, any Person may submit his or her name for consideration.

The presence, in person or by proxy, or the filing of ballots or electronic votes of Owner Members representing at least 20% of the total votes attributable to Units in the Delegate District shall constitute a quorum for any Delegate District meeting or election. In the event of a failure to obtain a quorum or vacancy in such positions for any Delegate District, the Board may appoint a Voting Delegate or alternate Voting Delegate to represent such Delegate District until a successor is elected.

Subject to the above quorum requirement, in any election of Voting Delegates the candidate who receives the greatest number of votes shall be elected as the Voting Delegate and the candidate receiving the next greatest number of votes shall be elected as the alternate Voting Delegate. In the event of a tie vote among the leading candidates, the Voting Delegate shall be determined by drawing names from a hat, with the first person drawn being the Voting Delegate and the second being the alternate Voting Delegate. The Voting Delegate and the alternate Voting Delegate shall serve a term of one year or until their successors are elected, whichever is longer.

Any Voting Delegate may be removed, with or without cause, upon the vote or written petition of Owner Members representing a majority of the total number of Units in the Delegate District that the Voting Delegate represents.

2.8. Proxies.

Voting Delegates may not vote by proxy but only in person or through their designated alternates; however, any Voting Delegate who is entitled to cast only the vote(s) for his or her own Unit(s) pursuant to the Charter may cast such vote(s) in person or by proxy until such time as the Board first calls for election of a Voting Delegate to represent the Delegate District of which the Unit is a part. Likewise, if a Member is entitled personally to cast the vote for his or her Unit on any matter, he or she may vote in person or by proxy, subject to the limitations of Florida law and subject to any specific provision to the contrary in the Charter or these By-Laws.

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

Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Unit for which it was given, (b) the secretary's receipt of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is an individual given to the person presiding over a

meeting of the Association, (c) attendance in person of the Person granting the proxy at any meeting for which the proxy may otherwise be used, or (d) 90 days from the meeting date for which the proxy was originally given, unless the proxy specifies a shorter period.

2.9. Quorum.

Except as these By-Laws or the Charter otherwise provide, the presence of Voting Delegates representing 30% of the total votes in the Association shall constitute a quorum at all Association meetings and the vote of Voting Delegates representing a majority of the total eligible votes cast shall constitute the action of the Voting Delegates.

2.10. Conduct of Meetings.

The President or other Board designee shall preside over all Association meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions adopted and all other transactions occurring at such meetings are recorded in the Association's minute books. At any meeting of the membership, a Member shall have the right to speak for at least three minutes on any item properly before the meeting. The Board may adopt reasonable written Rules governing the frequency, duration, and other manner of member statements consistent with Florida Statutes §306(6).

2.11. Action Without a Meeting.

Any action required or permitted by the Charter, the Articles, or Florida law to be taken at a meeting of the Members or Voting Delegates may be taken without a meeting, without prior notice, and without a vote if approved by Members or Voting Delegates representing at least the minimum number of votes in the Association necessary to authorize such action at a meeting, if all Members or Voting Delegates entitled to vote were present and voted. Such approval shall be evidenced by one or more written consents specifically authorizing the proposed action, dated and signed by Members or Voting Delegates holding the requisite votes.

The Association need not give prior notice before soliciting such consent; however, the Association must send written consent forms to all Members or Voting Delegates eligible to vote, in order for any action authorized pursuant to this section to be valid. Members or Voting Delegates shall sign, date, and deliver such consents to the Association within 90 days after the Association's receipt of the earliest dated consent. The Association's Secretary shall file (or cause to be filed) such consents with the Association's minutes, and the consents shall have the same force and effect as a vote of the Members or Voting Delegates at a meeting. Within 30 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action. Nothing in this Section shall authorize action without the approval of such persons or entities whose approval is specifically required for such action under the Governing Documents.

Article 3
Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body; Qualifications.

The Board comprised of directors selected pursuant to Section 3.3, 3.4, and 3.5 shall govern the Association's affairs. Each such director shall be a Member or resident of the Community. A director who is not an Owner must be at least 18 years old. If an Owner is not an individual, any officer, director, partner, or trust officer of such Owner shall be eligible to serve as a director unless a written notice to the Association signed by the Owner specifies otherwise. No more than one Owner or resident of a particular Unit may serve on the Board at a time; however, this shall not apply to directors the Founder Member appoints. In addition to the directors selected pursuant to Sections 3.3, 3.4, and 3.5, the ISD may appoint a representative to serve as an *ex officio* member of the Board. Such ISD representative shall be entitled to notice of and may attend Board meetings and participate in discussions at such meetings, but shall not be entitled to vote and his or her presence shall not be required to constitute a quorum.

An Owner or resident of any Unit on which assessments, fines, or other charges owed to the Association are past due on the day he or she could last be nominated for the Board is not eligible to seek election to the Board. A person who has been convicted of any felony in Florida or in a United States District or Territorial Court, or has been convicted of any offense in another jurisdiction which would be considered a felony under Florida law, is not eligible to serve as a director unless is civil rights have been restored for at least five years as of the date on which such person seeks election to the Board. Any director who becomes, or whose Unit becomes, more than 90 days past due in the payment of any assessment, fine, or other charge due to the Association shall be deemed to have vacated his or her seat on the Board in accordance with Florida Statutes § 720.306(9)(b), such vacancy to be filled in accordance with Section 3.5. The validity of any Board action is not affected if it is later determined that a director was ineligible to serve at the time of such action was approved.

