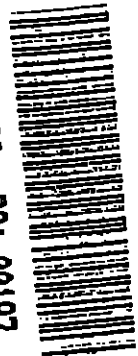


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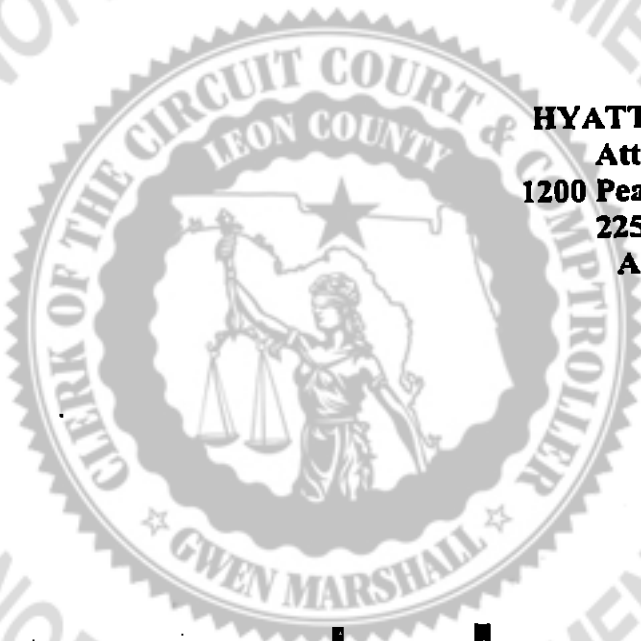
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**COMMUNITY COVENANT  
FOR  
SOUTHWOOD**

**HYATT & STUBBLEFIELD, P.C.**  
Attorneys and Counselors  
1200 Peachtree Center, South Tower  
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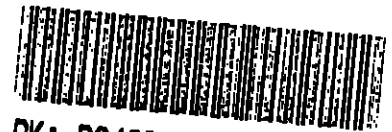


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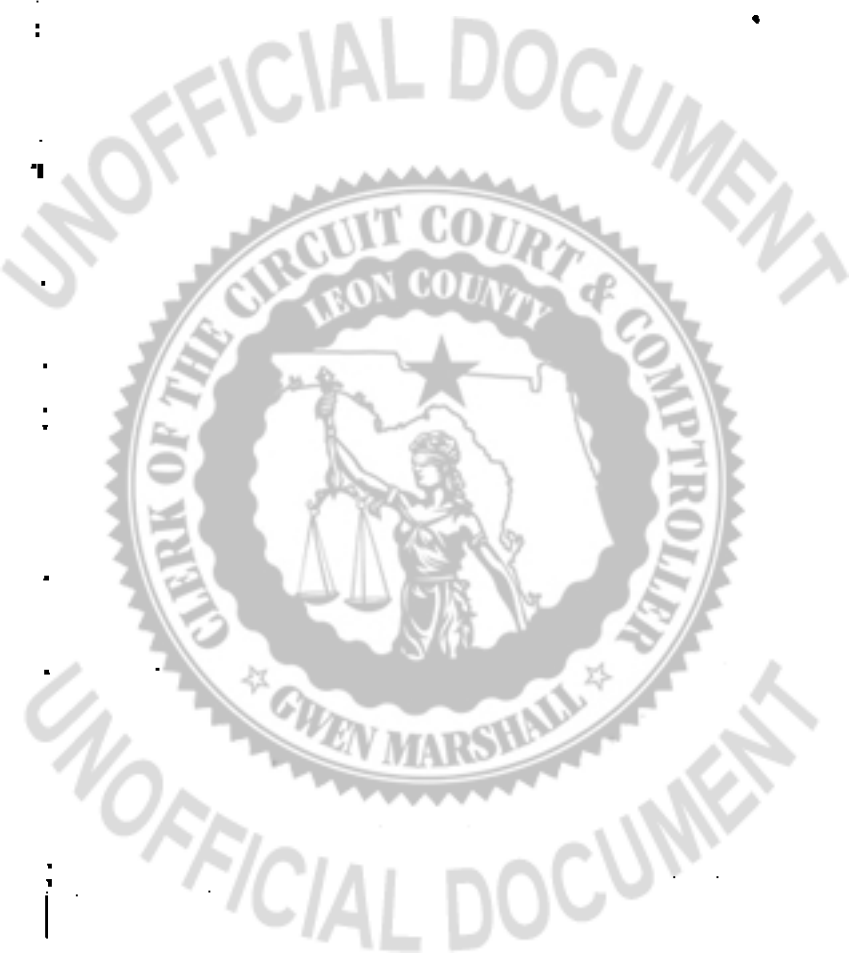


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COMMUNITY COVENANT  
FOR  
SOUTHWOOD

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THIS COMMUNITY COVENANT ("Community Covenant") is made as of the \_\_\_\_ day of \_\_\_\_\_, 2000, by The St. Joe Company, a Florida corporation ("Declarant").

Throughout this Community Covenant, diagrams are used to illustrate concepts and aid the reader. Such diagrams are for illustrative purposes only. If there is a conflict between any diagram and the text of any of the Council Documents, the text shall control.

BACKGROUND STATEMENT

Southwood is a master planned community located in the City of Tallahassee, Leon County, Florida. The St. Joe Company is the owner of the real property described in Exhibit "A" attached hereto (or, if not the owner, has the owner's consent to subject the property to this Community Covenant). The Southwood Community Council, Inc. ("Council") has been or shall be created to serve as a unifying entity for the Southwood community and to fulfill the terms of this Community Covenant.

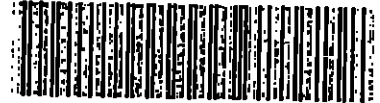
The Council shall be a catalyst for the creation of opportunities for lifestyle enhancement and community both within Southwood and in the surrounding community. Its purpose is to encourage inclusiveness and interaction among and between residents and to generate, enhance, and preserve a genuine sense of community. It is empowered to provide for the sharing and enrichment of diverse goals and perspectives while ensuring a common sense of place. It serves as a resource of social trust, norms, and networks that people can draw upon to solve common problems and to advance common objectives.

The Council may provide community activities, services, and programs benefiting the Southwood community and the larger surrounding community and may engage in any other activity the Council Documents authorize or permit. It also serves as a representative of the community with respect to specified actions of the Southwood Community Association's board of directors. In addition, the Council may own and maintain real property and operate facilities and improvements on such property.

The Association and Owners not subject to the Association's jurisdiction (unless exempt), are obligated to pay assessments, fees, and other charges set forth in this Community Covenant. In addition, the Council may charge any Person use or consumption fees for the use and enjoyment of activities, services, programs, and facilities it provides or provides for.

The real property described in Exhibit "A." and any additional property subjected to this Community Covenant in the future, shall be owned, conveyed, and used subject to all of its provisions. This Community Covenant shall run with the title to the subjected property and bind





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all Persons having any right, title, or interest in any portion of the subjected real property, their heirs, successors, successors-in-title, and assigns.

The Council is not and is not intended to be a homeowners association, as defined in Florida Statutes §617.301, *et seq.* (1997), as it may be amended. The Council may be organized as a civic league under Section 501(c)(4) of the Internal Revenue Code (for purposes of this Section, referred to as a "501(c)(4) organization") to serve the common good and general welfare of the Southwood community and those in the surrounding communities which the development of Southwood directly affects. If the Council Board at any time determines that it is not feasible for, or in the best interest of, the Council to be organized as a 501(c)(4) organization, or if 501(c)(4) tax-exempt status is not granted or is revoked, the Council may be organized or reorganized, as applicable, as another type of organization, which may or may not have tax-exempt status.

#### **Article I** **Definitions**

The words used in this Community Covenant shall generally be given their normal, commonly understood definitions unless otherwise specified. Capitalized terms shall be defined as follows:

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

**"Annual Assessment"**: Assessments levied to pay for Common Expenses budgeted for the fiscal year, as more specifically described in Section 7.1.

**"Area of Council Responsibility"**: Those areas, if any, for which the Council has maintenance, insurance, operating, or other responsibility.

**"Association"**: The Southwood Residential Community Association, Inc., a Florida not-for-profit corporation. The term "Association" shall not include any "sub" or "neighborhood" association which is subject to the Association.

**"Association Declaration"**: The Recorded Declaration of Covenants, Conditions, and Restrictions for the Southwood Residential Community.

**"Community Enhancement Fee"**: Fees levied by the Council upon certain real property transfers, as provided for in Section 7.4.

**"Council"**: Southwood Community Council, Inc., a Florida not-for-profit corporation.

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**"Council Articles":** The Articles of Incorporation of Southwood Community Council, Inc., a Florida not-for-profit corporation, as filed with the Florida Department of State, as amended from time to time.

**"Council Board of Trustees" or "Council Board":** The body responsible for the Council's administration and management, selected as provided in the Council By-Laws.

**"Council By-Laws":** The By-Laws of Southwood Community Council, Inc., attached as Exhibit "D," as amended from time to time.

**"Council Documents":** This Community Covenant, the Articles, the By-Laws, and other documents governing the Council's rights, duties, and activities relating to Southwood.

**"Council Expenses":** Actual and estimated expenses, including administrative costs, which the Council incurs or anticipates incurring in order to provide community activities, services, and programs, and to perform other activities this Community Covenant authorizes.

**"Declarant":** The St. Joe Company, a Florida corporation, or any successor or assign as developer of all or any portion of Southwood who is designated as Declarant in a Recorded instrument the immediately preceding Declarant executes. On all matters, Declarant may act through any of its Affiliates, including, without limitation, St. Joe-Arvida Home Building, L.P., and the St. Joe/Arvida Company, L.P.

**"Lot":** A portion of property subject to this Community Covenant, whether improved or unimproved, which may be independently owned and conveyed. In the case of property subject to the Association Declaration, "Lot" shall mean only a portion of property which is separately assessable under the Association Declaration. The term shall not include real property, if any, which the Council owns, Association common property, or property dedicated to the public. The term shall refer to the land, if any, which is part of the Lot as well as any improvements thereon.

A Lot intended for development, use, and occupancy as an attached or detached single-family residence is sometimes referred to as a "Residential Lot." A Lot intended for any other purpose is sometimes referred to as a "Non-Residential Lot."

**"Master Plan":** The land use plan(s) for Southwood approved by the City of Tallahassee, Florida, as may be amended. The Master Plan includes all of the property described in Exhibit "A" and all or a portion of the property described in Exhibit "B." Declarant is not obligated to submit property shown on the Master Plan to this Community Covenant, nor is it prohibited from submitting property which is not shown on the Master Plan.

**"Owner":** A Person owning real property subject to this Community Covenant, but excluding any mortgagee or other Person holding an interest merely as security for the performance of an obligation.

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





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

**"Southwood":** The master planned community depicted on the Master Plan, as it may be amended from time to time.

**"Special Assessments":** Assessments levied to cover unanticipated expenses or expenses in excess of those budgeted, as described in Section 7.3.

**"Supplemental Declaration":** A Recorded instrument which subjects additional property to this Community Covenant pursuant to Sections 3.2 or 3.3.

## **Article II**

### **Council Mission Statement**

The Community Council's mission is to perpetuate Southwood as a cohesive community where opportunities exist for lifestyle enhancement and community involvement, and where a common sense of place and pride exists among its residents.

## **Article III**

### **Council Jurisdiction**

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#### **3.1. Council Jurisdiction.**

The Council shall have jurisdiction over all property subjected to this Community Covenant. In addition, the Council may expand its jurisdictional scope by contractual agreement. Accordingly, every Owner and the Association shall comply with the Council Documents and all rules and regulations governing Council services and programs and the Area of Council Responsibility. Except as may be specifically provided in the Council Documents or the Association Declaration, the Council shall not have jurisdiction over the internal affairs or operations of the Association.

#### **3.2. Annexation of Property by Declarant.**

So long as Declarant or any Affiliate of Declarant owns any property described on Exhibit "A" or "B," Declarant may annex all or any portion of the property described on Exhibit "B" to this Community Covenant by Recording a Supplemental Declaration. No consent to the Supplemental Declaration is required other than the consent of the owner of the property being annexed. Such annexation shall be effective upon Recording the Supplemental Declaration unless otherwise provided therein. Declarant's right to subject additional land to this Community Covenant does not obligate it to do so.

#### **3.3. Annexation of Property by Council.**

The Council may annex additional property to this Community Covenant by Recording a Supplemental Declaration executed by or on behalf of the Council and the owner(s) of the property being submitted. Such annexation shall be effective upon Recording the Supplemental

Declaration unless otherwise provided. Annexation by the Council shall require Declarant's written consent for so long as Declarant or any Affiliate of Declarant owns property described on Exhibit "A" or "B."

