

**BY-LAWS
OF
PALMER LAKE MASTER ASSOCIATION, INC.
(A Corporation Not for Profit)**

**ARTICLE I
Name and Location**

The name of the corporation is PALMER LAKE MASTER ASSOCIATION, INC. (hereinafter referred to as the "Association"), and its initial office for the transaction of its affairs shall be 9426 Camden Field Parkway, Riverview, Florida 33578. Meetings of Members and directors may be held at such places within the State of Florida as may be designated by the Board of Directors (hereinafter referred to as the "Board").

**ARTICLE II
Definitions**

Unless the context expressly requires otherwise, the terms used herein shall have the meanings set forth in the Declaration of Covenants, Conditions and Restrictions for Palmer Lake ("Declaration").

**ARTICLE III
Meeting of Members**

Section 1. **Annual Meetings.** All annual and special meetings of the Association shall be held in Sarasota County, Florida, or at such other place as may be permitted by law and from time to time as fixed by the Board and designated in the notices of meetings.

Section 2. **Notice of Annual Meetings.** Annual meetings of the Members of the Association shall be held in the fourth quarter of each fiscal year. Notice of the meeting, which shall include an agenda, shall be mailed, delivered, or sent by electronic transmission to each Member listed in the membership book of the Association at the street, post office, or electronic mail address (as applicable) shown therein ("Member of Record") not less than fourteen (14) days prior to the meeting. Evidence of compliance with this 14-day notice requirement shall be made by an affidavit executed by the person providing the notice and filed upon execution among the official records of the Association. In addition to mailing, delivering, or electronically transmitting the notice of any meeting, the Association may, by reasonable rule, adopt a procedure for conspicuously posting and repeatedly broadcasting the notice and the agenda on a closed-circuit cable television system serving the Association. When broadcast notice is provided, the notice and agenda must be broadcast in a manner and for a sufficient continuous length of time so as to allow an average reader to observe the notice and read and comprehend the entire content of the notice and the agenda.

Section 3. **Special Meetings.** Special meetings of the Members, for any purpose or purposes, whether or not specifically required by these By-Laws, the Articles of Incorporation, or the Declaration may be called by the president, secretary, a majority of the Board, or by the Members having 1/10 of the votes of the Class A membership.

Section 4. **Notice of Special Meetings.** No business shall be transacted at any special meeting except as stated in the notice thereof. Notice of all special meetings shall be given by the secretary to Members of Record, or if the secretary shall fail to do so, by the president or Board, not less than thirty (30) nor more than sixty (60) days prior to the date thereof, stating the date, time, and place of the meeting and the purpose or purposes thereof. Notices shall be mailed, delivered, or sent by electronic transmission to each Member listed in the membership book of the Association at the street, post office, or electronic mail address (as applicable) shown therein within the prescribed time or, in lieu of mailing, delivered by hand to the Members shall suffice. The Secretary shall execute an affidavit that the notice was delivered or mailed in compliance with this section and, once executed the affidavit shall be filed among the official records of the Association.

Section 5. **Quorum.** Members present in person or represented by proxy, entitled to cast at least 10% of the total voting interests in the Association, shall constitute a quorum.

Section 6. **Action Taken at Meeting.** When a quorum is present at any meeting, a majority of the votes duly cast by the Members present at the meeting or represented by written proxy shall decide any question brought before the meeting, unless the question is one upon which by express provision of law, the Declaration, the Articles of Incorporation or these By-Laws, a different vote is required, in which case the express provision shall govern and control. If any meeting of Members cannot be organized because a quorum is not present, the meeting may be adjourned by a majority of the Members present in person, until a quorum is present

Section 7. **Order of Business.** The order of business at all meetings shall be as prescribed in the agenda prepared by the Board and submitted to the Members of Record with the notice of each meeting.

Section 8. **Action Without Meeting.** Any action which may be taken by the membership pursuant to a duly called meeting, may be taken without a meeting provided that: a proposal of action to be taken by the Members is mailed to every Member of the Association together with a request for approval or disapproval; and, the Members responding to the proposal ("Responding Members") hold at least 1/3 of the votes of all Members of the Association. A proposed action may be approved by a majority of the votes attributable to the Responding Members unless the proposed action is one which by express provision of law, the Declaration, the Articles of Incorporation or these By-Laws requires a different vote, in which case the express provision as it pertains to voting percentages shall govern and control.

Section 9. **Voting.** The Association shall have two (2) classes of voting membership: Class A, and Class B. So long as there is Class B membership, Class A Members are all Lot Owners except Declarant. The Class B Member shall be Declarant. Upon termination of Class B membership, as provided below, the Class A Members are all Lot Owners including Declarant so long as such Declarant is a Lot Owner. All Class A Members are entitled to cast one (1) vote for each Lot owned. Prior to termination of Class B Membership and the Transfer of Control described in Section 5.4 of the Declaration, the Class B Member shall be entitled to three (3) votes for each Lot owned. As provided in the Articles of Incorporation, the Class B Member is entitled to appoint the Association's directors until termination of Class B membership.

