

RULES AND REGULATIONS
OF
LAS VERDES, A CONDOMINIUM

THE RULES AND REGULATIONS HEREINAFTER ENUMERATED AS TO THE CONDOMINIUM PROPERTY, THE COMMON ELEMENTS, THE CONDOMINIUM UNITS AND THE CONDOMINIUM IN GENERAL SHALL BE DEEMED IN EFFECT UNTIL AMENDED AS PROVIDED BY THE BYLAWS OF THE ASSOCIATION AND SHALL APPLY TO AND BE BINDING UPON ALL UNIT OWNERS. THE UNIT OWNERS SHALL AT ALL TIMES OBEY SAID RULES AND REGULATIONS AND SHALL SEE THAT THEY ARE OBEYED BY THEIR FAMILIES, GUESTS, INVITEES, SERVANTS, LESSEES, PERSONS FOR WHOM THEY ARE RESPONSIBLE AND PERSONS OVER WHOM THEY EXERCISE CONTROL AND SUPERVISION. VIOLATION OF THESE RULES AND REGULATIONS MAY SUBJECT THE VIOLATOR TO ANY AND ALL REMEDIES AVAILABLE TO THE CONDOMINIUM ASSOCIATION AND OTHER UNIT OWNERS PURSUANT TO THE TERMS OF THE DECLARATION OF CONDOMINIUM, THE ARTICLES OF INCORPORATION OF THE ASSOCIATION, THE BYLAWS OF THE ASSOCIATION AND FLORIDA LAW. VIOLATIONS MAY BE REMEDIED BY THE CONDOMINIUM ASSOCIATION BY INJUNCTION OR OTHER LEGAL MEANS AND THE ASSOCIATION SHALL BE ENTITLED TO RECOVER IN SAID ACTIONS ANY AND ALL COURT COSTS INCURRED BY IT, TOGETHER WITH REASONABLE ATTORNEYS' FEES, IN ADDITION TO ANY REMEDIES OR RIGHTS WHICH THE ASSOCIATION OR ANY UNIT OWNER MAY HAVE TO RECOVER DAMAGES, COSTS AND ATTORNEYS' FEES AGAINST ANY PERSON VIOLATING THE RULES AND REGULATIONS OR THE DECLARATION OF CONDOMINIUM AND ANY OF THE EXHIBITS THERETO. THE BOARD OF DIRECTORS MAY, FROM TIME TO TIME, ADOPT NEW RULES AND REGULATIONS OR AMEND OR REPEAL PREVIOUSLY ADOPTED RULES AND REGULATIONS. ANY WAIVERS, CONSENTS OR APPROVALS GIVEN UNDER THESE RULES AND REGULATIONS BY THE BOARD OF DIRECTORS SHALL BE REVOCABLE AT ANY TIME AND SHALL NOT BE CONSIDERED AS A WAIVER, CONSENT OR APPROVAL FOR ANY OTHER PURPOSE OTHER THAN THAT WHICH IS IDENTIFIED AT THE TIME OF THE GIVING OF SUCH WAIVER, CONSENT OR APPROVAL.

THE RULES AND REGULATIONS ARE AS FOLLOWS:

1. ALTERATIONS AND/OR STRUCTURAL MODIFICATIONS: No unit owner shall make any alteration or addition to the common elements or limited common elements, or to the exterior of his unit, or any structural modification to his unit, without the prior written consent of the Board.
2. AIR CONDITIONING: No air conditioning equipment other than equipment originally in the unit is permitted, including wall or window air conditioning units, without the written consent of the Board.
3. ANTENNAS AND WIRING: No antennas, aerials or wiring may be placed or installed on the exterior of a building or unit without the written consent of the Board.
4. BUILDING EMPLOYEES, CONTRACTORS AND DEVELOPER'S EMPLOYEES: No unit owner or member of his family or guest shall give orders or instructions to building employees, contractors or the developer's employees, but rather shall express his desires to the person designated for this purpose by the Board of Directors.
5. CHILDREN: Each unit owner shall be solely responsible for the actions and any damage caused by his children or children visiting him. Unit owners shall be responsible for and shall require their children and visiting children to comply with all rules and regulations concerning the recreational facilities. Children under twelve (12) years of age shall not be allowed in the pool and deck area unless accompanied by an adult at all times.
6. CLEANLINESS: Each unit owner shall maintain his unit, and especially the exterior of his unit, in a clean and orderly manner, and in a manner which will not be offensive to any other unit owner.
7. COMPLAINTS: All complaints of unit owners shall be made in writing and delivered to the person designated for such purpose by the Board or to a member of the Board.