3.2. Number of Directors.

The Board shall consist of three to seven directors, as provided in Section 3.3.

3.3. Selection of Directors; Term of Office.

(a) ***Initial Board.*** The initial Board shall consist of the three directors identified in the Articles of Incorporation, who shall serve until their successors are appointed or elected as provided in this Section.

(b) ***Directors During Founder Control Period.*** Except as otherwise provided in this subsection, the Founder Member may appoint, remove, and replace at least a majority of the Board members until termination of the Founder Control Period. During such period, the Voting Delegates shall be entitled to elect a minority of the total number of directors according to the following schedule (directors elected by the Voting Delegates are referred to as "Owner Directors"):

(i) Within 90 days after the time that Owners other than the Founder, Founder Affiliates, or Builders own 25% of the maximum number of Units permitted by the applicable zoning for the property

described in the Development Plan or whenever the Founder earlier determines, the President shall call for an election by which the Voting Delegates, as a group, shall be entitled to elect one of the three directors. The remaining directors shall be appointees of the Founder. The Owner Director shall be elected for a term of two years or until the happening of the event described in Section 3.3(b)(ii), whichever is shorter. If such director's term expires prior to the happening of the event described in Section 3.3(b)(ii), a successor shall be elected for a like term.

(ii) Within 90 days after the time that Owners other than the Founder, Founder Affiliates, or Builders own 50% of the maximum number of Units permitted by the applicable zoning for the property described in the Development Plan or whenever the Founder earlier determines, the Board shall be increased to five directors and the President shall call for an election by which the Voting Delegates, as a group, shall be entitled to elect two of the five directors. The Founder shall appoint the remaining three directors. The Owner Directors shall be elected for a term of two years or until the happening of the event described in Section 3.3(c)(i), whichever is shorter. If such directors' terms expire prior to the happening of the event described in Section 3.3(c)(i), successors shall be elected for a like term.

(c) ***Directors After the Founder Control Period.***

(i) Not later than termination of the Founder Control Period, the Board shall be increased to seven directors. The President shall call for an election by which the Voting Delegates shall be entitled to elect six directors. Three directors shall be elected to serve until the second annual meeting following their election, and three directors shall be elected to serve until the third annual meeting following their election, as such directors determine among themselves.

(ii) The Founder shall be entitled to appoint, remove, and replace the seventh director until it ceases to hold for sale in the ordinary course of business property upon which at least 5% of the total number of dwelling units permitted by the Development Plan have been or may be constructed, at which time the director appointed by the Founder shall resign. The remaining directors shall be entitled to appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Delegates, voting at large, shall be entitled to elect a successor who shall be elected for a term of two years.

(iii) Upon expiration of the term of office of each Owner Director after termination of the Founder Control Period, the Voting Delegates entitled to elect such director shall be entitled to elect a successor to serve a term of two years. Owner Directors shall hold office until their respective successors have been elected. Directors may serve any number of consecutive terms.

The diagram below illustrates the concept of transition of control of the Board during and after the Founder Control Period.

TRANSITION OF CONTROL OF BOARD OF DIRECTORS				
Initial Board	25% of Total Units Conveyed	50% of Total Units Conveyed	Termination of Founder Control Period	Termination of Founder's Appointment Rights
Founder	Owner Director	Owner Director	Owner Director	Owner Director
Founder	Founder	Owner Director	Owner Director	Owner Director
Founder	Founder	Founder	Owner Director	Owner Director
		Founder	Owner Director	Owner Director
		Founder	Owner Director	Owner Director
			Owner Director	Owner Director
			Founder	Owner Director

3.4. Nomination and Election Procedures.

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

The Board also may appoint a Nominating Committee to make nominations for election to the Board. A Nominating Committee, if appointed, shall consist of a chairperson, who shall be a Board member, and three or more Owners or representatives of Owners. Any Nominating Committee shall serve until the close of the election for which they were appointed. The names of the Nominating Committee members shall be announced in the notice of each election.

In preparation for each election, the Nominating Committee, if appointed, shall meet and make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled by the Voting Delegates at such election. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity that exists within the pool of potential candidates.

Nominations may also be permitted from the floor at any meeting at which an election is held. All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Delegates and to solicit votes.

(b) ***Election Procedures.*** If the number of candidates nominated within the nomination period established by the Board is equal to or less than the number of vacancies to be filled, then those candidates shall be deemed elected without the necessity of a vote by the Voting Delegates. If the number of candidates nominated exceeds the number of positions to be filled, an election shall be held. At each election, voting shall be by written or electronic ballot. Each Voting Delegate may cast all votes assigned to the Units it represents for each position to be filled from any slate of candidates on which such Voting Delegate is entitled to vote.

In the event of a tie vote on any slate, the Voting Delegates entitled to vote on such slate shall be informed of the tie vote and given the opportunity to discuss the candidates among themselves in an effort to resolve the tie before another vote is taken. If the second vote again results in a tie, then the Board shall call for election of the director(s) from such slate by the Owners represented by such Voting Delegates. Such

election shall be held by mail, with ballots to be sent by first class mail to each Owner entitled to vote on such slate within 10 days after the meeting at which the original election was held.