If more than one person owns an interest in any Lot, all such persons are Members, but there may be only one vote cast with respect to such Lot. Such vote may be exercised as the co-owners determine among themselves, but no split vote is permitted. Prior to any meeting at which a vote is to be taken, each co-owner must file the name of the voting co-owner with the secretary of the Association to be entitled to vote at such meeting, unless such co-owners have filed a general voting authority with the Secretary applicable to all votes until rescinded. Notwithstanding the foregoing, if title to any Lot is held in a tenancy by the entirety, either tenant is entitled to cast the vote for such Lot unless and until the Association is notified otherwise in writing.

Section 10. **Presiding Officers.** At each meeting of the Members, the president, or in his absence the vice president, shall preside and the secretary, or in his absence the assistant secretary, shall be the secretary for the meeting.

Section 11. **Right to Speak.** Members and Lot Owners have the right to attend all membership meetings and to speak at any meeting with reference to all items opened for discussion or included on the agenda (subject to any permissible limitations as provided herein or pursuant to the Act). Notwithstanding any provision to the contrary in the Association's governing documents or any rules adopted by the Board or by the membership, a Member or a Lot Owner have the right to speak for at least three (3) minutes on any item, provided that the Lot Owner submits a written request to speak prior to the meeting (such request shall be delivered to the Association's record office and verified by the Association secretary prior to commencement of the meeting). The Association may adopt written reasonable rules governing the frequency, duration, and other manner of Lot Owner statements, which rules must be consistent with the provisions of this Section.

ARTICLE IV **Directors**

Section 1. **Board of Directors.** Until transfer of control of the Association from the Declarant to the non-Declarant owners, the affairs of the Association shall be managed by a Board of three (3) directors. A director must be a Member except that the directors elected by the Class B Members need not be Members and may be the officers and/or employees of Declarant. There shall be at all times a minimum of three (3) directors.

Section 2. **Election of Directors.**

- (a) Election of directors shall be held at the annual Members' meeting.
- (b) The election of directors to be elected by the Class A Members shall be by ballot (unless dispensed by the unanimous vote consent of those Members eligible to vote in person or proxy) and shall be determined by a plurality of the Class A votes cast. There shall be no cumulative voting.
- (c) Except as to vacancies provided by removal of directors by Members, all vacancies in the Board occurring between annual meetings of Members, including vacancies created by increasing the size of the Board, shall be filled by the vote of a majority of the remaining directors.

(d) Any directors elected by Class A Members may be removed in accordance with the provisions of the Act. If a vacancy occurs on the Board as a result of the removal of less than a majority of the directors, the vacancy shall be filled by the affirmative vote of a majority of the remaining directors. If vacancies occur on the Board as a result of the removal of a majority or more of the directors, the vacancies shall be filled in accordance with the provisions of the Act.

(e) Notwithstanding the foregoing, the Board shall be elected solely by Class B Members as long as there are Class B Members, with the exception that in the sole discretion of the Class B Members, one director may be elected by the Class A Members after 50% of the Lots have been conveyed to Class A Members.

(f) Any disputes involving the election of directors shall be resolved through the applicable provisions of the Act.

Section 3. **Term of Office.** Unless otherwise provided herein, the term of each director's service shall be one year and until his successor is duly elected and qualified or until he is removed in the manner provided elsewhere herein.

Section 4. **Composition of the Board of Directors.** In accordance with the Articles of Incorporation, the Board appointed and named in said Articles of Incorporation (and their successors appointed by the Declarant) shall serve at least until Class A Members are entitled to elect one or more of the directors.

At the meeting of the Members at which transfer of control of the Association to the non-Declarant Members occurs, three (3) directors shall be elected. The director receiving the highest number of votes shall be elected to a three (3) year term, the director receiving the next highest number of votes shall be elected to a two (2) year term, and the third director shall be elected to a one (1) year term. A term of office shall be deemed to be concluded at the annual meeting of the Members of the Association following or in connection with expiration of the specific term of years. Following the initial election of non-Declarant Members as provided above, subsequent elections to the Board shall be for a two (2) year term of office, unless otherwise provided herein. All officers of a corporation owning a Lot shall be deemed to be Members of the Association so as to qualify each to become a director hereof.

Section 5. **Notice of Board Meetings to Members.** Notices of all Board meetings must be posted in a conspicuous place in the Community at least forty-eight (48) hours in advance of a meeting, except in an emergency. In the alternative, notice of the Board meeting, which shall include an agenda, shall be mailed, delivered, or sent by electronic transmission to each Member of Record listed in the membership book of the Association at the street, post office, or electronic mail address (as applicable) shown therein not less than seven (7) days prior to the meeting, except in an emergency. Evidence of compliance with this 7-day notice requirement shall be made by an affidavit executed by the person providing the notice and filed upon execution among the official records of the Association. A Member must consent in writing to receiving notice via electronic transmission.