3.4. Property Subjected to the Association Declaration.

Regardless of whether specifically set forth in a Recorded instrument adding real property to the Association Declaration, any real property subjected to the Association Declaration shall automatically be subject to this Community Covenant.

**SOUTHWOOD COMMUNITY  
COUNCIL JURISDICTION**

All real property subject to  
the Community Covenant:

- Property described on Exhibit "A"
- Property submitted by  
Supplemental Declaration
- Declarant may annex property as  
long as Declarant or its Affiliates  
own property described in Exhibit  
"A" or "B"
- Council may subject property with  
Declarant's consent



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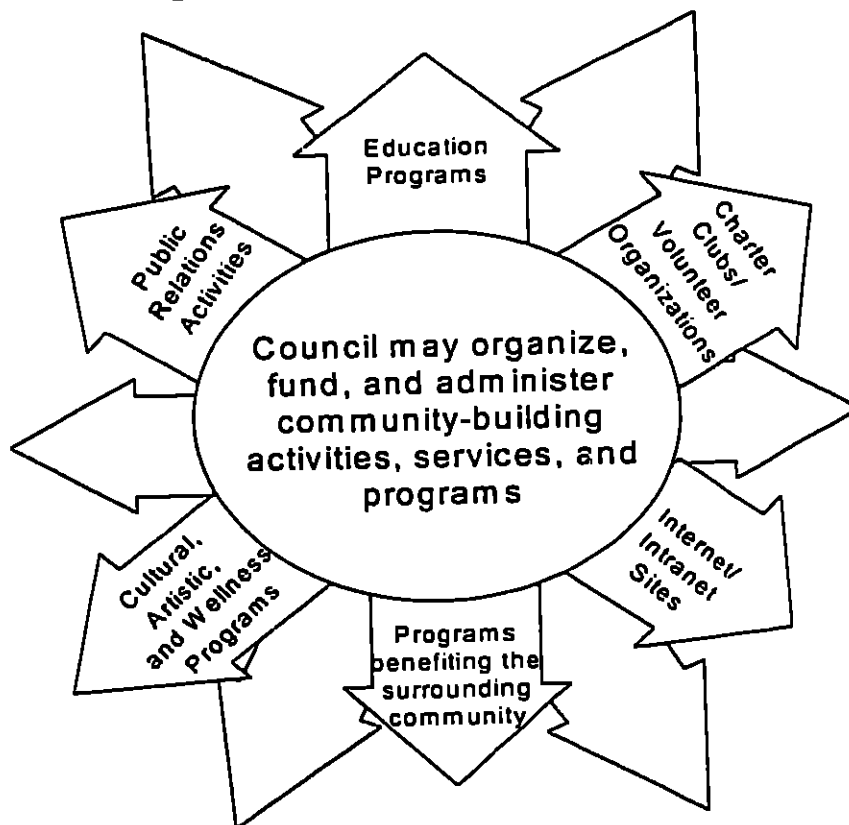




Article IV  
Council Powers

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## COUNCIL POWERS



### 4.1. Express and Implied Powers.

The Council shall have such express or implied powers reasonably necessary to create and provide activities, services, and programs and to maintain and manage property for the common good and general welfare of the Southwood community and its Owners, residents, guests, and invitees; provided, it shall act in accordance with, and subject to limitations imposed by, the Council Documents and Florida law. The Council may create and delegate authority to, and fund or contribute funds to, entities which may be tax-exempt organizations.

It is expressly intended that the Council may, but is not obligated to, engage in activities that benefit Persons other than Owners and residents in Southwood, and such activities are specifically authorized.

### 4.2. Community Activities, Services, and Programs.

The Council shall organize, fund, and administer Southwood's "community creation and maintenance program," which shall include such community-building activities, services, and programs as the Council Board deems necessary, desirable, and appropriate. Examples of such activities, services, and programs which the Council may provide include the following:



- (a) primary and adult education programs;
- (b) recreational, social, and charitable programs and services;
- (c) environmental and conservation activities and programs (e.g., preservation of natural areas, community-wide recycling);
- (d) activities designed to promote compliance with community regulations through education, communication, and grass roots support;
- (e) promotional and public relations activities on behalf of the Southwood community;
- (f) cultural, artistic, and wellness programs;
- (g) operation and preservation of historical and archaeological sites;
- (h) community services for the benefit of Southwood's residents and the surrounding community (e.g., caretaker services, childcare, personal shopping services, etc.);
- (i) computer Internet or intranet sites;
- (j) learning centers and computer centers designed to supplement home offices;
- (k) community-wide video and technology;
- (l) charter clubs and other volunteer organizations and activities; and
- (m) other services, activities, and programs which advance the Council's mission to enhance the sense of community within Southwood.

The Council may enter into and terminate contracts or agreements with other entities, including Declarant, to provide such activities, services, and programs, and to provide the necessary facilities. The Council may charge use or service fees for any such activities, services, or programs, or may include the costs in the Council's budget as a Council Expense and assess it as part of the Annual Assessment if provided to all Owners.

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

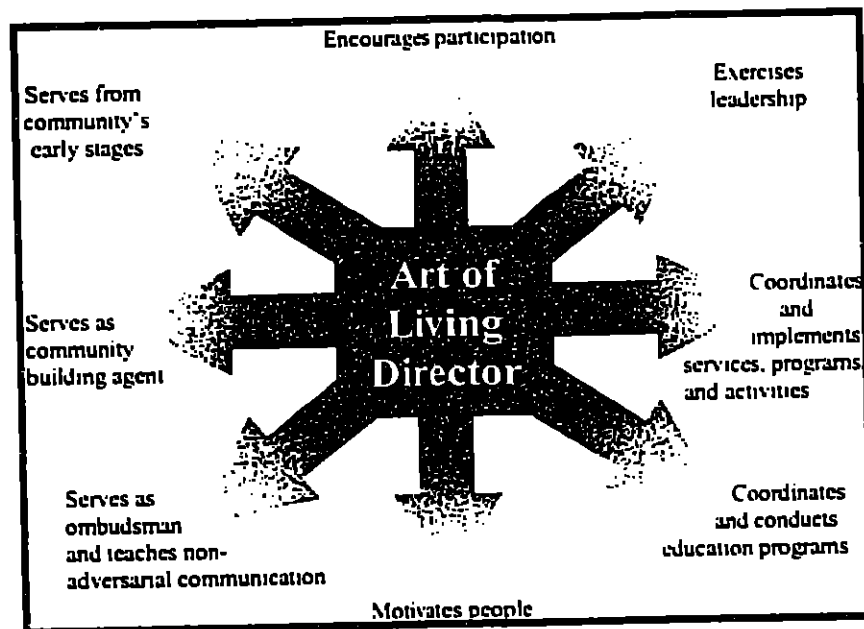




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4.3. Art of Living Director.

The Council shall create and fund the position of "Art of Living Director" for the collective benefit of the Southwood community. The Art of Living Director's role shall be to create, foster, and enhance community and quality of life within Southwood by providing leadership for the overall planning, development, execution, and continuing evaluation of Southwood's community creation program.



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The Art of Living Director's specific responsibilities shall be those assigned by the Council Board and may include the following:

- (a) coordinating, promoting, and facilitating community-wide events and activities;
- (b) conducting educational programs and contracting for and coordinating higher-level, specialized education;
- (c) organizing and promoting sports or recreational leagues;
- (d) serving as an ombudsman within Southwood by teaching and practicing "non-adversarial communication" and, when the need arises, mediating, listening to, diffusing, or otherwise intervening to solve disputes and conflicts at the request of the parties involved;
- (e) working with volunteers and staff members and cooperating with the Council Board and the Association's board of directors to implement the Council's objectives and administer its daily affairs;
- (f) motivating Owners, residents, and invitees to participate in and volunteer their time and skills for community events and activities; and
- (g) seeking out new opportunities for building community life and spirit.



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The Art of Living Director shall be employed or otherwise contracted for by the Council and shall be the non-voting chairperson of the Council Board. The Council shall establish the Art of Living Director's compensation and may modify such compensation from time to time to reflect changes in the employment market, the Council's economic viability, and other relevant factors. In addition, the Council shall fund the Art of Living Director's operational expenses in such amounts as the Council deems sufficient. The Council may enact rules to ensure the successful creation, staffing (including the Council's appointment rights), funding, operation, execution of duties, and continuity of the Art of Living Director position.

4.4. Youth Board.

The Council, in its discretion, may create and fund a Youth Board composed of and selected by community residents between the ages of 13 and 18. If created, the Youth Board shall serve as a liaison between Southwood's youth and the Council, empowering Southwood's youth with a voice, a sense of "belonging," and a mechanism for positively influencing their peers and others in Southwood.

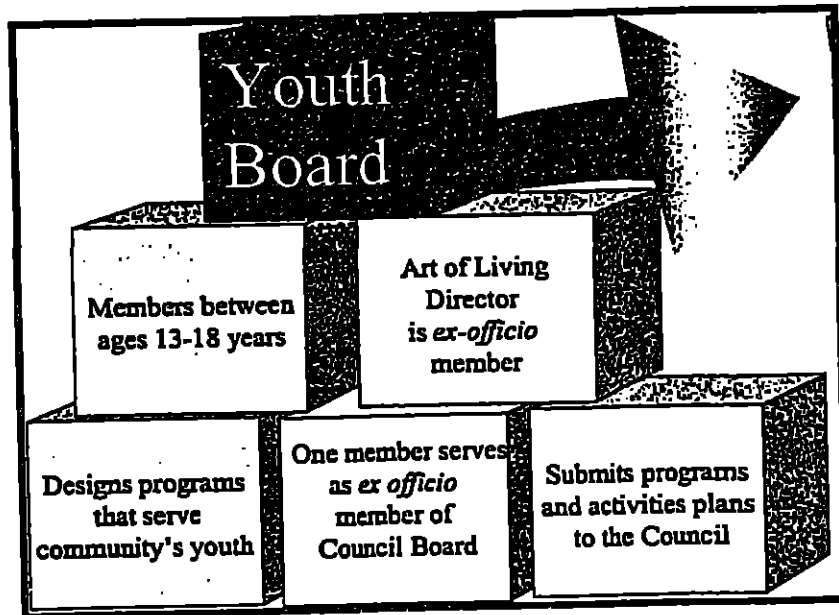
The Youth Board may hold meetings, discussion groups, or sponsor other events designed to foster group discussion and collective decision-making. The Youth Board may request funding from the Council for additional services, facilities, or activities for the Southwood community; organize and independently operate such services, facilities, or activities; communicate with the Council on issues of importance to the youth; or make suggestions or recommendations for community improvement to the Council. The Council may approve or reject any requested service, facility, or activity or any funding request (or may rescind any previously approved service or funding request) based upon reasonable, community-related considerations.

One member of the Youth Board, if created, shall be chosen from among the Youth Board members to serve as an *ex-officio* member of the Council Board. The Art of Living Director shall serve as an *ex-officio* member of the Youth Board and the Youth Board shall cooperate with and assist the Art of Living Director in the performance of its duties.

The Council Board may enact rules to ensure the successful formation, selection, operation, and continuity of the Youth Board.

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#### 4.5. Facilities and Services Open to the Public.

Certain facilities and areas within Southwood may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example: greenbelts, trails and paths, parks, and other spots conducive to gathering and interaction, roads, sidewalks, and medians. Declarant may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Area of Council Responsibility. Thereafter, the Council Board may designate facilities and areas which the Council owns as open for public use.

#### 4.6. Community Education and Training.

In recognition of the fact that Owners, tenants, and other residents who are well-informed regarding their community's structure and governance, and their rights and responsibilities in the community, have greater capacity to participate in civic life and in the affairs of the community, the Council may establish education, training, and orientation programs, including "continuing" education programs, for all members of the Southwood community. The Council may utilize any appropriate method to achieve the goal of educating the members of the community, including a community intranet; learning centers, computer centers, and business centers within Southwood; and coordinated activities with the Art of Living Director, one or more committees, or Council Board members.

Such education may begin as early as the marketing stage or the point of sale of property within Southwood and may include orientation classes regarding community structure and governance; the nature, extent, and purpose of the covenants, rules, and regulations; and community-building issues such as the mission for Southwood, opportunities to participate in and affect the community's evolution and growth, and general community orientation. In addition, the Council may cover such topics as board election procedures, director responsibilities and duties, officers' duties and responsibilities, committee service guidelines and training, and refresher training regarding membership in common interest communities. The Council also may teach non-adversarial dispute or conflict resolution, negotiation, listening, team building, and other community skills designed to serve individuals in many different contexts.