8. CONDUCT: No person shall engage in loud and boisterous or other disorderly, profane, indecent or unlawful conduct on any portion of the condominium property or in any common area.

9. DAMAGED COMMON ELEMENTS: The cost of repairing damage to common elements, including but not limited to the condominium buildings and landscaped areas, caused by a unit owner or his guests or invitees, shall be the sole responsibility of such unit owner.

10. DELIVERIES: The Association shall not be responsible for the theft, conversion, disappearance, loss or damage of any item received from or for an owner, even though such theft, conversion, disappearance, loss or damage may occur through the negligence or willful act of the employees of the Association or the employees of the developer, and all parties delivering items to such employees and all parties intended to be the recipient of items so delivered, hereby assume all risks of theft, conversion, disappearance, loss and damage of and to such items.

11. EXTERIOR APPEARANCE: No improvements may be made or placed upon the exterior of any unit or on any of the common elements of the condominium without the prior written consent of the Board. Any consent of the Board to any improvement to be made in or on the exterior of any unit, or to anything to be placed therein or thereon, may be withheld on purely aesthetic grounds, in the sole discretion of the Board.

12. FLAMMABLE MATERIALS: No flammable, combustible or explosive fluid, chemical or substance shall be kept within any portion of the condominium property, including, without limitation, in any unit, storage area or common element area, except as required for normal household use.

13. FLOOR COVERING: If any unit is located above another unit, floor covering other than carpeting which is installed in areas other than a kitchen, bathroom, or hallway, must be installed with sound reducing materials approved by the BOARD to reduce noise transmitted to the lower unit created by persons walking on the floor covering. However, the DEVELOPER and the ASSOCIATION shall not be liable in any manner for any claims relating to the installation or selection of sound-reducing materials, or the absence of such materials, in any unit.

14. GUEST OCCUPANCY: Temporary guests are permitted to reside in any unit so long as such guests do not create or cause an unreasonable source of noise, annoyance or disturbance to the other unit owners and permanent residents of the condominium. All temporary guests shall be required to comply with all of the rules and regulations of the condominium and other obligations created by the Declaration of Condominium and its exhibits. The Board reserves the right to limit the number of temporary guests which may reside in a unit at any time. The Board reserves the right to expel any temporary guest who violates the foregoing requirements.

15. GUNS: No guns shall be permitted to be discharged on any portion of the condominium property, including the common areas and units, except as might be permitted in the event of an emergency pursuant to the applicable laws of the State of Florida. Guns for this purpose shall include, but not be limited to, rifles, shotguns, pistols, dart guns, BB guns and sling shots.

16. HURRICANE PREPARATIONS: Each unit owner who plans to be absent from his unit during the hurricane season must prepare his unit prior to his departure by:

A. Removing all furniture, plants and other moveable objects from the exterior portion of his unit.

B. Designating a responsible firm or individual to care for his unit should the living unit suffer hurricane damage, and furnish the Board, or the person designated by the Board for such purpose, with the name of said firm or individual.

C. Any unit owner failing to make hurricane preparations and/or making improper preparations shall be held responsible for any damage done to the property of other unit owners and/or to the common elements resulting from such failure.

17. INSURANCE RATES: No unit owner shall permit or suffer anything to be done or kept in his unit which will increase the rate of insurance on the condominium property.

18. MOTORCYCLES: Motorcycles shall not be parked or placed in any area other than in designated motor vehicle parking spaces. Motorcycles shall not be driven upon common areas other than roadways and parking areas. All motorcycles shall be equipped with noise muffling equipment, and the Board shall be authorized to bar from the condominium property any motorcycle or other motor vehicle that in the Board's discretion causes unreasonable noise. Any damage done to the common elements, including but not limited to pavement, as a result of motorcycle kick-stands or other use of motorcycles, shall be the sole responsibility of the owner of the motorcycle causing such damage and/or the unit owner to whom the motorcycle owner was a guest or invitee.