Section 6. **Right of Members to Speak at Board Meetings.** Notwithstanding any provision to the contrary in the Association's governing documents or any rules adopted by the

Board or by the membership, a Member has the right to attend all Board meetings and to speak on any matter placed on the agenda by petition of the voting interests for at least three (3) minutes. The Association may adopt written reasonable rules governing the frequency, duration, and other manner of Member statements, which rules must be consistent with the provisions of the Act, and may include a sign-up sheet for Members wishing to speak. Notwithstanding any other law, the requirement that Board meetings and committee meetings be open to the Members is inapplicable to meetings between the Board or a committee and the Association's attorney (a) held for the purpose of discussing personnel matters, or (b) as otherwise specifically prescribed under the Act.

Section 7. **Annual Organizational Meeting.** The annual organizational meeting of the Board may be held at such time and place as shall be determined by the directors, except that such annual organizational meeting shall be held as soon as practicable following the annual Members' meeting. If held at any time other than immediately following the annual Members' meeting, there shall be three (3) days notice given by the President personally or by mail, telephone or telegraph, which notice shall state the time and place of such meeting.

Section 8. **Meeting to Determine Assessments.** An assessment may not be levied at a Board meeting unless a written notice of the meeting is provided to all Members of Record at least fourteen (14) days before the meeting, which notice shall include a statement that assessments will be considered at the meeting and the nature of the assessments. Written notice of any meeting at which special assessments will be considered must be mailed, delivered, or electronically transmitted to the Lot Owners and posted conspicuously on the Common Property or broadcast on closed-circuit cable television not less than fourteen (14) days before the meeting.

Section 9. **Meeting to Determine Rules and Regulations.** Written notice of any meeting at which rules that regulate the use of Homes in the Community may be adopted, amended, or revoked must be mailed, delivered, or electronically transmitted to the Lot Owners, and posted conspicuously on the Common Property or broadcast on closed-circuit cable television, not less than fourteen (14) days before the meeting. A written notice concerning changes to the rules that regulate the use of Homes in the Community must include a statement that changes to the rules regarding the use of Homes will be considered at the meeting.

Section 10. **Special Meetings.** Special meetings of the directors may be called by the president and must be called by the secretary at the written request of 2/3 of the directors. Not less than three (3) days' notice of the meeting shall be given personally or by mail, telephone, telegraph or electronically transmitted, which notice shall state the time, place and purpose of the meeting.

Section 11. **Petition by Members to Board to Address an Item of Business.** If ten percent (10%) of the total voting interests in the Association petition the Board to address an item of business, the Board shall, at its next regular Board meeting or at a special meeting, but not later than sixty (60) days after the receipt of the petition, consider the petitioned item. Written notice of the meeting shall be provided to all Members of Record at least fourteen (14) days before the meeting. Such notice shall include an agenda of items to be considered. Other than addressing the petitioned item at the meeting, the Board is not obligated to take any other action requested by the petition.

Section 12. **Waiver of Notice.** Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. Attendance at a meeting shall constitute a waiver of notice.

Section 13. **Quorum and Voting.** A quorum at directors' meetings shall consist of a majority of the entire Board. The acts approved by a majority of directors shall constitute the acts of the Board except when approval by a greater number of directors is required by the Declaration, the Articles of Incorporation, these By-Laws, or the laws of the State of Florida.

Section 14. **Adjourned Meetings.** If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

Section 15. **Joinder in Meeting by Approval of Minutes.** The joinder of a director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such director for the purpose of determining a quorum.

Section 16. **Presiding Officer and Secretary for Meetings.** The presiding officer of the directors' meetings shall be the chairman of the Board if such an officer has been elected; and if none, the president shall preside. In the absence of the presiding officer, the directors present shall designate one of their number to preside. The secretary of the Association shall be the secretary for meetings of the directors, unless absent, in which case the directors shall designate one of their members to act as secretary for the meeting.

Section 17. **Compensation.** No director shall receive compensation for any service he may render to the Association as director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties, and this provision shall not preclude a person who is also a director to receive compensation in exchange for other services rendered to or on behalf of the Association in a capacity other than director.

Section 18. **Committees.** The Board may from time to time appoint such committees and delegate such duties and powers thereto as it may deem advisable.

Section 19. **Attendance by Telephone.** Any member or members of the Board shall be deemed present and voting at a meeting of such Board if said member or members participate in the meeting by means of a conference telephone or similar communications equipment or device enabling all persons participating in the meeting to hear each other.

Section 20. **Action Without Meeting.** Any action required or permitted to be taken at any meeting may be taken without a meeting if written consent to the action signed by all the members of the Board is filed with the minutes of the proceedings of the Board.