So long as required by Florida Statutes §720.306(9), any election dispute between a Member and the Association shall be resolved by mandatory binding arbitration with the Division of Florida Condominiums, Timeshares, and Mobile Homes in the Department of Business and Professional Regulation. Any challenge to the election process must be commenced within 60 days after the election results are announced.

3.5. Removal of Directors and Vacancies.

Any Owner Director may be removed, with or without cause, by written agreement signed, by written ballots cast without a membership meeting, or by a vote taken at a meeting, by Voting Delegates holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Any effort by Voting Delegates to recall or remove a director shall be conducted, and any vacancy thus created shall be filled, in accordance with the procedures set forth in Florida Statutes §720.303.

At any meeting at which a quorum is present, a majority of the directors may remove any Owner Director who has three consecutive unexcused absences from Board meetings or who is more than 30 days delinquent (or resides in a Unit owned by an Owner who is so delinquent) in the payment of any assessment or other charge due the Association. In addition, a director charged by information or indictment with a felony theft or embezzlement offense involving the Association's funds or property shall be removed from office as provided in Florida Statutes § 720.3033(4). The Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of an Owner Director, a majority of the remaining directors (or the sole remaining director, if only one) may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Delegates entitled to fill such directorship shall elect a successor for the remainder of the term. Alternatively, the Board may call for an election to fill the vacancy for the remainder of the term.

This Section shall not apply to directors the Founder appoints. The Founder may appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by the Founder.

B. Meetings.

3.6. Organizational Meetings.

The Board shall hold an organizational meeting within 10 days following each annual Association meeting at such time and place as the Board shall fix.

3.7. Regular Meetings.

The Board shall hold regular meetings at such time and place as a majority of the directors shall determine, but the Board shall meet at least four times during each fiscal year with at least one meeting per quarter.

3.8. Special Meetings.

The President, Vice President, or any two directors may call a special meeting of the Board.

3.9. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall give notice to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone (either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director); or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least seven business days before the time set for the meeting. Except for emergency meetings, notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(b) Except for emergency meetings, notice of the time and place of any Board meeting shall be mailed or delivered to each Member at least seven days before the meeting or, in the alternative, posted in a conspicuous place within the Community at least 48 hours in advance of the meeting, except that written notice of any meeting at which special assessments, amendments to rules regarding use of Units, or any agenda item petitioned for by the Members pursuant to Section 2.3(d) will be considered, should be mailed, delivered, or electronically transmitted to each Member and posted conspicuously in the Community not less than 14 days before the meeting. In lieu of mailing or posting in the Community, notice of Board meetings may be published in a Community publication, posted on a Community website the address of which has been regularly identified in a Community publication or other form of notice to the Members, or broadcast four times per hour during the required notice period on a closed-circuit television utilized by the Association, or in the case of regularly scheduled Board meetings, provided on a schedule distributed to the Members. Notice may be transmitted electronically only to those Members who have consented in writing to receive notice by electronic transmission, and then only in a manner authorized by law.

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

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

3.10. Telephonic Participation in Meetings.

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

3.11. Quorum of Board and Voting.

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

Each director shall have one equal vote, except that any *ex officio* director appointed by the ISD shall not be entitled to vote. Directors may not vote by proxy or secret ballot at Board meetings, except that secret ballots may be used in the election of officers.

3.12. Conduct of Meetings.

The President shall preside over all Board meetings; provided, in the President's absence, the Vice President or another Board designee shall preside. The Secretary shall cause to be kept a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings. Members may tape record or videotape Board meetings subject to reasonable rules the Board imposes.

3.13. Open Meetings; Executive Session.

(a) All meetings of the Board must be open to all Members except for:

(i) meetings of the Board held for the purpose of discussing personnel matters;

(ii) meetings between the Board or a committee and the Association's attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege; and

(iii) such other matters, if any, as Florida Statutes §720.303 may permit to be held in executive session.

(b) If Members entitled to cast at least 20% of the total votes in the Association petition the Board in writing to address a particular item of business at a Board meeting, the Board shall place the petitioned item of business on its agenda at its next regular Board meeting or at a special meeting of the Board, which shall be held within 60 days after the receipt of the petition. Other than addressing the petitioned item at the meeting, the Board is not obligated to take any other action requested by the petition.

(c) At any Board meeting required to be open to the Members under subsection (a), Members shall have the right to speak on any agenda item, and shall have the right to speak for at least three minutes on any matter placed on the agenda by petition of the Members pursuant to subsection (b), provided that the Member submits a written request to speak on such matter prior to the Board meeting or signs a sign-up sheet, if one has been provided. The Association may adopt written reasonable rules expanding the right of

Members to speak and governing the frequency, duration, and other manner of Member statements, which rules must be consistent with this Section 3.13 and may include a sign-up sheet for members wishing to speak.

3.14. Action Without a Formal Meeting.

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

C. Powers and Duties.

3.15. Powers.

The Board shall have all of the powers necessary to administer the Association's affairs, perform the Association's responsibilities, and exercise the Association's rights as set forth in the Governing Documents and as provided by law. The Board may do or cause to be done on the Association's behalf all acts and things except those that the Governing Documents or Florida law require to be done and exercised exclusively by the Voting Delegates or the membership generally.