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Training for Council Board members is required and shall be conducted as specified in the Council By-Laws. The Council may delegate all or any of its training, education, and orientation duties to the Association. The Council's expenses of training, education, or orientation, or contracts for such services from third parties, shall be Council Expenses, assessable as a part of the Annual Assessment.

**4.7. Volunteering Activities and Charter Clubs.**

In recognition of the fact that volunteering activities benefit both Southwood and the larger community, a Council goal shall be to promote a strong volunteer ethic among members of the community and encourage and facilitate the organization of volunteer organizations within Southwood. To accomplish this end, the Council may grant incentives for volunteering, such as exemptions from specific program fees and public recognition of distinguished volunteers and their achievements. The Council also may cooperate with and support outside organizations, such as recreational leagues or cultural organizations, by making facilities available for the organization's use or sponsoring the organization's activities. Additionally, the Council may compile and maintain a data bank of Owners, tenants, residents, or invitees interested in volunteering and make such data available to other volunteer organizations.

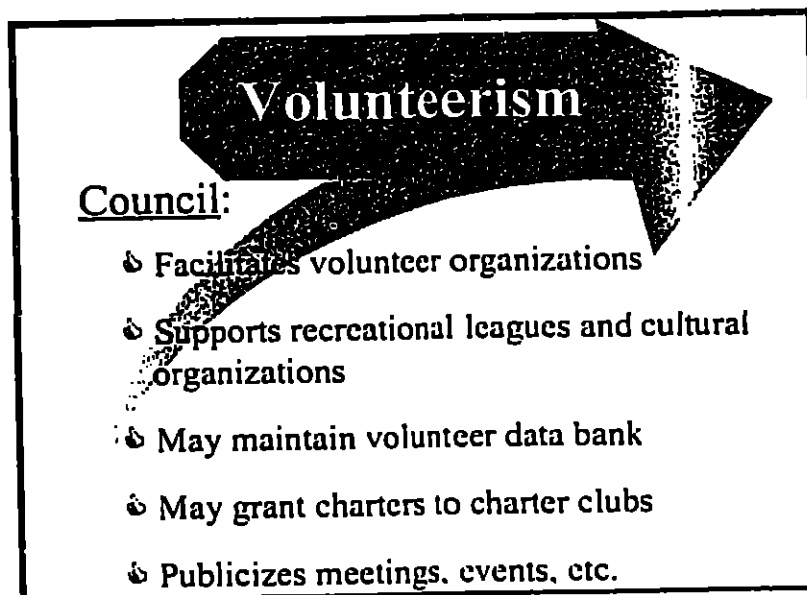
The Council, in its sole discretion, may establish or support the establishment of "charter clubs" to encourage or facilitate the gathering of people to pursue common interests or hobbies. A charter shall confer privileges and impose responsibilities on the club and its members. For example, the Council may grant privileges including financial support; material support; facility use privileges, either with or without charge; priority for facility use; administrative and technical support; and liability insurance coverage.

The Council may grant charters to any group of individuals who share a particular field of interest. Any Owner, tenant, or resident may submit a written request to the Council for a charter. In its sole discretion, the Council may grant or deny such request. The Council may fund the charter club as a Council Expense and/or require that club members pay use or consumption fees for materials, facilities use, or other club expenses.

The Council may use computer bulletin boards, web sites, and publications to assist charter clubs and other community groups, religious groups, civic groups, youth organizations, and support groups in publicizing meetings, events, and the need for volunteer assistance. However, the Council may not fund the specific advertising or promotion of a charter club's events or another volunteer group's events, unless the Council, in its sole discretion, determines that such events or organizations benefit the entire community.

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4.8. Relationship with Other Entities.

(a) General. The Council may enter into cooperative agreements and expend funds for facilities use, shared services, and development of projects and activities which benefit the Southwood community and the surrounding areas.

(b) Relationships With Tax-Exempt Organizations. Declarant or the Council may create, enter into agreements or contracts with, contribute funds to, or grant exclusive and/or non-exclusive easements over portions of the Area of Council Responsibility to non-profit, tax-exempt organizations, the operation of which confers some direct or indirect benefit upon Southwood and the surrounding community. Such organization(s) may perform a variety of services and functions, such as educational, environmental, conservation, health, wellness, and cultural programs, benefiting Southwood and the larger community.

If Declarant or the Council establishes a tax-exempt entity for activities solely benefiting Southwood, the Council shall fund the minimum annual organizational expenses of maintaining such entity and may contribute additional money, real or personal property, or services to such entity. Such expenses and any such contributions shall be a Council Expense. The Council, in the Council Board's discretion, also may contribute money, property, or services to other tax-exempt organizations. A "tax-exempt organization" shall mean an entity exempt from federal income taxes under the Internal Revenue Code ("Code"), such as entities exempt under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

The Council may maintain multiple use facilities within Southwood for temporary use by tax-exempt organizations. Such use may be on a scheduled or "first-come, first-served" basis. A reasonable maintenance and use fee may be charged for such use.

(c) Other Third Parties. In the Council Board's sole discretion, the Council may provide services or facilities to the general public or other people or groups who do not reside within Southwood and charge and collect use and consumption fees for such use. The Council



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also may enter into agreements with third parties to provide such services or facilities in exchange for financial or other consideration.

**Article V**  
**Property Rights, Management, and Maintenance**

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**5.1. Ownership and Maintenance of Property.**

The Council may own and maintain real property subject to any terms, conditions, covenant, or restrictions set forth in the instrument conveying such property to the Council. The Council shall maintain and insure property it owns and also may maintain and insure property which it does not own. The Council shall maintain the Area of Council Responsibility in accordance with the Community-Wide Standard, as defined in the Association Declaration.

The Council may enact reasonable rules and regulations governing access, use, and enjoyment of the Area of Council Responsibility. Every Owner and the Association shall comply with such rules and regulations; provided, the Council may not deny an Owner access to its own property over public or private roads which the Council controls. In addition, Declarant or the Council may grant exclusive and/or non-exclusive easements over the Area of Council Responsibility to other Persons or entities, the operation of which confers some benefit upon Southwood.

**5.2. Conveyance of Property by Declarant.**

At any time that Declarant or any Affiliate of Declarant owns any property described on Exhibit "A" or "B," Declarant may convey to the Council, or assign to the Council maintenance responsibility for, improved or unimproved real estate located within Southwood, personal property, and leasehold or other property interests. The Council shall accept and maintain, operate, and manage such property as part of the Area of Council Responsibility. The Council also shall perform, as a Council Expense, such obligations and responsibilities with respect to such property as Declarant may assign in writing.

In recognition of the fact that Declarant conveys real property to the Council at no cost to the Council, if conveyed in error or needed to make minor adjustments in property lines, Declarant, for so long as it or any Affiliate of Declarant owns property described in Exhibit "A" or "B," may unilaterally amend this Community Covenant to withdraw property from its coverage and may require the Council to reconvey unimproved real property to Declarant or to other Persons.

**5.3. Conveyance of Property from Other Persons.**

Under negotiated terms, the Council may acquire and maintain improved or unimproved real estate, personal property, easements, and leasehold or other property interests from other Persons.

**5.4. Dedication of Council Property.**

Subject to the approval of and acceptance by such entity, the Council may dedicate, lease, grant easements in, or convey portions of any real property it owns to any local, state, or federal governmental or quasi-governmental entity, provided the Council Board has determined, in its







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reasonable discretion, that such entity has the funding source and commitment properly to maintain the dedicated property.

**5.5. Easements Reserved to Declarant.**

There is hereby reserved to Declarant and granted to its Affiliates, duly authorized agents, representatives, successors, assigns, licensees, and mortgagees, a perpetual, non-exclusive easement over property the Council owns for the use, access, and development of property depicted on the Master Plan. This easement includes, but is not limited to, a right of ingress and egress over such property for construction of roads and for tying in and installation of utilities on such property. Declarant also reserves for itself the non-exclusive right and power to grant and Record specific easements as may be necessary, in Declarant's sole discretion, in connection with the orderly development of the property.

**Article VI  
Council Governance**

Except as otherwise specifically provided in this Community Covenant, all matters affecting Council governance shall be controlled by the Council Articles and Council By-Laws. The Council shall be organized as a Florida not-for-profit corporation and shall have no members. The Council Board shall be selected in accordance with the Council By-Laws, with initial selections made by Declarant as provided in the Council By-Laws. The Council shall indemnify directors, officers, and committee members as provided in the Council By-Laws.

**Article VII  
Council Funding**

**COUNCIL FUNDING  
SOURCES**

- Annual Assessments
- Special Assessments
- Use and Consumption Fees
- Community Enhancement Fees
- Voluntary Declarant Subsidies (funds and/or personnel)
- Voluntary Association Subsidies (funds and/or personnel)



**7.1. Budgeting and Allocating Council Expenses: Annual Assessments.**

At least 90 days before the beginning of each fiscal year, the Council Board shall prepare a budget of the estimated Council Expenses for the coming year, including any contribution to be made to a reserve fund pursuant to Section 7.2. The budget shall reflect the sources and

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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 (e.g., Community Enhancement Fees, use and consumption fees, subsidies, etc.), and the amount to be generated through assessments authorized by this Community Covenant.

The Council shall levy an Annual Assessment against the Association, and each Owner not subject to the Association's jurisdiction, to fund the Council Expenses. Declarant shall establish the initial assessment prior to the conveyance of the first Lot subject to this Community Covenant.

The Annual Assessment shall be allocated based upon the number of Lots subject to this Community Covenant and the use of the Lot (i.e., Residential Or Non-Residential). The Annual Assessment allocated to each Lot shall be determined in accordance with the allocation formula set out on Exhibit "C" to this Community Covenant. Until it assigns such right to the Community Council or another Person, Declarant shall be the final arbiter of any disputes concerning what constitutes a Lot, Lot or improvement size, or the use category within which the Lot falls.

Declarant may, but shall not be obligated to, reduce the Annual Assessment for any fiscal year by payment of a subsidy which may be deemed either a contribution or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Council and Declarant.

Within 30 days after the Council Board adopts a final budget, it shall send to the Association, and to each Owner not subject to the Association's jurisdiction, a copy of the final budget, a notice of the amount of the Annual Assessment, and a summary of the allocations. The budget and Annual Assessment shall automatically become effective upon the Council Board's adoption unless the Annual Assessment reflects an increase or decrease per "Equivalent Unit" (as described in Exhibit "C") in excess of the greater of (i) 5% of the previous fiscal year's Annual Assessment, or (ii) the annual rate of inflation as measured by the Consumer Price Index for All Urban Consumers for the immediately preceding fiscal year. In the case of such an increase or decrease, the Annual Assessment shall not be effective unless approved in writing by Declarant, for so long as Declarant or any Affiliate of Declarant owns property described on Exhibit "A" or "B," and, thereafter, unless approved by the Association's board of directors.

The Council Board may revise the budget and adjust the Annual Assessment from time to time during the fiscal year, subject to reasonable notice and the approval requirement set out above.

Declarant shall prepare the initial Council budget and determine the initial Annual Assessment.

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Exhibit "C" may be amended only upon the Council Board's approval (which must be based on reasonable justification) and the approval of Declarant, so long as Declarant or any Affiliate of Declarant owns any property described in Exhibit "A" or "B."

**7.2. Budgeting for Reserves.**

In its discretion, the Council Board may include in the budget contributions for capital and operating reserves. Such contributions shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost.

**7.3. Special Assessments.**

In addition to other authorized assessments, with the consent of the Association's board of directors and Declarant's approval, so long as Declarant or any Affiliate of Declarant owns any property described in Exhibit "A" or "B," the Council may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment shall be allocated in the same manner as provided in Section 7.1. Special Assessments shall be payable in such manner and at such times as the Council Board may determine, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

**7.4. Community Enhancement Fee.**

(a) **Council's Authority.** As an additional funding source, except with respect to those exempt transfers identified below, the Council Board shall charge and collect a Community Enhancement Fee upon each transfer of title to a Lot subject to this Community Covenant. The fee shall be charged to the Lot purchaser. The transferring Owner shall notify the Council's Secretary, or designee, at least seven days prior to the scheduled closing and provide the name of the buyer, the date of title transfer, and other information the Council Board may reasonably require.