Section 21. **Powers.** The Board shall have the powers set forth in the Declaration and the Florida Not-For-Profit Corporation Act, including but not limited to the power to:

(a) adopt and promulgate Rules and Regulations governing the Community or contemplated by the Declaration, and to establish penalties for the infraction

thereof (a rule shall be deemed promulgated when a copy thereof is furnished to each Member in person or mailed to each such Member at the address on the records of the Association);

(b) The Board of Directors may suspend, for a reasonable period of time, the right of a Member, or a Member's tenant, guest, or invitee, to use the Common Properties and/or facilities for the failure of the Lot Owner or its occupant, licensee or invitee to comply with any provision of the Declaration, the Bylaws, or the Rules and Regulations of the Association, provided that the Association must provide notice and an opportunity for a hearing. If Lot Owner is delinquent for more than ninety (90) days in paying a monetary obligation due to the Association, the Association may suspend, until such monetary obligation is paid in full, the rights of any Lot Owner, tenant, guest or invitee to use any Common Properties and/or facilities. The notice and hearing requirements do not apply to a suspension of use rights due to a monetary delinquency. Notwithstanding any other provision to the contrary, but only as to this subsection, if Chapter 720, Florida Statutes, is ever amended to provide that the Association shall have the right to exercise the suspension rights (for either use of Common Properties/facilities and/or voting rights) enumerated in this subsection for a monetary delinquency of less than ninety (90) days, or in the event that Chapter 720, Florida Statutes, is ever amended to provide that the Association shall have the right to exercise the suspension rights (for either use of Common Properties/facilities and/or voting rights) enumerated in this subsection for other types of violations, then such rights shall automatically be bestowed upon the Association without need for amending this Declaration or providing any notice;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration, including the establishment of the assessments provided for in the Declaration; and

(d) employ a manager, or such other independent contractors or employees as they deem necessary, and to prescribe their duties.

Section 22. **Duties.** It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs;

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the Assessments against each Lot;

(2) exercise the duties of the Board as set forth in the Declaration and enforce the restrictions and covenants contained therein; and

(3) take appropriate and timely action against Members whose assessments are in default;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) cause all officers or employees having fiscal responsibilities to be bonded, if such bonding may be deemed appropriate; and

(f) perform such other acts as may be required of a board of directors under the Florida Not-For-Profit Corporation Act.

ARTICLE V

Officers

Section 1. **First Officers.** In accordance with the Articles of Incorporation, the first officers of the Association named and appointed in such Articles of Incorporation shall serve until their qualified successors are elected by the Board.

Section 2. **Executive Officers.** The executive officers of the Association shall be a president, who shall be a director, a vice president, who shall be a director, a treasurer-secretary and other officers as shall be elected by the Board. Except as provided in Section 1 of this Article, such officers shall be elected annually by the Board. Officers need not be Lot Owners and the officers and employees of the Declarant may be officers of the Association. The Board from time to time may elect such assistant or other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association. Each officer shall serve until a qualified successor is elected by the Board. The Board, by an affirmative vote, from time to time may remove an officer with or without cause and fill such vacancy so created.

Section 3. **President.** The president shall be the chief executive officer of the Association. He shall have all of the powers and duties that are usually vested in the office of president of an Association, including but not limited to the power to appoint committees from among the Members from time to time, as he in his discretion may determine appropriate, to assist in the conduct of the affairs of the Association.

Section 4. **Vice-President.** The vice-president, in the absence or disability of the president, shall exercise the powers and perform the duties of the president. He also shall assist the president generally and exercise such other powers and perform such other duties as shall be prescribed by the directors.

Section 5. **Secretary.** The secretary shall keep the minutes of all proceedings of the directors and Members. He shall attend to the giving and serving of all notices to the Members and directors and others that are required by law. He shall have custody of the seal of the Association and affix it to any instruments requiring a seal when duly signed. He shall keep the records of the Association including the membership book, except those of the treasurer unless the secretary is also the treasurer of the Association. The secretary shall perform all other duties incident to the office of secretary of a corporation and as may be required by the Board of Directors or the President. Any assistant secretary elected shall perform the duties of the secretary when the secretary is absent.

Section 6. **Treasurer.** The treasurer shall have custody of all property of the Association including funds, securities and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices, and he shall perform all other duties usually incident to the office of treasurer.

Section 7. **Compensation.** No officer shall receive any compensation by reason of his office; provided, however, that nothing herein shall preclude the Board from employing an officer as an employee of the Association or preclude the contracting with an officer for management services.

ARTICLE VI **Fiscal Management**

Section 1. **Depositories.** All funds of the Association shall be deposited in the name of the Corporation in such bank, banks or other financial institutions as the Board may from time to time designate, and shall be drawn out on checks, drafts or other orders signed on behalf of the Association by such person or persons as the Board may from time to time designate.

Section 2. **Contracts, Etc.** Except as otherwise specifically provided by these By-Laws, all contracts, agreements, deeds, bonds, mortgages and other obligations and the instruments shall be signed on behalf of the Association by the president or by such other officer, officers, agent or agents as the Board may from time to time by resolution provide, and shall be entered into in accordance with the Act.