Notwithstanding anything to the contrary in these By-Laws, in the event of damage caused by an event for which a state of emergency is declared pursuant to Florida or federal authority in an area which encompasses all or part of the Community, the Board, may, but is not required to, exercise the following powers during such period of time as is reasonably necessary to mitigate damage to the Association, the Common Areas, and the Community and to make emergency repairs:

(a) Implement a disaster plan before or immediately following the event for which a state of emergency is declared which may include, but is not limited to, evacuating and closing Common Areas, shutting off utilities to any portion of the Common Areas, and suspending any services which the Association provides to the Common Areas or Units for such period as the Board determines appropriate.

(b) Enter into agreements with any federal, state, or local government to assist with debris removal from any portion of the Community;

(c) Contract, on behalf of any Owner, for items or services for which the Owner is otherwise responsible hereunder, to the extent that the Owner not present or able to perform such responsibility and failure to fulfill such responsibility materially adversely impacts the Community or neighboring properties, or is necessary to mitigate damage to or deterioration of such Owner's Unit. In such event, the Association may levy a Specific Assessment against the Unit(s) of the Owner(s) on whose behalf the Board has contracted for the amount necessary to reimburse the Association for costs incurred;

(d) Levy Special Assessments without a vote of the Voting Delegates; and

(e) Borrow money and pledge Association assets as collateral to fund emergency repairs and carry out the duties of the Association if operating funds are insufficient, without the necessity of complying with Section 7.5 of these By-Laws.

3.16. Duties.

The Board's duties shall include, without limitation:

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

(b) levying and collecting assessments and Environmental Stewardship Fees from the Owners;

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

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

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

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

(g) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents. Such contracts shall be in writing and the Association shall obtain competitive bids if required by the Act;

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

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

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

(k) keeping a detailed accounting of the Association's receipts and expenditures;

(l) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Article 9;

(m) indemnifying a director, officer, employee, or committee member or former director, officer, employee, or committee member to the extent such indemnity is required by these By-Laws; and

(n) maintaining, and retaining for the time periods required, the "official records" of the Association, as provided in Florida Statutes §720.303(4).

3.17. Conflicts of Interest.

Unless otherwise approved by a majority of the other directors, no Owner Director may transact business with the Association or any Association contractor during his or her term as director. A director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the directors relative to his or her performance as a director. A director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members.

Notwithstanding the above, directors appointed by the Founder may be employed by or otherwise transact business with the Founder or its affiliate, and the Founder may transact business with the Association or its contractors.

Article 4
Officers

4.1. Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Board members; other officers may, but need not, be Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office.

The initial officers of the Association shall be elected by the Board at its organizational meeting or by unanimous written consent in lieu thereof and shall serve until the Association's second annual meeting. Thereafter, the Board shall elect the Association's officers at the first Board meeting following each annual meeting of the Association or by unanimous written consent in lieu thereof, to serve until their successors are elected. Officers may not hold the same office for more than two consecutive terms.

4.3. Removal and Vacancies.

The Board may remove any officer, by a vote of at least 2/3 of the directors, whenever in its judgment the Association's best interests will be served and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise for the unexpired portion of the term.

4.4. Powers and Duties.

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

4.5. Resignation.

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

Article 5
Committees

5.1. General.

The Board may appoint such other committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution.

In an effort to encourage and incorporate a broad base of Owner and resident participation in community governance, it shall be the Association's policy that the Board create and delegate its responsibilities to committees as reasonably appropriate.

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

5.2. Covenants Committee.

In addition to any other committees that the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Owners who shall not be officers, directors, or employees of the Association or the spouse, parent, sibling, or child of any officer, director, or employee. Acting in accordance with the provisions of the Charter, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article 8. The Covenants Committee shall have no responsibility for seeking out violations of the Governing Documents.

5.3. Service Area Committees.

The Owners of Units within any Service Area that has no formal organizational structure or association may elect a Service Area Committee to determine the nature and extent of services, if any, that it desires to have the Association provide to the Service Area, over and above those services that the Association provides to all Units in the Community. A Service Area Committee, if elected, shall consist of three Owners of Units in the Service Area; however, if approved by the vote of at least 51% of the Owners of Units within the Service Area, the number may be increased to five.

Elections of Service Area Committees may be held by written ballot sent to all Owners of Units within the Service Area, or at a meeting of the Owners of Units within the Service Area, as the Board determines. The Board or any Owner of a Unit in the Service Area may nominate candidates for election to the Service Area Committee. That number of candidates equal to the number of positions to be filled receiving the

most votes shall be elected. Service Area Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Service Area shall be an *ex officio* member of the Service Area Committee. The members of the committee shall elect a chairperson from among themselves, who shall preside at committee meetings and shall be responsible for transmitting any and all communications to the Board.

Meetings of a Service Area Committee shall be open to all Owners of Units in the Service Area and their representatives.