(b) **Fee Amount.** The Community Enhancement Fee for all non-exempt transfers occurring on or before December 31, 2007, shall be one-half percent (0.5%) of the Lot's gross selling price. The Community Enhancement Fee amount shall then decrease by one-tenth percent (0.1%) for Lot conveyances occurring during each subsequent three-year period, down to a minimum fee charged of one-tenth percent (0.1%), as follows:

- |  |                             |
|--|-----------------------------|
| • On or before December 31, 2007:      | 0.5% of gross selling price |
| • January 1, 2008 – December 31, 2010: | 0.4% of gross selling price |
| • January 1, 2011 – December 31, 2013: | 0.3% of gross selling price |
| • January 1, 2014 – December 31, 2016: | 0.2% of gross selling price |
| • Thereafter:                          | 0.1% of gross selling price |

The gross selling price is the total cost to the purchaser of the Lot, excluding transfer taxes and title fees imposed by Leon County. The above-stated periods shall include conveyances occurring on the stated dates.

(c) **Purpose.** A minimum of one-third (1/3) of all Community Enhancement Fees the Council collects shall be contributed for charitable purposes to one or more entities qualifying for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The remainder of

the Community Enhancement Fees shall be applied towards the Council's activities and such other purposes as the Council Board deems beneficial to the general welfare of Southwood or the surrounding community.

(d) Exempt Transfers. No Community Enhancement Fee shall be levied upon transfer of title to any Lot:

- (i) by or to Declarant or any Affiliate of Declarant;
- (ii) by a builder who held title solely for purposes of development and resale and who purchased the Lot from Declarant or an Affiliate of Declarant;
- (iii) by a co-owner to any Person who was a co-owner of the lot or parcel 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 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;
- (vii) under circumstances warranting classification as an exempt transfer (e.g., a transfer made solely for estate planning purposes may, but is not required to be, deemed exempt from payment of the Community Enhancement Fee), as the Council Board may determine in its sole discretion; or
- (viii) to the Association pursuant to foreclosure of the Association's assessment lien.

The classification of any transfer as exempt shall not be deemed a waiver of the Council's right to collect a Community Enhancement Fee on future title transfers under similar circumstances.

(e) Collection. A Community Enhancement Fee shall be due and payable at the closing of each non-exempt transfer of title to a Lot and shall be the Lot purchaser's personal obligation. The Council shall have a lien against each such transferred Lot to secure payment of the Community Enhancement Fee, which lien shall include the same costs and have the same priority as the Council's lien for assessments under Section 7.7. The Council may enforce its lien and the Lot purchaser's personal obligation to pay the Community Enhancement Fee by suit, judgment, and foreclosure (subject to Florida law) in the same manner as the Council may enforce its lien and the obligation to pay assessments under this Article.



**7.5. Other Council Assessments, Fees, and Charges.**

The Council may assess particular Owners for cost it incurs as a result of such Owner(s) conduct. The Council also may charge use and consumption fees to any Person who uses services or facilities the Council or other Persons provide. The Council Board shall have the sole discretion to establish the amount and method of determining use or consumption fees. The Council may, but is not obligated to, charge lower use and consumption fees to Owners than to non-Owners.

**7.6. Authority to Levy Assessments and Obligation to Pay.**

Declarant hereby establishes and the Council is hereby authorized to levy assessments, fees, and other charges as provided in this Article. All such charges shall be paid in such manner and on such dates as the Council Board may establish and as may be provided for in the Council Documents. The Council Board may utilize online or other electronic assessment collection methods. If any Person is delinquent in paying any assessment, fee, or other charge, the Council Board may require that the outstanding balance on all assessments against it be paid in full immediately.

The Association and each Owner covenants and agrees to pay all assessments, fees (including Community Enhancement Fees), and charges which this Community Covenant authorizes. All assessments, together with interest (computed from its due date at a rate of 12% per annum or such other rate as the Council Board may establish, subject to Florida law), late charges as determined by Council Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each obligor until paid in full. Upon a transfer of title to property, the grantee shall be jointly and severally liable for any assessments, fees, or other charges due the Council at the time of conveyance.

Upon written request, the Council shall furnish the Association or any Owner not subject to the Association's jurisdiction a certificate in writing signed by an officer setting forth whether assessments have been paid. Such certificate shall be conclusive evidence of payment with respect to the period specified in the certificate. The Council may require the advance payment of a reasonable processing fee for issuance of such certificate.

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

No Person subject to assessment is exempt from liability for assessments by virtue of non-use of services or programs, property, facilities, or for any other reason. The obligation to pay assessments is a separate and independent covenant. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Council or Council Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.



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The Council may bring suit to collect delinquent assessments, in addition to any other rights or remedies it may have hereunder or at law or in equity.

7.7. Lien for Assessments.

In addition to its lien against each transferred Lot to secure payment of Community Enhancement Fees under Section 7.4, the Council shall have a lien against property the Association owns and the property of any Owner not subject to the Association to secure payment of delinquent assessments, fees, charges, and costs described in this Community Covenant. The Council's lien shall be superior to all other liens, except (a) Association liens for assessments under the Association Declaration; (b) the liens of all taxes, bonds, assessments, and other levies which by law would be superior; and (c) the lien or charge of any Recorded first mortgage (meaning any Recorded mortgage with first priority over other mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure.

The Council may bid for the lien property at a foreclosure sale, and acquire, hold, lease, mortgage, and convey it once acquired. While the Council owns the property following foreclosure, no assessment shall be levied on it. The Council may sue for unpaid assessments and other charges authorized in this Community Covenant without foreclosing or waiving the lien securing the amount due.

The sale or transfer of property shall not affect the lien or relieve such property from the lien for any subsequent assessments. However, sale or transfer pursuant to foreclosure of the first mortgage shall extinguish the lien as to any installments of such assessments due prior to the mortgagee's foreclosure. An Owner acquiring property through foreclosure of a first mortgage shall not be personally liable for assessments due prior to acquisition of title.

7.8. Association's Obligation to Pay Assessments.

The Association shall be responsible for collecting and paying to the Council all assessments, fees, or other charges levied by the Council and allocated to the Lots subject to its jurisdiction. The Association may provide for collection and payment by including such amounts in its common expense budget to be assessed against all Owners subject to its jurisdiction or in any other manner.

7.9. Commencement of Assessments.

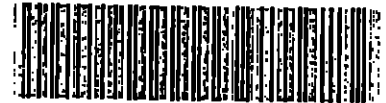
The obligation to pay Annual Assessments shall commence on the later of (a) the first day of the first full fiscal year following the conveyance of the first Residential Lot to a Person other than a builder for development or sale purposes, or (b) when the Council Board first determines a budget and levies assessments pursuant to this Article.

7.10. Exempt Property.

Property the Council owns, property the Association owns, property Declarant or any Affiliate of Declarant owns, and any property dedicated to and accepted by any governmental or quasi-governmental authority (including a community development district formed in accordance with Florida law) or public utility for public purposes shall be exempt from payment of Annual and Special Assessments.

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In addition, Declarant and/or the Council shall have the right, but not the obligation, to grant exemptions to Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Community Covenant for purposes listed in Section 501(c).

**7.11. Expenditure of Funds.**

The Council may use the funds it collects in any manner it deems appropriate in fulfilling its responsibilities under this Community Covenant. The Council's judgment in determining the amount of assessments and the allocation and expenditure of such funds shall be final so long as such judgment is exercised in good faith, and the Council, any director, or any officer shall not be liable to any Person or entity for any error in judgment, or any action or inaction of the Council, the directors, or any officer, relating to the expenditure of such funds; provided, nothing herein shall protect any Person from liability for gross negligence or willful misconduct in the handling of such funds.

**Article VIII  
Telecommunity**

**8.1. Community Intranet System.**

Southwood may be served by a community intranet system which the Council maintains. The Council Board shall have the sole discretion and authority in determining and selecting an appropriate system, and may change, modify, or terminate the system from time to time. There is no guarantee or representation that any particular type of community intranet system or systems will be utilized.

**8.2. Provider of Intranet Service.**

Declarant and the Council shall have the authority to select the provider or providers of the components (including, but not limited to, hardware, software, programming, infrastructure, services, management, and administration) constituting the community intranet system; provided, Declarant's consent is required for any provider the Council selects so long as Declarant or any Affiliate of Declarant owns property described in Exhibit "A" or "B." The Council shall have no obligation to utilize any particular provider or providers; provided, except for cause (as defined under a written agreement with the provider), the Council may not, without Declarant's consent, terminate or refuse to renew any contract entered into during the time Declarant appoints a majority of the Council Board.

The Council may enter into contracts with providers for different components of the community intranet system and with other Persons for the maintenance, management, administration, upgrading, modification, and operation of the system. The terms of the applicable contract may obligate individual Owners or occupants to execute contracts or agreements directly with the Persons providing intranet components prior to gaining access to the system. Such contracts or agreements may contain terms and conditions relating to use and access to the community intranet system in addition to those contained in this Article.



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8.3. Governmental Regulation.

Any community intranet 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 Council's control.

**Article IX**  
**General**

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9.1. Dispute Resolution.

Declarant, the Association, and each Owner agree that it is in the best interest of all concerned to resolve disputes among and between the Association or any Owner and the Council without the emotional and financial costs of litigation. Accordingly, the Council is hereby empowered to impose and enforce procedures and rules designed to encourage the non-adversarial resolution of disputes, including requiring written notice of claims and the structured negotiation or mediation of disputes.

Prior to the initiation of any administrative or judicial proceeding by the Association or any Owner against the Council, the party initiating such action shall comply with all procedures and rules which the Council has enacted pursuant to this Section. This Section shall serve as an agreement by the Association and the Owners to submit their claims to such procedures or rules, and the failure to abide by such requirements shall serve as a defense to any such action. The requirements of this Section shall not apply to any action by the Council to collect assessments or other fees or charges authorized by this Community Covenant, which actions may proceed in the Council's discretion directly without any prior procedure for claims resolution.

9.2. Amendment.

This Community Covenant may be amended unilaterally at any time by Declarant, its successors or assigns, if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on any portion of the property subject to this Community Covenant; (c) to permit any institutional or governmental lender, purchaser, guarantor, or insurer of mortgage loans to make, purchase, guarantee, or insure mortgage loans; or (d) to satisfy the requirements of any local, state, or federal governmental agency.

In addition, for so long as Declarant has authority under the Council By-Laws to appoint the members of the Council Board, Declarant may unilaterally terminate this Community Covenant and dissolve the Council.

Further, for a period of 30 years after this Community Covenant is Recorded, if Declarant or any Affiliate of Declarant owns any property described on Exhibit "A" or "B," Declarant may unilaterally amend this Community Covenant for any other purpose, provided such amendment







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has no material adverse effect upon the title to real property subject to this Community Covenant without the consent of the affected Owner.

In addition, except as otherwise specifically provided herein, this Community Covenant may be amended upon the affirmative vote or written consent, or any combination thereof, of at least 75% of the members of the Council Board, with Declarant's consent so long as Declarant or any Affiliate of Declarant owns any property described on Exhibit "A" or "B"; provided, no amendment may remove, revoke, increase, decrease, or otherwise modify any Association right, privilege, or obligation without the Association's written consent.

Amendments to this Community Covenant are effective upon Recordation unless a later effective date is specified. Any procedural challenge to an amendment must be made within six months of its Recordation. In no event shall a change of conditions or circumstances operate to amend any provision of this Community Covenant.

9.3. Duration.

(a) Unless terminated by Declarant as provided in Section 9.2, or by the Council Board and the Owners in the manner provided in Section 9.3(b), this Community Covenant shall have perpetual duration. If Florida law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law, this Community Covenant shall automatically be extended at the expiration of such period for successive 20-year periods, unless terminated as provided below. Notwithstanding the above, if any provision of this Community Covenant would be invalid under the Florida Uniform Statutory Rule Against Perpetuities, that provision shall expire upon 90 years after this Association Declaration is Recorded.

(b) Unless otherwise required by Florida law, this Community Covenant may not be terminated except by a Recorded instrument approved by the Council Board and the Owners of 75% of the Lots; provided, Declarant's consent also is required for so long as Declarant or any Affiliate of Declarant owns property described on Exhibit "A" or "B." Any such instrument shall set forth the intent to terminate this Community Covenant.

9.4. Transfer of Declarant Rights.

Any or all of the special rights reserved to Declarant by the Council Documents may be transferred to other Persons. No such transfer shall be effective unless it is granted in a written instrument, signed and Recorded by Declarant. Transfer of Declarant rights may not enlarge a right beyond that contained in the Council Documents.

9.5. Attorneys' Fees.

In the event of an action instituted to enforce any provision contained in the Council Documents or the Association's governing documents, the party prevailing in such action shall be entitled to recover from the other party thereto, as part of the judgment, reasonable attorneys' fees and costs, including administrative and lien fees, of such suit. In the event that the Council is a prevailing party in such action, the amount of such attorneys' fees and costs shall be a charge and lien against the property of the adverse Owner or Association involved in the action in the same manner as assessments under Article VII.