19. NUISANCES: No unit owner shall make or permit any disturbing noises any place upon the condominium property by himself, his family, servants, employees, agents, visitors, or licensees, nor do or permit anything by such persons that will interfere with the rights, comforts or convenience of other unit owners. No phonograph, television, radio, sound amplifier or other sound equipment may be played or operated in such manner that same disturbs or annoys other occupants of the condominium.

20. OUTDOOR CLOTHES DRYING: No outdoor clothes drying shall be permitted, and no clothing, towels or other items shall be placed or hung on the exterior of any unit, except on clothes lines or clothes drying areas installed or approved by the Board.

21. OUTDOOR COOKING: No cooking or barbequing shall be permitted in any enclosed or screened-in patio, balcony or porch.

22. PARKING: Parking areas upon the condominium property shall be used only by residents of the Condominium and their guests and invitees. Only automobiles, vans constructed as private passenger vehicles with permanent rear seats and side windows, and other vehicles commonly used as private passenger vehicles may be parked on the condominium property without the consent of the Board. Other types of vehicles, trucks and boats and trailers, may not be parked on the condominium property ~~without the written consent of the Board, which may be arbitrarily withheld.~~ Furthermore, no vehicle shall be parked on the condominium property without the written consent of the Board, which may be arbitrarily withheld, if commercial equipment or lettering is exposed in or upon the vehicle. Cars used by governmental law enforcement agencies are expressly permitted. The foregoing restrictions shall not be deemed to prohibit the temporary parking of commercial vehicles making delivery to or from, or while used in connection with providing services to, any unit or the condominium property. All vehicles parked on the condominium property must be in good condition and in a good state of repair. ~~No vehicle which cannot operate on its own power shall remain on the condominium property for more than twenty-four (24) hours, and no major repair of any motor vehicle shall be made on the condominium property.~~ In connection therewith, no motor vehicle shall be placed upon blocks, jacks, or similar device, anywhere on the condominium property. No motor vehicle shall be parked other than in areas designated for parking. Vehicles improperly parked will be towed away at the expense of the unit owner or resident doing or permitting such act, and/or the owner of the vehicle. Parking spaces which are assigned to a particular unit may only be used by the residents of that unit, and their guests and invitees.

23. PASSAGEWAYS: Sidewalks, entranceways, passageways, vestibules, and all other portions of the common elements must at all times be kept free of obstruction and encumbrance, and shall not at any time be used for any purpose other than ingress and egress. No carriages, bicycles, wagons, shopping carts, chairs, benches, tables or other objects shall be stored or kept in or upon such areas.

24. PERSONAL INSURANCE: Although the insurance coverage afforded through the Association provides hazard insurance for the units, such insurance does not include coverage of floor, wall or ceiling coverings, improvements made by the unit owner, or the personal property of the unit owner. Unit owners may also be responsible for the payment of any deductible under the Association's

policy when damage is caused to their units or by their negligence. It is recommended that each unit owner obtain individual insurance to cover the foregoing.

25. PERSONAL PROPERTY: The personal property of a unit owner shall be stored within his unit or where applicable in assigned storage areas, but in no event shall such property be stored or left within or upon other portions of the common elements or public areas.

26. PEST CONTROL: All unit owners are required to permit employees of pest control companies employed by the Association, if any, to enter their units at regularly scheduled times to perform pest control services.

27. PETS: All pets are prohibited except as expressly permitted by the Declaration of Condominium. Any permitted cat or dog must be carried or walked on a leash at all times. Any resident shall immediately pick up and remove any solid animal waste deposited by his pet on the condominium property, except for designated pet-walk areas, if any. No pets may be kept, bred, or maintained for any commercial purpose. No pets are permitted within the recreational facilities. The Board shall have the right to require any pet to be removed from the condominium which causes an unreasonable source of annoyance to any unit owner, or if these Rules and Regulations are violated with respect to the pet.