Article 6
Standards of Conduct; Liability and Indemnification

6.1. Standards for Directors and Officers.

(a) The Board shall exercise its powers in a reasonable, fair, and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents. In performing their duties, directors and officers shall act as fiduciaries and shall discharge their duties as directors or officers, and as members of any committee to which they are appointed, in a manner that the director or officer reasonably believes in good faith to be in, or not opposed to, the best interests of the Association and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by others to the extent authorized under Florida law.

(b) An officer, director or manager of the Association may not solicit, offer to accept, or accept any good, services, or other thing of value for themselves or immediate family members from any person providing or proposing to provide goods or services to the Association, except to the extent that such officer, director, or manager has personally given consideration for such goods, services, or other thing of value, and except for such nominal gifts as specifically authorized by Florida Statutes §720.3033.

6.2. Liability.

A director or officer of the Association shall be insulated from liability to the same extent that liability of directors of corporations is limited under Florida law and the Articles. The Association's officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, or for any action taken or omitted in such capacities, unless they have breached or failed to perform their duties under Section 6.1. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the Association's behalf (except to the extent that such officers or directors may also be Members).

6.3. Indemnification.

Subject to the limitations of Florida law, the Association shall indemnify every officer, director, employee, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, employee, or committee member, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such action was

unlawful. The termination of any such action, suit, or proceeding by judgment, order, settlement, conviction, or a plea of nolo contendere or its equivalent shall not in and of itself create a presumption that the director did not act in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association or that he or she had reasonable cause to believe that his or her conduct was unlawful.

Notwithstanding the foregoing, the Association shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the Association, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under Florida law; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

(i) intentional misconduct or knowing violation of the law;

(ii) an unlawful distribution to members, directors, or officers; or

(iii) receipt of an improper personal benefit.

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

6.4. Advancement of Expenses.

In accordance with the procedures and subject to the conditions and limitations set forth in Florida law, the Board may authorize the Association to advance funds to pay for or reimburse the reasonable expenses incurred by a present or former officer, director, employee, or committee member in any proceeding to which he or she may be a party by reason of being or having been an officer, director, or committee member.

6.5. Board and Officer Training and Certification.

(a) Within 90 days after election or appointment to the Board, each director shall certify in writing to the Secretary of the Association that (i) he or she has read the Charter, Articles, By-Laws, and Rules and policies of the Association, (ii) he or she will work to uphold such documents and policies to the best of his or her ability; and (iii) that he or she will faithfully discharge his or her fiduciary responsibilities to the Members. Alternatively, the director may provide a certificate of satisfactory completion, within one year prior to or 90 days after the date of election or appointment, of an education curriculum meeting the requirements of Florida Statutes §720.3033. A director who does not timely file the certification or education certificate shall be suspended from the Board until he or she complies with this requirement and the Board may temporarily fill the vacancy during the period of suspension. The Board shall retain a copy of each certification and educational certificate for a period of 5 years after the director's election.

(b) The Board may, as a Common Expense, conduct or provide for seminars and continuing educational opportunities designed to educate and inform its officers and directors of their responsibilities as officers and directors. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. The Board also may provide, or provide for, Owner and resident education designed to foster a better understanding of the Community's governance and operations and provide leadership training.

Article 7
Management and Accounting

7.1. Compensation of Directors and Officers.

Directors, officers, or committee members may not directly receive any salary or compensation from the Association for the performance of their duties as a director, officer or committee member and may not in any other way benefit financially from service to the Association, except as specifically authorized by Florida Statutes §720.303(12) and §720.3033(3). The Association may reimburse any director or officer for expenses he or she incurs on the Association's behalf upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director or officer, or any entity with which a director or officer is affiliated, for services or supplies he or she furnishes to the Association in a capacity other than as a director or officer pursuant to a contract or agreement with the Association. However, such director must make known his or her interest to the Board prior to entering into such contract, and a majority of the Board, excluding any interested director, must approve such contract.

7.2. Right of Founder Member to Disapprove Actions.

So long as there is a Founder Membership, the Founder Member shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee that, in the Founder Member's sole judgment, would tend to impair rights of the Founder or Builders under the Charter or these By-Laws, interfere with development or construction of any portion of the Community, or diminish the level of services the Association provides. The Board shall not implement any action, policy, or program subject to the right of disapproval set forth herein until and unless the requirements of this Section have been met.

(a) ***Notice.*** The Association shall give the Founder Member written notice of all meetings of the Members, the Board, and committees and any actions that any of them propose to take by written consent in lieu of a meeting. The Association shall give such notice by certified mail, return receipt requested, or by personal delivery at the address the Founder Member has registered with the Association. Such notice shall comply as to Board meetings with Section 3.9, and shall, except in the case of regular Board meetings pursuant to these By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) ***Opportunity to be Heard.*** At any such meeting, the Association shall give the Founder Member the opportunity to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program that would be subject to the right of disapproval set forth herein.

The Founder Member, its representatives, or its agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Founder Member, acting through any officer or director, agent, or authorized representative, may exercise its right to disapprove at

any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action.

The Founder Member may use this right to disapprove to block proposed actions but shall not use it to require any action or counteraction of any committee, the Board, or the Association. The Founder Member shall not use its right to disapprove to reduce the level of services the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

7.3. Managing Agent.

The Board may employ for the Association professional management agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate policy-making authority or ultimate responsibility for those duties set forth in Section 3.16. The Board may employ the Founder or its affiliate as managing agent or manager.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of the managing agent or manager that might arise between Board meetings.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Founder Control Period unless such contract contains a right of termination that may be exercised by the Association, with or without cause and without penalty, at any time after termination of the Founder Control Period upon not more than 90 days' written notice.