Section 3. **Budget.** The Board shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the Association expenses and to provide and maintain funds for the appropriate accounts according to good accounting practices. Such budget shall be adopted prior to, and a copy shall be distributed at, the annual Members' meeting next preceding the fiscal year for which the budget shall apply.

Section 4. **Assessments.** As more fully provided in the Declaration, each Member is obligated to pay to the Association certain Assessments which are secured by a continuing lien upon the property against which the Assessment is made. Any Assessments which are not paid when due shall be delinquent. If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest from the date of delinquency at the rate of 15% per annum, or such other rate as may be, from time to time, established by the Board; provided, however, that such rate shall not exceed the maximum rate allowed by the law not constituting usury. The Association may bring an action at law against the Lot Owner personally obligated to pay the same or foreclose the lien against the property, and interest, late fees, costs and reasonable attorneys' fees of any such action shall be added to the amount of such Assessment. No Lot Owner may waive or otherwise escape liability for the Assessments provided for herein.

Section 5. **Setting of Initial General Assessments.**

(a) **General Lot Assessment.** The Board shall adopt the General Lot Assessment as provided for in the Declaration. The initial level of the General Lot Assessment until changed by action of the Board shall be no more than \$1,920.00 per Lot per year (payable in equal quarterly installments of no more than \$480.00 each for a Lot).

Section 6. **Special Lot Assessments.** As contemplated by the Declaration, Special Lot Assessments may be adopted by the Association to meet expenses which exceed the budget adopted by the Board of Directors. Such Special Lot Assessments shall be adopted and levied upon approval of a majority of the votes cast by the Members present at a special meeting called for that purpose.

Section 7. **Specific Lot Assessments.** As contemplated by the Declaration, Specific Lot Assessments may be levied by the Association.

Section 8. **Financial Report.** The Treasurer of the Association shall report the financial status of the Association to the Members sixty (60) days following the end of the fiscal year in accordance with the financial reporting requirements of the Act.

Section 9. **Fines.** The Association shall have the power to suspend, for a reasonable period of time, the rights of a Member and/or such Member's tenants, guests or invitees to use the Common Property, and to levy reasonable fines against same not to exceed the greater of \$100.00 per violation or the maximum amount allowed under the Act for activities which violate the provisions of the Declaration, these By-Laws or any Rules and Regulations. No fine or suspension may be imposed except upon fourteen (14) days prior written notice to the person sought to be suspended or fined, and such person having an opportunity for a hearing before a committee of at least three (3) Members of the Association. Such committee shall be appointed by the Board and shall not be composed of any officers, directors or employees of the Association, nor any spouse, parent, child, brother or sister of any officer, director or employee. A written decision of the committee shall be submitted to the Owner not later than twenty-one (21) days after the meeting. The committee must approve, by a majority vote, the proposed fine, prior to it being imposed. No fine or suspension may be imposed except upon majority approval of the Members of such committee. Suspension of rights to use the Common Property shall not include any right to restrict vehicles and pedestrians' ingress and egress to and from such offending person's Lot. The voting rights of a Member may be suspended by the Association as provided in the By-Laws or the Declaration.

ARTICLE VII **Books and Records**

The books, records and papers of the Association shall be available for inspection and copying by Members of their authorized agents during reasonable business hours within ten (10) business days after receipt of a written request for access. These records shall be available at the Association's principal office, where copies may be purchased for a reasonable cost.

ARTICLE XIV **Amendments**

These By-Laws may be altered, amended, or rescinded by (i) the affirmative vote of a majority of a majority of the total Class A voting interests and Class B voting interests entitled to vote, and (ii) the affirmative vote of 100% of the Class B Members, if any. Notwithstanding the foregoing, (a) no amendment to the By-Laws shall be valid which affects any of the rights and privileges provided to the Declarant without the written consent of the Declarant as long as Declarant shall own any Lots in the Community, and (b) no amendment which will affect any

aspect of the surface water management system located on the Property shall be effective without the prior written approval of the Southwest Florida Water Management District.

ARTICLE VIII
Miscellaneous

Section 1. The fiscal year of the Association shall be the calendar year.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 3. All issues or disputes which are recognized by the Act or by administrative rules promulgated under the Act as being appropriate or required for dispute resolution shall be submitted to such dispute resolution procedures contained in the Act prior to institution of civil litigation.