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9.6. Notice.

Any notice provided for in this Community Covenant shall be provided in accordance with the Council By-Laws.

9.7. Applicable Law.

This Community Covenant shall be governed by and construed under Florida law.

9.8. Grammar.

In this Community Covenant, the singular shall be construed to mean the plural, when applicable.

9.9. Severability.

Whenever possible, each provision of this Community Covenant shall be interpreted in such manner as to be effective and valid, but if application of any provision of this Community Covenant to any Person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Community Covenant shall be severable.

9.10. Captions.

The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and shall not be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

[Signatures set forth on the following page]

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IN WITNESS WHEREOF, the undersigned Declarant has executed this Covenant this 13 day of October, 2000.

DECLARANT: THE ST. JOE COMPANY  
a Florida corporation

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

Witnessed By:

By: [Signature]  
Print Name: PATRICIA A. COSTA  
By: [Signature]  
Print Name: Andria Gomez

By: [Signature]  
Name: John Baric  
Its: Vice President

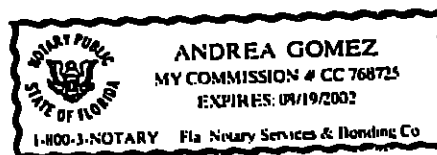
State of Florida )  
County of Lehigh ) ss

The foregoing instrument was acknowledged before me this 13 day of October, 2000, by John Baric, Vice President of St. Joe/Arvida Company, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me or has reduced as identification and did (did not) take an oath.

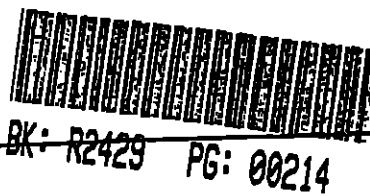
By: [Signature]  
Name: Andria Gomez  
Title: Notary Public [NOTARIAL SEAL]

Serial Number, if any: \_\_\_\_\_  
My Commission Expires: 08/19/2002

5297.01/Southwood/CADOCs



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September 20, 2000  
ANA Job No. 3562

EXHIBIT "A"

Commence at a found terra-cotta monument marking the northwest corner of Section 15, Township 1 South, Range 1 East, Leon County, Florida, thence run South 00 degrees 02 minutes 35 seconds East 3262.55 feet to a found concrete monument, thence run South 89 degrees 04 minutes 25 seconds East 375.52 feet to the POINT OF BEGINNING. From said POINT OF BEGINNING thence run North 45 degrees 24 minutes 55 seconds East 153.32 feet, North 86 degrees 59 minutes 40 seconds East 127.24 feet, thence run North 88 degrees 05 minutes 40 seconds East 136.64 feet, thence run South 66 degrees 16 minutes 57 seconds East 249.03 feet to the westerly right of way boundary of Four Oaks Boulevard (a proposed 121 foot roadway), thence along said westerly right of way boundary of Four Oaks Boulevard run North 25 degrees 56 minutes 55 seconds East 452.13 feet to a point of curve to the left, thence run northeasterly along said right of way curve with a radius of 939.50 feet through a central angle of 12 degrees 00 minutes 19 seconds for an arc distance of 196.86 feet (chord of 196.50 feet bears North 19 degrees 56 minutes 46 seconds East), thence leaving said westerly right of way boundary run South 76 degrees 03 minutes 24 seconds East 121.00 feet to a point on a curve concave westerly and the easterly right of way boundary of said Four Oaks Boulevard, thence run northeasterly along said right of way curve with a radius of 1060.50 feet through a central angle of 05 degrees 40 minutes 22 seconds for an arc distance of 105.00 feet (chord of 104.96 feet bears North 11 degrees 06 minutes 25 seconds East), thence leaving said easterly right of way boundary run southeasterly along a curve concave southwesterly with a radius of 1585.50 feet through a central angle of 30 degrees 52 minutes 39 seconds for an arc distance of 854.45 feet (chord of 844.15 feet bears South 46 degrees 21 minutes 36 seconds East), thence run South 30 degrees 55 minutes 16 seconds East 173.95 feet to a point of curve to the left, thence run southeasterly along said curve with a radius of 1227.50 feet through a central angle of 19 degrees 17 minutes 03 seconds for an arc distance of 413.14 feet (chord of 411.20 feet bears South 40 degrees 33 minutes 48 seconds East), thence run South 50 degrees 12 minutes 19 seconds East 444.28 feet to a point on the westerly right of way boundary of Grove Park Drive (a proposed 50 foot roadway), thence along said westerly right of way run North 45 degrees 32 minutes 55 seconds East 32.02 feet, thence leaving said westerly right of way run South 44 degrees 27 minutes 05 seconds East 50.00 feet to a point on the easterly right of way boundary of said Grove Park Drive, thence along said easterly right of way boundary run South 45 degrees 32 minutes 55 seconds West 287.08 feet to a point of curve to the left, thence run southwesterly along said right of way curve with a radius of 775.00 feet through a central angle of 42 degrees 21 minutes 05 seconds for an arc distance of 572.86 feet (chord of 559.90 feet bears South 24 degrees 22 minutes 23 seconds West), thence run South 03 degrees 11 minutes 50 seconds West 153.88 feet, thence leaving the easterly right of way boundary of said Grove Park Drive run North 86 degrees 48 minutes 10 seconds West 50.00 feet to a point of intersection with the westerly right of way of said Grove Park Drive and the southerly right of way boundary of Copley Lane (a proposed 45 foot roadway), thence along said southerly right of way run North 80 degrees 08 minutes 58 seconds West 165.48 feet, thence leaving said southerly right of way boundary run North 09 degrees 51 minutes 02 seconds East 45.00 feet to a point on the northerly right of way boundary of said Copley Lane, thence along said northerly right of way boundary run South 80 degrees 08 minutes 58 seconds East 28.46 feet to a point on the southwesterly right of way boundary of a proposed 24 foot roadway, thence along said right of way run North 06 degrees 18 minutes 09 seconds East 87.27 feet to a point of curve to the left, thence run northwesterly along said right of way curve with a radius of 24.00 feet through a central angle of 83 degrees 09 minutes 25 seconds for an arc distance of 34.83 feet (chord of 31.86 feet bears North 35 degrees 16 minutes 34 seconds West), thence along the southerly right of way boundary of said proposed 24 foot roadway run North 76 degrees 51 minutes 16 seconds West 402.61 feet to a point of curve to the left, thence run southwesterly along said right of way curve with a radius of 24.00 feet through a central angle of 88 degrees 00 minutes 37 seconds for an arc distance of 36.87 feet (chord of 33.35 feet bears South 59 degrees 08 minutes 25 seconds West) to a point of reverse curve to the right, thence run southwesterly along said right of way curve with a radius of 48.00 feet through a central angle of 88 degrees 00 minutes 37 seconds for an arc distance of 73.73 feet (chord of 66.69 feet bears South 59 degrees 08 minutes 25 seconds West), thence run North 76 degrees 51 minutes 16 seconds West 320.66 feet to a point of curve to the right, thence run northwesterly along said right of way curve with a radius of 48.00 feet through a central angle of 88 degrees 00 minutes 37 seconds for an arc distance of 200.00 feet (chord of 199.99 feet bears North 76 degrees 51 minutes 16 seconds West).

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

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LEGAL DESCRIPTION  
SOUTHWOOD CATHOLIC SCHOOL SITE

BK: R2429 PG: 00216

Commence at a found 6" round terra-cotta monument marking the Southeast corner of Section 22, Township 1 South, Range 1 East, Leon County, Florida, thence along the centerline of a proposed 65 foot roadway run North 00 degrees 15 minutes 06 seconds East 2277.73 feet to a point of intersection with the centerline of a proposed 65 foot roadway, thence leaving said easterly boundary line of Section 22 along said intersecting centerline run West 158.06 feet to a point of curve to the left, thence run southwesterly along said centerline curve with a radius of 600.00 feet through a central angle of 35 degrees 00 minutes 00 seconds for an arc distance of 366.52 feet (chord of 360.85 feet bears South 72 degrees 30 minutes 00 seconds West), thence run South 55 degrees 00 minutes 00 seconds West 372.20 feet to a point of curve to the right, thence run northeasterly along said centerline curve with a radius of 600.00 feet through a central angle of 65 degrees 31 minutes 42 seconds for an arc distance of 686.21 feet (chord of 649.42 feet bears South 87 degrees 45 minutes 51 seconds West), thence leaving said centerline run North 30 degrees 31 minutes 42 seconds East 32.50 feet to a point on the northerly right of way of said proposed 65 foot roadway and the POINT OF BEGINNING. From said POINT OF BEGINNING thence along said northerly right of way run North 59 degrees 28 minutes 18 seconds West 393.90 feet to a point of curve to the left, thence run northwesterly along said right of way curve with a radius of 1032.50 feet through a central angle of 40 degrees 00 minutes 00 seconds for an arc distance of 720.82 feet (chord of 706.21 feet bears North 79 degrees 28 minutes 15 seconds West), thence run South 80 degrees 31 minutes 42 seconds West 192.47 feet to a point of intersection with the easterly right of way boundary of a proposed 65 foot roadway, thence along said intersecting right of way run North 09 degrees 28 minutes 18 seconds West 42.92 feet to a point of curve to the right, thence run northwesterly along said right of curve with a radius of 967.50 feet through a central angle of 08 degrees 03 minutes 25 seconds for an arc distance 137.74 feet (chord of 137.62 feet bears North 05 degrees 25 minutes 35 seconds West), thence run North 01 degrees 18 minutes 53 seconds West 107.69 feet, thence leaving said easterly right of way run East 275.38 feet, thence run North 285.36 feet, thence run West 235.90 feet to a point on the easterly right of way boundary of said proposed 65 foot roadway, thence along said easterly right of way run North 01 degrees 18 minutes 53 seconds West 425.38 feet to a point of curve to the left, thence run northwesterly along said right of way curve with a radius of 532.50 feet through a central angle of 24 degrees 39 minutes 18 seconds for an arc distance of 228.99 feet (chord of 227.22 feet bears North 13 degrees 38 minutes 02 seconds West), thence run North 25 degrees 57 minutes 11 seconds West 32.25 feet to a point of intersection with the southerly right of way of a proposed 50 foot roadway and being on a curve concave northwesterly, thence along said southerly right of way run northeasterly along said right of way curve with a radius of 450.00 feet through a central angle of 42 degrees 27 minutes 33 seconds for an arc distance of 333.52 feet (chord of 325.94 feet bears North 38 degrees 40 minutes 23 seconds East) to a point of reverse curve to the right, thence run northeasterly along said right of way curve with a radius of 400.00 feet through a central angle of 27 degrees 23 minutes 23 seconds for an arc distance of 191.22 feet (chord of 189.40 feet bears North 31 degrees 08 minutes 08 seconds East), thence leaving said southerly right of way run South 42 degrees 03 minutes 25 seconds East 743.69 feet, thence run South 88 degrees 15 minutes 46 seconds East 570.11 feet, thence run South 01 degrees 37 minutes 47 seconds West 1394.27 feet to the POINT OF BEGINNING. The above-described parcel contains 37.21 acres more or less.