The managing agent shall not accept remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association. The managing agent shall promptly disclose to the Board any financial or other interest that it may have in any firm providing goods or services to the Association.

7.4. Accounts and Reports.

(a) The Board shall follow the following accounting standards unless the Board specifically determines otherwise by a resolution duly adopted and permitted under Florida law:

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

(ii) the Association's cash accounts shall not be commingled with any other accounts, and during the Founder Control Period, operating accounts shall not be commingled with reserve accounts;

(b) Commencing at the end of the quarter in which the first Unit is sold and closed, the following financial reports shall be prepared for the Association within 120 days after the end of each quarter:

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

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

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

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

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless the Board specifies otherwise by resolution). A copy of the quarterly financial report shall be made available at no charge to any Member requesting a copy.

(c) Annually, within 120 days after the close of the Association's fiscal year, the Association shall prepare or cause to be prepared the following financial reports, as applicable:

(i) a report of cash receipts and expenditures disclosing the amount of receipts by accounts and receipt classifications and the amount of expenses by accounts and expense classifications, including, but not limited to, the following, as applicable: costs for security, professional, and management fees and expenses; taxes, costs for recreation facilities, expenses for refuse collection and utility services; expenses for lawn care; costs for building maintenance and repair; insurance costs; administration and salary expenses; and reserves if maintained by the Association; and

(ii) for any fiscal year in which the Association has total annual revenues of $150,000 or more, a complete set of financial statements, prepared in accordance with generally accepted accounting principles, based upon the Association's total annual revenues, as follows:

A. compiled financial statements, for any fiscal year in which the Association has total annual revenues of $150,000 or more, but less than $300,000;

B. reviewed financial statements, for any fiscal year in which the Association has total annual revenues of at least $300,000, but less than $500,000; or

C. audited financial statements, for any fiscal year in which the Association has total annual revenues of $500,000 or more;

provided, upon resolution approved by Members entitled to cast a majority of the votes represented at a properly called meeting of the Association, the Association shall be relieved of its duty to provide financial statements otherwise required under this subsection (c)(ii), except to the extent that such resolution directs the Association to provide a lower level of financial reporting than otherwise required by this subsection (c)(ii). In the event that Florida Statutes §720.303(7)) is amended to change the dollar ranges for preparation of compiled, reviewed or audited financial statements, then the dollar ranges set forth in clauses A., B., and C., above shall be deemed amended to conform to Florida Statutes §303(7)(a).

(d) If 20% of the Members petition the Board for a level of financial reporting higher than that required by subsection (c), the Board shall duly notice and hold a meeting of Members within 30 days of receipt of the petition for the purpose of voting on raising the level of reporting for that fiscal year. Upon resolution approved by Members entitled to cast a majority of the total votes in the Association, the Board shall cause the higher level of financial statements to be prepared as directed by such resolution within 90 days of the meeting or the end of the fiscal year, whichever occurs later. The Board shall amend the budget or adopt a

special assessment as necessary to pay for the financial report, regardless of any provision to the contrary in the Governing Documents.

(e) Within 120 days after end of the Association's fiscal year or within 21 days following completion of the required financial reports, whichever is earlier, the Association shall mail or personally deliver to each Member a copy of the financial report required under subsection (c)(i) and shall provide each Member with either (i) a copy of any financial report required under subsection (c)(ii)or (d), or a (ii) written notice that a copy of such financial report is available upon request at no charge to the Member.

(f) The Association shall be responsible for filing such annual reports with the Division of Florida Condominiums, Timeshares and Mobile Homes (or any successor thereto) as may be required by Florida Statutes §303(13).

7.5. Borrowing.

The Association shall have the power to borrow money for any legal purpose. However, the Board shall obtain Voting Delegate approval in the same manner provided in the Charter for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 20% of the Association's budgeted gross expenses for that fiscal year.

7.6. Right to Contract.

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

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

All Association agreements, contracts, deeds, leases, checks, and other instruments shall be executed by at least two officers or by such other person or persons as the Board may designate by resolution. Any contract or other transaction between the Association and any of its directors or officers, or with any entity in which a director or officer has a financial interest, shall require approval by an affirmative vote of two-thirds (2/3) of the directors present and compliance with the requirements of Florida Statutes §617.0832 and shall be subject to veto by the members in accordance with Florida Statutes §720.3033(1)(c). The disclosures required by Florida Statutes §617.0832 shall be entered in the minutes of the meeting at which such contract or other transaction is approved.

Article 8
Enforcement Procedures

The Association shall have the power, as provided in the Charter, to impose sanctions for any violation of the Governing Documents. To the extent specifically required by the Charter, the Board shall comply with the following procedures prior to imposition of sanctions:

8.1. Notice and Response.

The Board or its delegate shall serve the alleged violator with written notice describing (a) the nature of the alleged violation, (b) the proposed sanction to be imposed, (c) the alleged violator shall have 14 days to present a written request for a hearing before the Covenants Committee appointed pursuant to Article 5; and (d) a statement that the proposed sanction maybe imposed as contained in the notice unless a hearing is requested within 14 days of the notice.