**EXHIBIT "D" TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR PALMER LAKE**

WMD Permit



An Equal
Opportunity
Employer

Southwest Florida Water Management District

2379 Broad Street, Brooksville, Florida 34604-6899

(352) 796-7211 or 1-800-423-1476 (FL only)

TDD only: 1-800-231-6103 (FL only)

On the Internet at WaterMatters.org

Bartow Service Office
170 Century Boulevard
Bartow, Florida 33830-7700
(863) 534-1448 or
1-800-492-7862 (FL only)

Sarasota Service Office
6750 Fruitville Road
Sarasota, Florida 34240-9711
(941) 377-3722 or
1-800-320-3503 (FL only)

Tampa Service Office
7601 Highway 301 North
Tampa, Florida 33637-6759
(813) 985-7481 or
1-800-836-0797 (FL only)

January 27, 2012

The Ryland Group, Inc.
Jason Besse
9426 Camden Field Parkway
Riverview, FL 33578

Subject: Transfer of Water Use Permit No. 20005283.005

Reference: Chapter 40D-2.351, Florida Administrative Code

Dear Mr. Besse:

Your Water Use Permit Transfer has been approved. As the new Permittee, please note that this Transfer only allows continuance of the existing permitted activities, and a modification application must be submitted and approved prior to any desired changes in water use or withdrawals. Please be advised that you as the Permittee are responsible for compliance with all terms of the permit including the attached permit conditions and the Standard Conditions listed in Exhibit A. All existing permit conditions remain in effect, and you are responsible for reviewing the permit for any reporting requirements such as pumpage reporting, etc., and continued compliance with such requirements. Conditions of your permit require water conservation to be practiced at all times, among other items. In the event a water shortage is declared the District may modify your permit. Additionally, if the District adopts new rules, this permit may become subject to them.

If you have any questions or concerns regarding your permit or any other information, please contact Heather LaRocco, at extension 6542, in the Sarasota Regulation Department.

Sincerely,

Heather A. LaRocco
Field Technician
Sarasota Regulation Department

HAL:HAL

Enclosures: Copy of Transferred Permit
cc: Cheryl A. Johnson, Southwest Florida Water Management District
Claire E. Muirhead P.G., Southwest Florida Water Management District

**SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
WATER USE
GENERAL
PERMIT NO. 20005283.003**

EXPIRATION DATE: January 16, 2017

PERMIT ISSUE DATE: January 16, 2007

The Permittee is responsible for submitting an application to renew this permit no sooner than one year prior to the expiration date, and no later than the end of the last business day before the expiration date, whether or not the Permittee receives prior notification by mail. Failure to submit a renewal application prior to the expiration date and continuing to withdraw water after the expiration date is a violation of Chapter 373, Florida Statutes, and Chapter 40D-2, Florida Administrative Code, and may result in a monetary penalty and/or loss of the right to use the water. Issuance of a renewal of this permit is contingent upon District approval.

TYPE OF APPLICATION: Renewal **TRANSFERRED ON JANUARY 27, 2012**
GRANTED TO: Garrett, LLC, A FL LLC **TO: THE RYLAND GROUP, INC.**
 Post Office Box 579 **9426 CAMDEN FIELD PARKWAY**
 Sarasota, FL 34230-0579 **RIVERVIEW, FL 33578**
PROJECT NAME: Not Specified
WATER USE CAUTION AREA: Most Impacted Area - Southern

TOTAL QUANTITIES AUTHORIZED UNDER THIS PERMIT (in gpd)

STANDARD ANNUAL AVERAGE	63,000 gpd
DROUGHT ANNUAL AVERAGE ¹	63,400 gpd
PEAK MONTH ²	168,200 gpd

¹ Annual average limit when less than historical average rainfall if sufficient Water Conserving Credits exist in the Permittee's account.
² Average daily use during the highest water use month.

PROPERTY LOCATION: 35 owned acres in Sarasota County, approximately 6 miles east of the city of Sarasota on Palmer Road.

ABSTRACT: This is a renewal of an existing agricultural water use permit for irrigation of 29.5 acres of row crops. The irrigation quantities are allocated based on the District's agricultural water use calculation program AGMOD. Information regarding the water use and special conditions is contained within the tables and comments below.

WATER USE TABLE (in gallons per day)

<u>Use</u>	<u>Standard Annual Average</u>	<u>Drought Annual Average</u>	<u>Peak Month</u>
Agriculture:	63,000	63,400	168,200

SK
JAN 09 2007

IRRIGATION ALLOCATION RATE TABLE

<u>CROP/USE TYPE</u>	<u>IRRIGATED ACRES</u>	<u>IRRIGATION METHOD</u>	<u>STANDARD IRRIGATION RATE</u>	<u>DROUGHT IRRIGATION RATE</u>
Fall Tomatoes/Row Crop	25.0	Drip with mulch/seepage	30.4"/yr.	30.4"/yr.
Spring Vegetables/Row Crop	4.5	Drip without mulch/seepage	19.4"/yr.	20.7"/yr.