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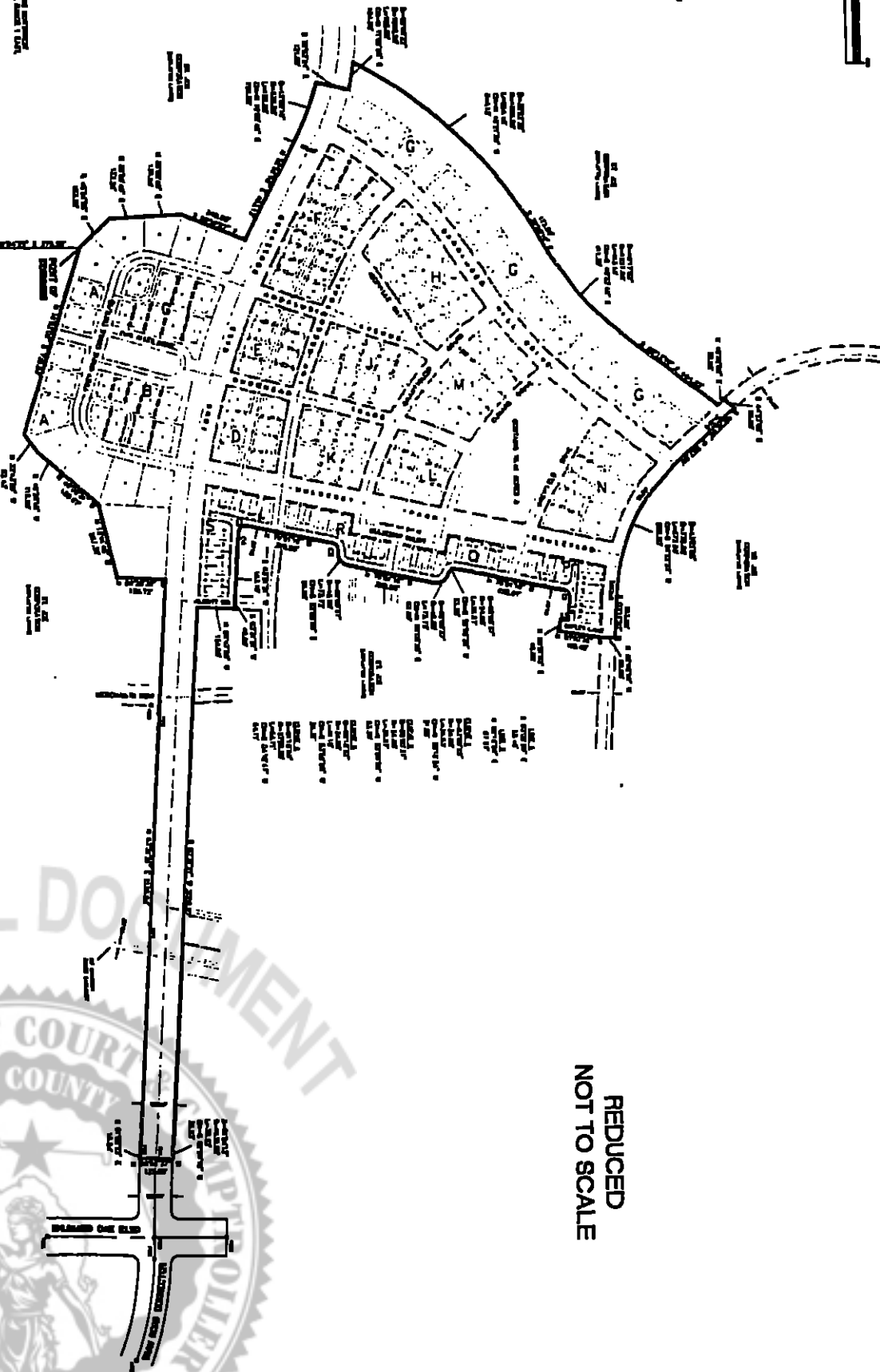
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PORT OF  
COMMERCE  
CONSTITUTION  
ARTICLE I, SECTION 2, CLAUSE 2  
U.S. CONSTITUTION



LEGEND  
1. LOT 1  
2. LOT 2  
3. LOT 3  
4. LOT 4  
5. LOT 5  
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96. LOT 96  
97. LOT 97  
98. LOT 98  
99. LOT 99  
100. LOT 100



REDUCED  
NOT TO SCALE

**A Allen Nobles**  
**& Associates, Inc.**  
TALLAHASSEE - GAINESVILLE - DEERFIELD BEACH - FORT MYERS  
PROFESSIONAL LAND SURVEYORS, PLANNERS, AND CONSULTANTS  
1000 N. W. 10TH AVENUE, SUITE 200, TALLAHASSEE, FL 32303  
TEL: 904.241.1111 FAX: 904.241.1112

MOORE BASS CONSULTING

*Southwood*  
UNIT 1  
PRELIMINARY PLAT

SKETCH OF DESCRIPTION

EXHIBIT "B"



BK: R2429 PG: 00218

**Additional Property**

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

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

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

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EXHIBIT "C"

Assessment Allocation Formula



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Determination of Equivalent Units. The allocation of Annual Assessments under the Community Covenant shall be based upon "Equivalent Units." Each Lot shall be assigned Equivalent Units based upon the Lot's classification. In the event that the classification for a particular Lot is not apparent, the determination of Declarant shall be controlling. The total number of Equivalent Units assigned to a Lot shall be determined as follows:

<u>Lot Classification</u>	<u>Equivalent Units</u>
• Residential Lots - per Lot (prior to issuance of a Certificate of Occupancy)	.25
• Residential Lots - per Lot (upon issuance of a Certificate of Occupancy)	1.00
• Multi-family Rental - Per apartment unit (prior to issuance of a Certificate of Occupancy)	.125
• Multi-family Rental - Per apartment unit (upon issuance of a Certificate of Occupancy)	.50
• School Property (prior to issuance of a Certificate of Occupancy)	2.5
• School Property - per school site or complex (may include multiple Lots) (upon issuance of a Certificate of Occupancy)	10
• Church Property (prior to issuance of a Certificate of Occupancy)	2.5
• Church Property- per church site or complex (may include multiple Lots) (upon issuance of a Certificate of Occupancy)	10
• Exempt Property	0

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Declarant shall initially determine a Lot's Classification at the time of conveyance or commencement of assessments based on the intended use of the Lot in accordance with the Master Plan. Declarant shall provide the Council notice of each Lot's Classification upon its annexation to the Association Declaration. For so long as Declarant or any Affiliate of Declarant owns property described in Exhibit "A" or "B" to the Community Covenant, Declarant unilaterally may change a Lot's Classification or amend this Exhibit "C" to create additional Lot Classifications or to change the Equivalent Units assigned to any particular classification; provided, no such amendment may materially adversely affect any Lot without the written consent of the Owner of such Lot.

EU's Assigned to  
a Particular Lot



X Budget (\$) = A

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Total EU's Assigned  
to All Lots

The Council Board shall compute the Equivalent Units annually, and notice of the allocation of Equivalent Units (including a summary of the computations) shall be sent to each Association and each Owner not subject to the Association Declaration with its notice of assessment. Upon annexation of additional property into Southwood, the Council Board shall recompute the assessment allocations and send a notice of recomputed percentages to each Owner; however, no adjustments of assessments previously levied or refunds of assessments paid shall be made within the fiscal year to reflect the recomputation.

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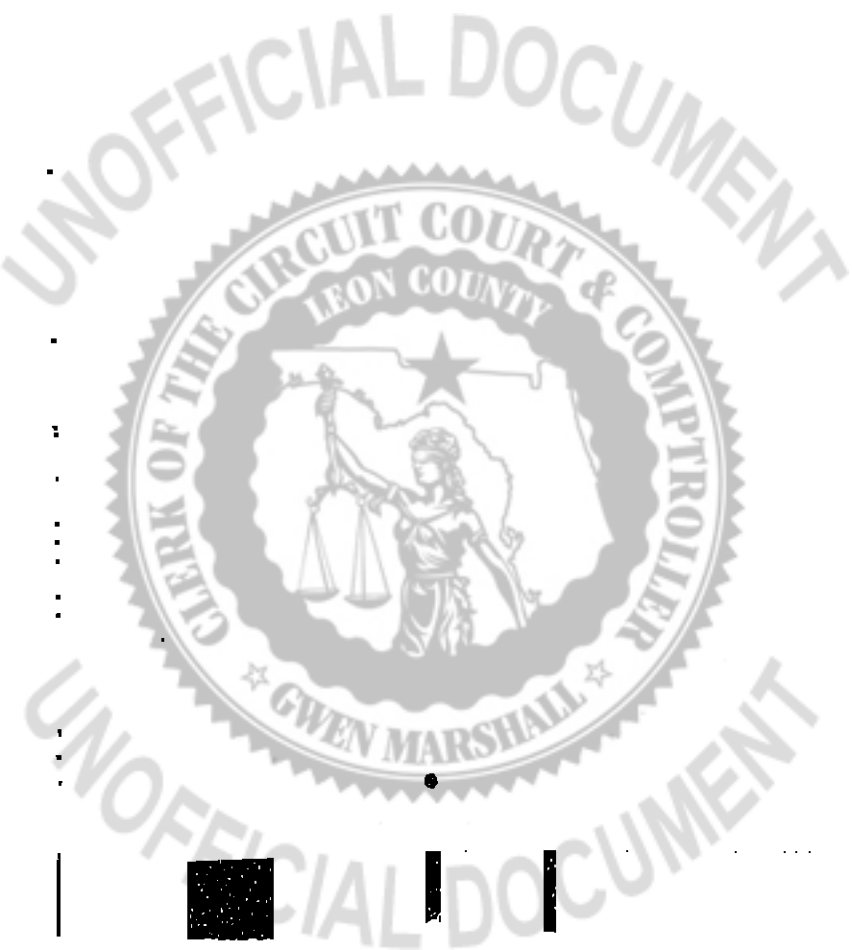


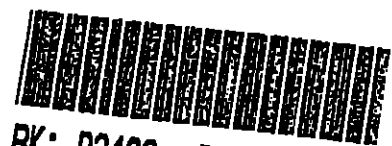
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EXHIBIT "D"

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BY-LAWS OF  
SOUTHWOOD  
COMMUNITY COUNCIL, INC.





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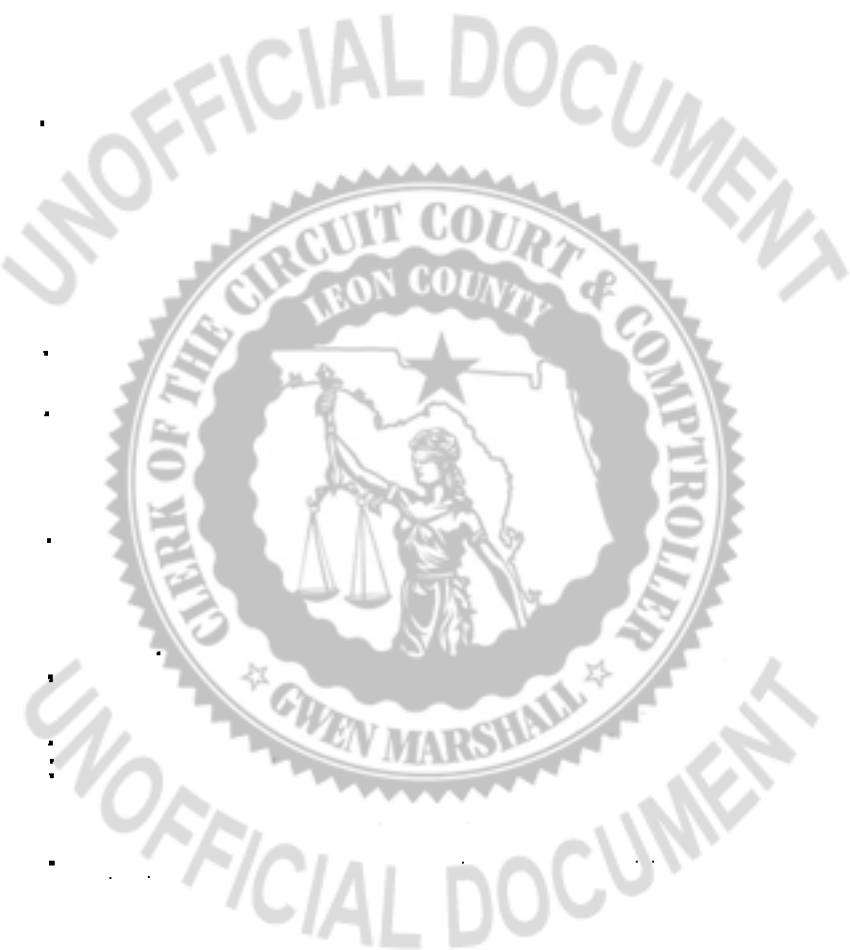
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**BY-LAWS**

**OF**

**SOUTHWOOD COMMUNITY COUNCIL, INC.**

**Article I**  
**Name, Principal Office, and Definitions**



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1.1. Name.

The name of the corporation shall be Southwood Community Council, Inc. ("Council").

1.2. Principal Office.

The Council's principal office shall be located in Leon County, Florida. It may have such other offices, either within or outside Leon County, as the Council Board of Trustees may determine or as the Council's affairs may require.

1.3. Definitions.

The words used in these Council By-Laws shall have their normal, commonly understood definitions unless otherwise specified. Capitalized terms shall have the same meaning as set forth in the Recorded Community Covenant for Southwood, unless the context indicates otherwise.

**Article II**  
**Purpose and Function of the Council**

The Council's purpose and function shall be to carry out the goals set forth in the Community Covenant. The Council serves as a unifying entity for the Southwood community and is charged with organizing, funding, and administering such activities, services, and programs designed to build and enhance community within Southwood, as the Council Board deems necessary, desirable, or appropriate. In addition, the Council may own and maintain real property and facilities.

**Article III**  
**Administration of the Council**

3.1. Management.

The Council shall have no members. The Council Board of Trustees shall manage the Council's affairs in accordance with these Council By-Laws and the Community Covenant.





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3.2. Community-Wide Meetings.