The alleged violator shall respond to the notice of the alleged violation in writing within such 14-day period, regardless of whether the alleged violator is challenging the imposition of the proposed sanction. If the alleged violator cures the alleged violation and notifies the Board in writing within such 14-day period the Board may, but shall not be obligated to, waive the sanction. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided the Board or Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 14-day period.

Prior to the effectiveness of sanctions imposed pursuant to this Article, proof of proper notice shall be placed in the minutes of the Board or Covenants Committee, as applicable. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

8.2. Hearing.

If a hearing is requested within the allotted 14-day period, the hearing shall be held before the Covenants Committee. The alleged violator shall be afforded a reasonable opportunity to be heard. The minutes of the meetings of the Covenants Committee shall contain a written statement of the results of the hearing (*i.e.*, the Committee's decision) and the sanction, if any, to be imposed. The role of the Covenants Committee shall be to confirm or reject the sanction imposed by the Board. Promptly after the hearing, the Association shall give notice to the violator of any sanction imposed and, if the violator is not an Owner, to the Owner of the Unit in which the violator is a tenant, licensee, or invitee.

8.3. Appeal.

If, following a hearing before the Covenants Committee, a sanction is imposed, the violator shall have the right to appeal the decision to the Board. To exercise this right, the violator must deliver a written notice of appeal to the Association's manager, President, or Secretary within 14 days after the hearing date.

Article 9
Miscellaneous

9.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

9.2. Conflicts.

If there are conflicts among the provisions of Florida law, the Articles of Incorporation, the Charter, and these By-Laws, the provisions of Florida law, the Charter, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

9.3. Books and Records.

(a) ***Turnover of Books and Records.*** Within 90 days after termination of the Founder Control Period, the Founder shall deliver to the Association all property and other items required by Florida Statutes §720.307.

(b) ***Inspection by Members and Mortgagees.*** Except to the extent that Florida law permits the Association to restrict access to certain types of records, the Association's official records shall be maintained within the State of Florida for at least 7 years and shall be made available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing, at any reasonable time and for a purpose reasonably related to his or her interest in a Unit. The official records shall include: the Governing Documents; the membership register; books of account; the minutes of meetings of the Members, the Board, and committees; and any other records as required by Florida law. The Board shall provide for such inspection to take place within 45 miles of the Community within 10 business days (excluding holidays) after receipt of a written request for access submitted to the Association by certified mail, return receipt requested. The Board may comply with this Section by making the records available to a Member electronically via the Internet or by allowing the records to be viewed in electronic format on a computer screen and printed on request. A Member or the Member's authorized representative may use a portable scanning device or similar technology to make an electronic copy of records which the Member would otherwise be entitled to copy hereunder.

Notwithstanding the above, the following Association records shall not be made available for inspection or copying:

(i) Any record protected by the attorney-client privilege as described in Florida Statutes § 90.502 or the work-product privilege, including, but not limited to, any record prepared by or at the direction of the Association's attorney and subject to exclusion under Florida Statutes §720.303(5)(c);

(ii) Personnel records of the Association's or its management agent's employees, including but not limited to disciplinary, payroll, health, and insurance records (other than employment contracts or budgetary or financial records indicating compensation paid to an Association or management company employee, which shall not be considered "personnel records");

(iii) Medical records of Owners or community residents;

(iv) Social Security numbers, driver license numbers, credit card numbers, electronic mail addresses, telephone numbers, emergency contact information, any address of an Owner other than that provided for Association notices, and other personal identifying information of any person other than the person's name, Unit identification and address, and mailing address for Association notices;

(v) Any passwords or other electronic security measure that is used by the Association to safeguard data;

(vi) Any software and operating system used by the Association which allows the manipulation of data, even if the person inspecting the records owns a copy of the same software.

(c) ***Rules for Inspection.*** The Board may adopt reasonable written rules governing the frequency, time, location, notice, scope, and manner of inspections but may not require that an Owner state or demonstrate any proper purpose for the inspection or state any reason for the inspection, and may not limit an Owner's right to inspect records to less than one 8-hour business day per month. The Association shall maintain an adequate number of copies of the recorded governing documents to ensure availability to Members and prospective Members. The Board may establish fees to cover the costs of having personnel retrieve and copy the official records, subject to the limitations of Florida Statutes §720.303.

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

(e) ***Additional Information.*** Neither the Association nor any authorized agent thereof shall be required to provide a prospective purchaser or lienholder with information about the Community or the Association except as required by Florida Statutes §720.301, *et seq.*, or other applicable provisions of the Florida Statutes. If, upon request of the current Owner, the Association elects to provide information which is not required by law to be provided or disclosed, it may charge a reasonable fee to the current Owner for providing good faith responses to requests such for information, such fee not to exceed the amount set forth in Florida Statutes §720.303, as it may be amended, plus the reasonable cost of photocopying and any attorneys' fees incurred by the Association in connection with such response.