WITHDRAWAL POINT QUANTITY TABLE

Water use from these withdrawal points are restricted to the quantities given below:

<u>I.D. NO.</u> <u>PERMITTEE/ DISTRICT</u>	<u>DIAM.</u> <u>(IN.)</u>	<u>DEPTH</u> <u>TTL./CSD.FT.</u> <u>(feet bls)</u>	<u>USE</u>	<u>GALLONS PER DAY</u>		
				<u>AVERAGE</u>	<u>PEAK MONTH</u>	
1 / 1	8	600 / UNK	IR	14,700	168,200	Standby
2 / 2	8	N / A	IR	63,000	168,200	Rotonda Canal

IR = Irrigation

WITHDRAWAL POINT LOCATION TABLE

<u>DISTRICT</u> <u>I.D. NO.</u>	<u>LATITUDE/LONGITUDE</u>	<u>SECTION/TOWNSHIP/RANGE</u>
1	271849.03/822356.72	27/36/19
2	271845.38/822356.06	34/36/19

SPECIAL CONDITIONS:

- All reports required by the permit shall be submitted to the District on or before the tenth day of the month following data collection and shall be addressed to:

Permit Data Section, Regulation Performance Management Department
Southwest Florida Water Management District
2379 Broad Street
Brooksville, Florida 34604-6899

Unless otherwise indicated, three copies of each plan or report, with the exception of pumpage, rainfall, evapotranspiration, water level or water quality data which require one copy, are required by the permit.

- The Permittee shall investigate the feasibility of using reclaimed water as a water source and submit a report describing the feasibility to the Permit Data Section, Regulation Performance Management Department, by **October 1, 2011**. The report shall contain an analysis of reclaimed water sources for the area, including the relative location of these sources to the Permittee's property, the quantity of reclaimed water available, the projected date of availability, costs associated with obtaining the reclaimed water, and an implementation schedule for reuse, if feasible. Infeasibility shall be supported with a detailed explanation.
- Any wells not in use, and in which pumping equipment is not installed shall be capped or valved in

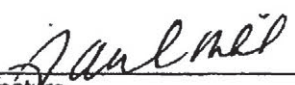
a water tight manner in accordance with Subsection 62-532.500(3)(a)(4), F.A.C.

4. The Permittee shall report connection to reclaimed water to the Permit Data Section, Regulation Performance Management Department, within 30 days of connection to the reuse source. The Permittee shall list the source name, location, and monthly reclaimed quantities obtained in gallons, for each source, and submit this information to the Permit Data Section by the 10th day of the following month, in conjunction with the monthly pumpage report.
5. Within 90 days of the replacement of any or all withdrawal quantities from ground water or surface water bodies with an Alternative Water Supply, the Permittee shall apply to modify this permit to reflect incorporation of the alternative source of water to replace permitted quantities in equal amounts. The replaced water shall be put on standby and may be used in the event that some or all of the alternative source is not available.
6. The Permittee shall:
 - A. Incorporate best water management practices, specifically including but not limited to irrigation practices, as recommended for the permitted activities in reports and publications by the IFAS.
 - B. Limit daytime irrigation to the greatest extent practicable to reduce losses from evaporation. Daytime irrigation for purposes of system maintenance, control of heat stress, crop protection, plant establishment, or for other reasons which require daytime irrigation are permissible; but should be limited to the minimum amount necessary as indicated by best management practices.
 - C. Implement a leak detection and repair program as an element of an ongoing system maintenance program. This program shall include a system-wide inspection at least once per year.
 - D. Evaluate the feasibility of improving the efficiency of the current irrigation system or converting to a more efficient system. This condition includes implementation of the improvements or conversion when determined to be operationally and economically feasible.
7. The Permittee shall not exceed the quantity determined by multiplying the total irrigated acres by the total allocated acre-inches per irrigated acre per season for each crop type. For all crops except citrus, an irrigated acre, hereafter referred to as "acre," is defined as the gross acreage under cultivation, including areas used for water conveyance such as ditches, but excluding uncultivated areas such as wetlands, retention ponds, and perimeter drainage ditches. For citrus, an irrigated acre is based on 74% shaded area, equivalent to 89.4% of the gross acreage minus uncultivated areas such as wetlands, retention ponds, and perimeter drainage ditches.

An Applicant or Permittee within the Southern Water Use Caution Area may obtain the total allocated acre-inches per acre per season for their crops, plants, soil types, planting dates, and length of growing season by completing the "Irrigation Water Allotment Form" and submitting it to the District. The District will complete and return the form with the calculated total allocated acre-inches and water conserving credit per acre per season per crop, if applicable, based on the information provided. The "Irrigation Water Allotment Form" is available upon request.

STANDARD CONDITIONS:

1. The Permittee shall comply with the Standard Conditions attached hereto, incorporated herein by reference as Exhibit "A" and made a part hereof.



Authorized Signature
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

This permit, issued under the provision of Chapter 373, Florida Statutes and Florida Administrative Code 40D-2, authorizes the Permittee to withdraw the quantities outlined above, and may require various activities to be performed by the Permittee as described in the permit, including the Special Conditions. This permit does not convey to the Permittee any property rights or privileges other than those specified herein, nor relieve the Permittee from complying with any applicable local government, state, or federal law, rule, or ordinance.