The Council Board, as it deems necessary or appropriate, may hold Council meetings for any or all members of the Southwood community (*i.e.*, Owners and other residents or occupants). The Council Board shall set the time, place, and agenda for such meetings and shall post notice of the meetings in prominent places throughout Southwood not less than 10 nor more than 50 days prior to the meeting date. Participation in discussions during community-wide meetings shall be subject to reasonable Council Board regulation.

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3.3. Special Meetings.

The Council Board shall call a special meeting of the members of the Southwood community upon these conditions:

- (a) if a majority of the Council Board directs by resolution;
- (b) if the Association's board of directors requests a meeting; or
- (c) upon petition of the Owners of at least 10% of the Lots;

The notice of any special meeting shall be given as provided in Section 3.2. No business shall be transacted at a special meeting except as stated in the notice.

**Article IV**

**Council Board of Trustees: Number, Powers, Meetings**

**A. Composition and Selection.**

4.1. Governing Body.

The Council's affairs shall be governed by the Council's Board of Trustees. Each trustee shall have one equal vote.

4.2. Number of Trustees.

The initial Council Board shall consist of the three individuals identified in the Articles of Incorporation. During the time that Declarant is authorized to appoint trustees as provided in Section 4.4, the number of trustees may be increased in Declarant's discretion. After termination of Declarant's right to appoint trustees, the Council Board shall be increased as described in Section 4.4.

4.3. Qualifications of Trustees.

Each trustee shall be at least 18 years old. Those trustees selected from the Association, as provided below, must be Owners, residents, or tenants of property subject to the jurisdiction of the Association. Trustees selected from the Non-Residential Lots shall be Owners, occupants, or



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tenants of the Non-Residential Lots. Those trustees which Declarant appoints need not be Owners, residents, or tenants of real property within Southwood.

Prior to commencing service on the Council Board and on an ongoing basis thereafter, each trustee shall complete any training requirements the Council Board may establish.

4.4. Selection of Trustees; Term of Office.

Until Declarant first appoints an "At-Large Representative" for the residential community, in accordance with the Association Declaration, Declarant, in its discretion, may appoint, remove, and replace all of the trustees on the Council Board. Thereafter, the Council Board shall be selected as provided in this Section.

After Declarant's right to appoint all of the trustees terminates, each Neighborhood Representative and each At-Large Representative from the residential portion of Southwood (as such capitalized terms are defined in the Declaration) shall be a trustee. Elections for such trustees shall take place as provided in the Declaration and the Association's by-laws. Trustees who are Neighborhood Representatives or At-Large Representatives shall serve terms coincident with their terms as Neighborhood Representatives or At-Large Representatives.

In addition, following termination of Declarant's right to appoint the trustees, the Non-Residential Lot Owners, acting collectively and in their discretion, may elect two trustees, with the two people receiving the most votes cast by such Owners being elected. The Council Board shall take such action to facilitate the selection of trustees by the Non-Residential Lot Owners as it deems appropriate, in its discretion. The trustees elected by the Non-Residential Lot Owners shall serve a two-year term.

In the event the above results in an even number of trustees, the Council Board, by majority vote, shall elect one additional trustee. Each trustee shall be limited to two consecutive terms.

In addition to the above, the Youth Board, if created, may appoint a representative to serve on the Council Board in an *ex officio* capacity. Declarant also may appoint one trustee for so long as Declarant or any Affiliate of Declarant, collectively, own at least five percent of the Lots planned for development under the Master Plan.

4.5. Resignation and Removal of Trustees; Vacancies.

Any trustee may resign at any time by giving written notice to the Council Board, the President, or the Secretary. Such resignation shall take effect on the date such notice is received or at a later time specified in the notice. Acceptance of such resignation shall not be necessary to make it effective.

Declarant shall have the sole authority to remove trustees which it appoints and to fill vacancies on the Council Board created by such removal. Other trustees may be removed, with cause, upon a majority vote of the other trustees. Any vacancy on the Council Board caused by

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death, resignation, or removal of a trustee shall be filled for the unexpired portion of the vacated term by the successor Neighborhood Representative or At-Large Representative, if applicable, or, if not, by a majority vote of the remaining trustees. The successor to any trustee shall be elected from among the same group as the trustee being replaced.

**B. Meetings.**



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**4.6. Regular Meetings.**

Regular Council Board meetings may be held at such time and place as a majority of the trustees determine from time to time; provided, at least four meetings shall be held during each fiscal year with at least one meeting each fiscal quarter.

**4.7. Special Meetings.**

The Council Board shall hold special meetings when called by written notice signed by the President, Vice President, or any two trustees. The Secretary shall prepare and distribute written notice of any special meetings specifying the time and place of the meeting and the nature of any special business to be considered.

**4.8. Notice of Council Board Meetings.**

The Council Board or Secretary shall notify each trustee of any Council Board meeting by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the trustee or to a person at the trustee's office or home who would reasonably be expected to communicate such notice promptly to the trustee; or (d) facsimile, computer, fiber optics, or such other communication device with confirmation of receipt.

All notices shall be given at the trustee's telephone number, fax number, electronic mail address, or sent to the trustee's residential or office address as shown on the Council's records. Notices sent by first class mail shall be deposited in a United States mailbox at least seven business days before the date set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

Except for emergency meetings, notice of each Council Board meeting shall be posted in a conspicuous place within Southwood at least 48 hours in advance of the meeting or provided in any other manner reasonably anticipated to provide notice to all members of the Southwood community, including publication in an newsletter with community-wide circulation, posting on a community cable television channel, or posting on a community Internet or intranet page. As an alternative to providing separate notice for each meeting, the Council Board may post or publish a schedule of upcoming, regular Council Board meetings.

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4.9. Waiver of Notice.

Transactions of any Council Board meeting, however called and noticed or wherever held, shall be as valid as if taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each absent trustee 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 trustee who attends the meeting without protesting before or at its commencement about lack of adequate notice.

4.10. Quorum of Council Board of Trustees.

At all Council Board meetings, a majority of the trustees shall constitute a quorum for transacting business, and votes of a majority of the trustees present shall constitute the Council Board's decision. If a quorum is present, the trustees may continue to transact business, notwithstanding the withdrawal of trustees, if any action taken is approved by at least a majority of the required quorum for that meeting.

If any Council Board meeting cannot be held because a quorum is not present, a majority of the trustees who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum be present, any business which might have been transacted at the originally called meeting may be transacted without further notice.

4.11. Compensation.

Trustees shall not receive any compensation for acting as such unless a majority of the Council Board consents in writing, excluding the trustee whose compensation is in question. A trustee may receive reimbursement for expenses incurred on the Council's behalf upon approval of a majority of the other trustees.

Nothing herein shall prohibit the Council from compensating a trustee, or any entity with which a trustee is affiliated, for services or supplies furnished to the Council in a capacity other than as a trustee pursuant to a contract or agreement with the Council. However, such trustee must make his or her interest known to the Council Board prior to entering into such contract, and a majority of trustees other than the interested trustee must approve such contract.

4.12. Conduct of Meetings.

The President shall preside over all Council Board meetings, and the Secretary shall keep a minute book of Council Board meetings, recording all Council Board resolutions and all transactions and proceedings occurring at such meetings.

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4.13. Open Meetings.

Subject to Sections 4.14 and 4.15, all Council Board meetings shall be open to all officers, trustees, and authorized representatives of the Association, Owners, or any other Person subject to the Community Covenant. Attendees other than trustees may not participate in any discussion or deliberation unless a trustee requests permission for the attendee to speak. In such case, the President may limit the time any individual may speak.

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

4.14. Action Without a Formal Meeting.

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

4.15. Electronic Participation.

One or more trustees may participate in and vote during any regular or special Council Board meeting by telephone conference call, fiber optics, or similar audio or video communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Those trustees so participating shall be deemed present at such meeting for all purposes including determining a quorum.

C. **Powers and Duties.**

4.16. Powers.

The Council Board shall have all the powers which Florida law provides for not-for-profit corporations and those necessary to administer the Council's affairs and to perform the Council's responsibilities and to exercise its rights as set forth in the Council Documents.

For purposes of illustration but not limitation, the Council Board shall have the power to:

(a) provide for activities, services, and programs which are designed to promote community within Southwood and take such action as deemed necessary or appropriate to further the goals of the community and the mission of the Council as set out in the Community Covenant;

(b) adopt rules, regulations, or policies regulating the participation in activities, services, and programs, and the access to, use, and enjoyment of the Area of Council Responsibility;



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(c) impose reasonable membership requirements and/or charge reasonable admission, use, or consumption fees for the use and enjoyment by Owners or non-Owners of the various services and programs provided by or through the Council and for the use and enjoyment of any of the Areas of Council Responsibility;

(d) enforce, pursuant to Sections 4.24 and 4.25, the provisions of the Council Documents, the Council's rules and regulations, and bring any proceedings concerning the Council;

(e) dedicate or transfer all or part of any real property it owns, or mortgage, pledge, or hypothecate any or all of its real or personal property as security for obligations;

(f) enter into use, maintenance, or cost sharing agreements with Persons or entities not subject to the Community Covenant;

(g) rent or lease any portion of any structure or any recreational facility within the Area of Council Responsibility on a short-term basis to any Person the Council Board approves for the exclusive use of such Person and such Person's guests;

(h) operate, maintain, manage, or contribute to the costs of property, facilities, and programs owned or controlled by third party entities, including, without limitation, non-profit tax exempt organizations; and

(i) facilitate the resolution of disputes among and between the Association or any Owner and the Council as provided in the Community Covenant.

#### 4.17. Duties.

The Council Board's duties shall include those imposed by law, and, without limitation:

(a) overseeing the preparation of and adopting annual budgets for Council Expenses;

(b) levying assessments, fees, and other charges to pay for Council Expenses, and establishing the means and method of collecting such payments as set forth in the Council Documents;

(c) paying the cost of all Council Board-authorized services rendered to or on the Council's behalf;

(d) opening bank accounts on the Council's behalf and designating the authorized signatories;

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

(f) keeping detailed books of account and operating records;

(g) providing for the operation, care, upkeep, and maintenance of any real property which Declarant may convey to the Council or for which Declarant assigns the Council maintenance responsibility;

(h) obtaining and maintaining property and liability insurance as provided herein; obtaining fidelity bonds on all Persons responsible for handling funds on the Council's behalf; paying the cost of such insurance and bonds; and filing and adjusting claims, as appropriate;

(i) making available to any prospective purchaser, Owner, or mortgagee, the Council Documents and rules promulgated by the Council Board. The Council Board may establish and charge fees to cover its printing and mailing costs; and

(j) cooperating with the Association and, as required under the Association Declaration, designating people to serve on the Association's committees and nominating people to serve on the Association's board of directors.

**D. Administration.**

**4.18. Liability and Indemnification.**

To the fullest extent that Florida law, as amended from time to time, permits, the Council shall indemnify Declarant, every Council officer and trustee (in their capacity as such) and committee members against all damages and expenses, including attorneys fees, reasonably incurred in connection with any action, suit, or other proceeding brought against them (including any settlement thereof, if approved by the Council Board). This right to indemnification shall not be exclusive of any other rights to which any present or former officer or trustee may be entitled. As a Council Expense, the Council shall maintain adequate general liability and trustees and officers liability insurance to fund this obligation as provided in Section 4.21.

**4.19. Management.**

The Council may employ a professional management agent or agents, at such compensation as the Council Board may establish, to perform such duties and services as the Council Board shall authorize. Subject to the Council Board's supervision, the Council Board may delegate to the managing agent or manager such powers as are necessary to perform its assigned duties but shall not delegate policy-making authority. Declarant or any Affiliate of Declarant may be the managing agent or manager.

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The Council Board may delegate to any trustee the authority to act on its behalf on all matters relating to any managing agent's duties which arise between Council Board meetings.

The Council Board may not terminate any management contract, or retain a new managing agent, without Declarant's approval for so long as Declarant or any Affiliate of Declarant owns property within Southwood. Any management contract may, among other things, authorize the managing agent to act as the Council's agent with respect to the expenditure of Council funds within the scope of the approved Council budget; provided, the managing agent shall not be permitted to spend money in excess of the budget or reallocate greater than 10% of any budget line item without the Council Board's prior approval.

4.20. Accounts and Reports.

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

- (a) accounting and controls should conform to generally accepted accounting principles;
- (b) the Council's cash accounts shall not be commingled with any other accounts;
- (c) the managing agent shall accept no remuneration from vendors, independent contractors, or others providing goods or services to the Council, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Council;
- (d) the managing agent shall disclose promptly to the Council Board any financial or other interest which he or she or it may have in any firm providing goods or services to the Council; and
- (e) an annual report consisting of at least the following shall be made available for inspection within 60 days after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Council Board determines, by an independent public accountant.