9.4. Notices.

(a) ***Form of Notice and Method of Delivery.*** Except as otherwise provided in the Charter or these By-Laws or by Florida law, all notices, demands, bills, statements, or other communications under the Charter or these By-Laws shall be in writing and may be delivered in person, by United States mail, by private carrier, or if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile or electronic mail with written confirmation of transmission, except that electronic transmission shall not be permitted in the case of a meeting to recall one or more directors or otherwise when notice by electronic transmission is prohibited by the Act.

(b) ***Delivery Address.*** Notices shall be delivered or sent to the intended recipient as follows:

(i) if to a Member or Voting Delegate, at the address, telephone facsimile number, or e-mail address that the Member or Voting Delegate has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Delegate;

(ii) if to the Association, the Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of the Association or its managing agent or at such other address as the Association shall designate by notice in writing to the Members pursuant to this Section; or

(iii) if to the Founder, at the Founder's principal address as it appears on the Department of State's records, or at such other address as the Founder shall designate by notice in writing to the Association pursuant to this Section.

(c) ***Effective Date.*** Notice sent in accordance with Section 9.4(a) and (b) shall be deemed to have been duly given and effective:

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

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

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

9.5. Amendment.

(a) ***By Founder Member.*** Until termination of the Founder Control Period, the Founder Member may unilaterally amend these By-Laws, except as provided in subsection (c).

(b) ***By Membership Generally.*** Except as provided above and in subsection (c), these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Delegates representing 67% of the total votes in the Association, and the consent of the Founder Member, if such exists.

(c) ***Validity and Effective Date of Amendments.*** No amendment which purports to change the quorum requirement or percentage of votes necessary to take action under a specific clause shall be effective unless approved by at least that fraction or percentage of votes that would be required for action to be taken under that clause. Amendments to these By-Laws shall become effective upon recordation unless a later effective date is specified therein. A copy of any amendment, or if permitted by Florida Statutes § 720.306(1)(b), notice of the recording thereof, shall be provided to the Members within 30 days after recording. Any procedural challenge to an amendment must be made within six months of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of the Founder or the Founder Member without the written consent of the Founder, the Founder Member, or the assignee of such right or privilege.

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CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Babcock Ranch Residential Association, Inc., a Florida corporation not-for-profit;

That the foregoing By-Laws constitute the original By-Laws of the Association, as duly adopted by resolution of the Board of Directors thereof on the 20th day of July, 2016.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 25th day of October, 2018.

[SEAL]

Secretary

EXHIBIT "F"

Use of Prescribed Burning as a Land Management Technique

Prescribed burning is one of the most extensively-applied habitat management practices in Florida and a necessary and integral part of land management activities on lands within the Babcock Ranch community, the adjacent Babcock Ranch Preserve and Lee County Conservation 20/20 Lands. Prescribed burns are essential to maintaining undeveloped land and mitigation areas. Well-managed natural areas provide abundant wildlife, beautiful scenery and open vistas for people to enjoy. Prescribed burns are performed under the control and supervision of a Florida Certified Burn Manager and benefit wildlife and people by:

- reducing risks of uncontrolled wildfires;
- removing dense undergrowth and recycling nutrients back into the soil, resulting in new growth of native plants which provides a nutritious food source and appropriate shelter for wildlife;
- eliminating overgrown vegetation, thereby reducing the amount of moisture that evaporates from plants into the air and allowing more water to soak into the ground to replenish Florida's aquifer (the source of our drinking water); and
- providing better conditions for recreational opportunities such as hiking, bicycling, and wildlife viewing by opening vistas and improving access to natural areas.

Many animals, including red-cockaded woodpeckers, bluebirds, fox squirrels, gopher tortoises and others must have forest openings and combinations of plants that thrive in regularly-burned habitats. Ground-nesting birds need the cover of low-growing vegetation resulting from frequent fires. Even frogs, salamanders and other wetland species need prescribed fire to maintain suitable areas for breeding. By using prescribed burns to manage the land, wildlife populations remain healthy and imperiled species have suitable habitat to recover.

Common concerns:

- Harm to wildlife – People worry about harm to wildlife by prescribed burns. However, the slow-moving flames of carefully planned burns generally allow animals time to find shelter or move away from the fire. Ultimately, the benefits of prescribed burns are believed to outweigh negative impacts to wildlife.
- Ash – Those living or working next to a Prescribed Burn Area may see ash during and after a prescribed burn. Although ash is annoying, it is not dangerous and is easily washed away.
- Smoke – Prescribed burns are conducted during weather conditions that minimize smoke impacts. Smoke plumes travel high into the air where they quickly dissipate, although the area may smell smoky for a day or two.

EXHIBIT "F"

Use of Prescribed Burning as a Land Management Technique
(continued)

The State of Florida, through the Florida Forestry Services Department, performs prescribed burns on the 73,000-acre Babcock Ranch Preserve to the east of Babcock Ranch and on the 64,000-acre Cecil/Webb Wildlife Management Area to the west of Babcock Ranch. The Founder, the Babcock Ranch ISD, and Lee County may perform prescribed burns on property within or in the vicinity of the Babcock Ranch community, and Lee County may also perform prescribed burns on Conservation 20/20 lands adjacent to the Babcock Ranch community. Prescribed burns are an integral part of land management activities on public lands.

Adapted from the Florida Fish and Wildlife Conservation Commission Prescribed Fire educational materials, which can be found at http://myfwc.com/wildlifehabitats/prescribed-fire/.