40D-2
Exhibit "A"
WATER USE PERMIT CONDITIONS

STANDARD CONDITIONS

1. If any of the statements in the application and in the supporting data are found to be untrue and inaccurate, or if the Permittee fails to comply with all of the provisions of Chapter 373, F.S., Chapter 40D, or the conditions set forth herein, the Governing Board shall revoke this permit in accordance with Rule 40D-2.341, following notice and hearing.
2. This permit is issued based on information provided by the Permittee demonstrating that the use of water is reasonable and beneficial, consistent with the public interest, and will not interfere with any existing legal use of water. If, during the term of the permit, it is determined by the District that the use is not reasonable and beneficial, in the public interest, or does impact an existing legal use of water, the Governing Board shall modify this permit or shall revoke this permit following notice and hearing.
3. The Permittee shall not deviate from any of the terms or conditions of this permit without written approval by the District.
4. In the event the District declares that a Water Shortage exists pursuant to Chapter 40D-21, the District shall alter, modify, or declare inactive all or parts of this permit as necessary to address the water shortage.
5. The District shall collect water samples from any withdrawal point listed in the permit or shall require the Permittee to submit water samples when the District determines there is a potential for adverse impacts to water quality.
6. The Permittee shall provide access to an authorized District representative to enter the property at any reasonable time to inspect the facility and make environmental or hydrologic assessments. The Permittee shall either accompany District staff onto the property or make provision for access onto the property.
7. Issuance of this permit does not exempt the Permittee from any other District permitting requirements.
8. The Permittee shall cease or reduce surface water withdrawal as directed by the District if water levels in lakes fall below applicable minimum water level established in Chapter 40D-8 or rates of flow in streams fall below the minimum levels established in Chapter 40D-8.
9. The Permittee shall cease or reduce withdrawal as directed by the District if water levels in aquifers fall below the minimum levels established by the Governing Board.
10. The Permittee shall practice water conservation to increase the efficiency of transport, application, and use, as well as to decrease waste and to minimize runoff from the property. At such time as the Governing Board adopts specific conservation requirements for the Permittee's water use classification, this permit shall be subject to those requirements upon notice and after a reasonable period for compliance.
11. The District may establish special regulations for Water-Use Caution Areas. At such time as the Governing Board adopts such provisions, this permit shall be subject to them upon notice and after a reasonable period for compliance.

12. The Permittee shall mitigate any adverse impact to existing legal uses caused by withdrawals. When adverse impacts occur or are imminent, the District shall require the Permittee to mitigate the impacts. Adverse impacts include:
 - A. A reduction in water levels which impairs the ability of the well to produce water;
 - B. Significant reduction in levels or flows in water bodies such as lakes, impoundments, wetlands, springs, streams or other watercourses; or
 - C. Significant inducement of natural or manmade contaminants into a water supply or into a usable portion of any aquifer water body.
13. The Permittee shall mitigate any adverse impact to environmental features or offsite land uses as a result of withdrawals. When adverse impacts occur or are imminent, the District shall require the Permittee to mitigate the impacts. Adverse impacts include:
 - A. Significant reduction in levels or flows in water bodies such as lakes, impoundments, wetlands, springs, streams or other watercourses;
 - B. Sinkholes or subsidence caused by reduction in water levels;
 - C. Damage to crops and other vegetation causing financial harm to the owner; and
 - D. Damage to the habitat of endangered or threatened species.
14. When necessary to analyze impacts to the water resource or existing users, the District shall require the Permittee to install flow metering or other measuring devices to record withdrawal quantities and submit the data to the District.
15. A District identification tag shall be prominently displayed at each withdrawal point by permanently affixing the tag to the withdrawal facility.
16. The Permittee shall notify the District within 30 days of the sale or conveyance of permitted water withdrawal facilities or the land on which the facilities are located.
17. All permits issued pursuant to these Rules are contingent upon continued ownership or legal control of all property on which pumps, wells, diversions or other water withdrawal facilities are located.
18. The annual average daily withdrawal quantity is determined by calculating the total quantity of water to be withdrawn over a 1-year period, divided by 365 days, which results in a gallons per day (gpd) quantity pursuant to Basis of Review, Section 3.2, Permitted Withdrawal Quantities. This is a running 12-month average, whereby each month the annual average daily quantity is recalculated based on the previous 12-month pumpage.
19. Within the Southern Water Use Caution Area, if the District determines that significant water quantity or quality changes, impacts to existing legal uses, or adverse environmental impacts are occurring, the Board, upon reasonable notice to the permittee, including a statement of facts upon which the District based its determination, may reconsider the quantities permitted or other conditions of the permit as appropriate to address the change or impact but only after an opportunity for the permittee to resolve or mitigate the change or impact or to request a hearing.

**EXHIBIT "E" TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR PALMER LAKE**

DECLARANT GUARANTEE

Quarterly Amount
(for the period beginning upon
recording the Declaration
through remainder of the first
fiscal year)

\$480.00

Quarterly Amount
(the period for the 2nd fiscal
year)

\$530.00

Quarterly Amount (for the
balance of the 24 month
guarantee period)

\$580.00