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

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#### 4.21. Council Insurance.

Acting through its Council Board or its duly authorized agent, the Council shall obtain and maintain in effect the following types of insurance, if reasonably available and affordable and to the extent the Council Board deems reasonably necessary:

- (a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on property which the Council owns, if any. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies which the Council obtains shall have policy limits sufficient to cover the full replacement cost of the insured improvements;
- (b) Commercial general liability insurance on any property which the Council owns or maintains, insuring the Council for damage or injury which the Council or any of its employees, agents, or contractors negligently causes while acting on its behalf. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least one million dollars (\$1,000,000.00) per occurrence with respect to bodily injury, personal injury, and property damage; provided, however, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Council shall obtain such additional coverage or limits;
- (c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;
- (d) Trustees and officers liability coverage;
- (e) Fidelity insurance covering all Persons responsible for handling Council funds in an amount determined in the Council Board's business judgment but not less than an amount equal to one-quarter of the Annual Assessments on all individually owned property plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and
- (f) Such additional insurance as the Council Board, in the exercise of its business judgment, determines advisable, which may include, without limitation, flood insurance, boiler and machinery insurance, and building ordinance coverage.

#### 4.22. Borrowing.

The Council shall have the power to borrow money for any purpose and to pledge its property or income stream as collateral for the debt.

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4.23. Right to Contract.

The Council 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, or covenants to share costs with an Association or any other entity within or outside Southwood.

4.24. Enforcement Rights.

On its own initiative or upon filing of a written complaint by any Owner alleging a violation of the Council Documents, or concerning other matters which the Council Board determines to be in the general interest of the Southwood community, the Council Board may investigate the facts and circumstances surrounding such matter or complaint. If the Council Board determines a violation of the Council Documents or Council rules, then the Council Board may, but shall not be obligated to, take action to enforce the provision of the Council Documents or rules being violated.

Subject to compliance with the procedures described in Section 4.25, the Council Board may impose sanctions, including, but not limited to the following:

- (a) reasonable monetary fines (subject to any limitations under Florida law) which shall constitute a lien upon the violator's property;
- (b) suspension of any services the Council provides to a violator; and
- (c) suspension of any Person's right to use any facilities within the Area of Council Responsibility; provided, nothing herein shall authorize the Council Board to limit an Owner's ingress or egress to or from his or her property.

In addition, the Council Board may elect to enforce by exercising self-help and abatement (specifically including, but not limited to, towing vehicles) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedures described in Section 4.25. All remedies are cumulative of any remedies available at law or in equity. If the Council prevails in any legal action, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs reasonably incurred in such action.

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

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

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(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 Council's resources; or

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

Such a decision shall not be construed a waiver of the Council's right to enforce such provision at a later time under other circumstances or preclude the Council from enforcing any other covenant, restriction, or rule.

Decisions whether to institute litigation, mediation, arbitration, or other similar action or proceeding are no different from other decisions trustees make. There is no independent legal obligation to bring a civil action of any type against another party, and no provision of the Council Documents shall be construed to impose a duty upon the Council Board to sue under any circumstances. In deciding whether to bring a civil action against another party, a trustee is protected by the business judgment rule as explained in Section 4.27 below.

The Council, by contract or other agreement, may enforce applicable city and county ordinances, if applicable. Leon County may enforce ordinances within Southwood for the benefit of the Council and the community.

#### 4.25. Enforcement Procedures.

(a) Notice. Prior to imposition of the sanctions specified in Section 4.24 (except as otherwise provided), the Council Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction, (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed unless a challenge is begun within 10 days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. An alleged violator may request a hearing within the allotted time period and shall have the opportunity to speak on the matter during an executive session of the Council Board or its delegate. Prior to the effectiveness of any sanction, proof of proper notice shall be placed in the minutes of the meeting. A copy of the notice with an attached statement of the date and manner of delivery written by the officer, trustee, or agent who delivered such notice, or attendance of the alleged violator at such meeting is sufficient proof of proper notice.

The minutes of the meeting shall contain a written statement of the hearing results and the sanction, if any, imposed. The Council Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the allotted time period. Such suspension shall

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not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

4.26. Conflicts of Interest; Code of Ethics.

Unless otherwise approved by a majority of the other trustees, no trustee may transact business with the Community Council or the Association, or any Community Council or Association contractor, during his or her term as trustee or within two years after the term expires. A trustee shall promptly disclose in writing to the Council Board any actual or potential conflict of interest relative to his or her performance as a trustee. A trustee's failure to make such disclosure shall be grounds for removal by a majority vote of the other Council Board members.

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

The initial Council Board shall create and adopt a written "Code of Ethics" applicable to all trustees and officers. The Code of Ethics shall incorporate the above standards and other conduct rules it deems appropriate. At a minimum, the Code of Ethics shall require each officer and trustee to conduct himself or herself in manner consistent with the Board Standards described in Section 4.27. Each officer and trustee, as a pre-condition to service, shall acknowledge and agree, in writing, to abide by the Code of Ethics. The Code of Ethics may be amended only upon the vote of at least 67% of the members of the Community Council Board.

4.27. Council Board Standards.

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

As defined herein, a trustee shall act in accordance with the business judgment rule so long as the trustee:

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

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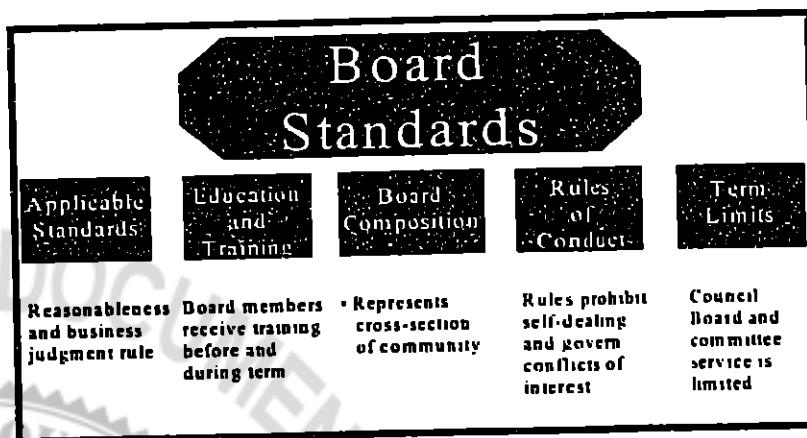
(d) acts in a non-fraudulent manner and without reckless indifference to the Council's affairs.

A trustee acting in accordance with the business judgment rule shall be protected from personal liability.

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

#### 4.28. Board Training Seminar.

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



### Article V Officers

#### 5.1. Officers.

The Council officers shall be a President, Secretary, and Treasurer. The Art of Living Director shall be the Board's non-voting chairperson. The President and Secretary shall be elected from among the trustees. The Council Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties the Council Board

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

5.2. Election and Term of Office.

The Council Board shall elect the Council officers at such times as it deems appropriate or when a position becomes vacant. Officers may serve terms of such length as may be designated by the Council Board, but not to exceed two years.

5.3. Removal and Vacancies.

Whenever in its judgment the Council's best interests will be served, the Council Board may remove any officer and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise for the unexpired portion of the term.

5.4. Powers and Duties.

Council officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Council Board. The President shall be the Council's chief executive officer. The Treasurer shall be primarily responsible for preparing the budget of Council Expenses but may rely upon management or other professionals in the process of doing so.

5.5. Resignation.

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

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

All agreements, contracts, deeds, leases, checks, and other instruments of the Council shall be executed by the President, Secretary, or Treasurer, or by such other person or persons as may be designated by Council Board resolution.

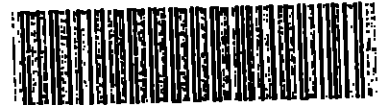
5.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of trustees under Section 4.11.

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**Article VI**  
**Committees**



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6.1. General.

The Council Board may appoint such committees as it deems appropriate to perform such tasks as the Council Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

6.2. Term of Service.

Service on all committees shall rotate on a regular, two-year basis.

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6.3. Limitation on Powers.

The Council Board shall have the right to disapprove or veto any committee decision or action. Notwithstanding any provision to the contrary, committees shall not have the authority to contractually bind the Council or to commit the Council financially.

**Article VII**  
**Miscellaneous**

7.1. Fiscal Year.

The Council's fiscal year shall be set by Council Board resolution. In the absence of a resolution, the fiscal year shall be the calendar year.

7.2. Parliamentary Rules.

Except as may be modified by Council Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Council proceedings when not in conflict with Florida law, the Articles of Incorporation, or these Council By-Laws.

7.3. Conflicts.

If there are conflicts among the provisions of Florida law, the Community Covenant, the Articles of Incorporation, and these Council By-Laws, the provisions of Florida law, the Community Covenant, the Articles of Incorporation, and the Council By-Laws (in that order) shall prevail. In the event of a conflict between the Association Declaration and the Council Documents, the Council Documents shall control.

7.4. Books and Records.

(a) Inspection by Owners and Mortgagees. The Council Board shall make the following available for inspection and copying by any Owner, mortgagee, or the duly authorized representative of any of the foregoing at any reasonable time and for a purpose reasonably related



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to his or her interest in his or her property: Articles of Incorporation, the Community Covenant, and the Council By-Laws, including any amendments, Council rules, books of account, and the minutes of Council Board meetings. The Council shall provide for such inspection to take place at the Council's office or at such other place within Southwood as the Council Board designates.

(b) Rules for Inspection. The Council Board shall establish reasonable rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested.

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

#### 7.5. Notices.

Unless otherwise provided in these Council By-Laws, all notices, demands, bills, statements, or other communications under the Community Covenant or these Council By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to an Owner, at his or her address as designated in writing and filed with the Secretary of an Association or, if no such address has been designated, at the address of the Owner's property within Southwood:

(b) if to the Association, to the address designated by the Association in writing to the Council Secretary, or if no such address has been designated, at the principal office of the Association; and,

(c) if to the Council, Declarant, Council Board, or managing agent, at the Council's, Declarant's, Council Board's, or managing agent's principal office, or at such other address as shall be designated by notice in writing.

All such notices shall be deemed delivered (a) upon personal delivery to the party or address specified above, or (b) on the third day after mailing when mailed by first class mail, postage prepaid, and properly addressed.

Alternatively, all such notices may be sent by means of facsimile or other electronic communication with confirmation of receipt. Such notice shall be deemed delivered upon transmission and confirmation of receipt.

Upon request, the Association's Secretary shall provide to the Council's Secretary, or such other designated person, Owner information as reasonably necessary for the Council to carry out the duties and responsibilities described in the Community Covenant and these Council By-Laws.





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7.6. Limitation on Council Authority.

The Association exists independently from the Community Council and is managed and administered in accordance with the Association Declaration and the Association's other governing documents. Unless the Association otherwise specifically consents in writing, or unless specifically provided in the Association Declaration, the Community Council has no authority to, and shall not (a) enforce the Association Declaration or any Association rights; (b) maintain, improve, operate, or encumber Association-owned or administered property; (c) act as the Association's agent or representative; (d) commit the Association to any contracts, obligations, or costs; (e) hire, terminate, direct, manage, or supervise any of the Association's employees or its managing agent; (f) solicit the Association's employees or agents to become the Council's employee or exclusive agent (provided, this shall not prevent the Council and the Association from being jointly managed); or (g) directly assess the Owners or any neighborhood association directly or indirectly, except as otherwise specifically permitted under the Community Council or the Association Declaration.

This Section is for the benefit of and shall be enforceable by the Association. This section may not be amended without the Association's written consent.

7.7. Amendment.

Declarant may unilaterally amend these Council By-Laws at any time if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans; (d) to enable any governmental agency or reputable private insurance company to insure mortgage loans; or (e) to satisfy the requirements of any governmental agency.

In addition, for so long as Declarant has authority under these Council By-Laws to appoint all of the trustees to the Council Board, Declarant may unilaterally terminate and dissolve the Council and these Council By-Laws.

Except as otherwise specifically provided herein, these Council By-Laws may also be amended upon Council Board resolution approved by a majority of the trustees; provided, any such amendment shall require Declarant's written consent for so long as Declarant or any Affiliate of Declarant owns any property described on Exhibit "A" or "B" to the Community Covenant.

Amendments are effective upon Recording. No amendment may remove, revoke, increase, or otherwise modify any right or privilege of Declarant without Declarant's written consent or the assignee of such right or privilege. No amendment may remove, revoke, increase,

or otherwise modify any Association right, privilege, or obligation without the Association's written consent.



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