28. PLUMBING AND ELECTRICAL: Water closets and other plumbing shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, sanitary napkins or other foreign substances shall be placed therein. Grease and other foreign substances shall not be poured down drains. Electrical outlets and electrical wiring shall not be overburdened. Total costs of all maintenance, repairs and replacements connected with any misuse of plumbing and/or electrical installations shall be the responsibility of and paid by the unit owner.

✓ 29. PLANTINGS: No plantings of whatever nature shall be made by any unit owner upon any public areas, and/or other portions of the common elements, without the prior written approval of the Board.

30. RECREATIONAL FACILITIES: Use of the recreational facilities shall at all times be solely at the risk of the individuals involved, and in no event that of the Association or its members. The use of the recreational facilities shall be regulated from time to time by the Board. Additional regulations shall include those that are necessary to comply with the laws of the State of Florida with reference to swimming pools and other public facilities and those that are deemed necessary and reasonable from time to time to insure the proper use of the facilities by all of the members of the Association. Amended and/or additional Rules and Regulations shall be posted in a conspicuous place, in or upon the recreational facilities and it shall be the responsibility of the individual unit owners to apprise themselves of same. Private use of the recreational facilities must be arranged through, and only after written permission has been granted by, the Board, which may be conditioned upon the unit owner depositing a reasonable amount with the Association to pay for cleaning and damage to the recreational facilities caused by such use. The user of the recreational facilities shall be responsible to leave same in a clean and orderly manner and shall be responsible for any breakage and/or damage caused. No boating, swimming or wading shall be permitted in any lake or canal existing within or contiguous to the condominium property.

31. RIGHT TO ENTER IN EMERGENCIES: In case of emergency originating in or threatening any dwelling, regardless of whether the owner is present at the time of such emergency, the Board, or any other person authorized by it shall have the right to enter such dwelling for the purpose of remedying or abating the causes of such emergency, and such right to enter shall be immediate.

32. ROOF: No person shall be permitted upon the roof of any building without the prior written consent of the Board.

33. SOLICITATIONS: There shall be no solicitation permitted by any persons anywhere in or about the condominium property for any cause, charity or for

any purpose whatsoever, unless specifically authorized in writing by the Board.

34. SERVICE PEOPLE: No unit owner shall permit any service people, whether for purposes of maintenance, repair, replacement or improvement, to work in his unit before 8:00 A.M. or after 9:00 P.M., except in cases of emergencies.

35. SIGNS: No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any unit owner on any part of the outside or inside of any unit so as to be visible from outside of the unit, or upon any portion or part of the common elements without the prior written consent of the Board.

36. SWIMMING POOL: Children under the age of twelve (12) years old are not permitted in or around the swimming pool unless accompanied by an adult. No rafts or flotation devices are permitted when others are using the swimming pool. No breakable containers are permitted in or around the swimming pool. No diving is permitted in the swimming pool. Anyone using suntan lotion or oil must cover any lounge or chair they are sitting on with a towel. All infants and toddlers must wear a rubberized form-fitted or waterproof garment over a diaper while in the swimming pool.

37. TRASH AND GARBAGE: All refuse, waste, bottles, cans, garbage and trash shall be securely wrapped in plastic garbage bags and placed only in those containers and areas designed for such purpose.

38. VEHICULAR AND PEDESTRIAN TRAFFIC: All vehicular and pedestrian traffic being in and/or operating upon the condominium property shall at all times comply with controlling governmental laws. All such traffic shall at all times obey any traffic signs and/or other equipment employed for the purpose of traffic control, whether or not same is placed by governmental authorities and/or the Association. Unless otherwise posted, vehicular traffic shall adhere to a maximum speed limit of 15 m.p.h.

39. WATERBEDS: No waterbed or flotation bedding system is permitted in any unit unless and until the applicable unit owner or resident provides insurance in the Association's name in the amount deemed reasonable to protect against personal injury and property damage which may result therefrom.

40. WHEEL VEHICLES: No unit owner shall permit wheel vehicles, including but not limited to bicycles, mopeds, skateboards, carriages and shopping carts, to be used in a manner that would interfere with vehicular and pedestrian traffic upon the condominium property.

41. WINDOW, DOOR AND BALCONY TREATMENTS: No awning, canopy, shutter or other projection shall be attached to or placed upon the outside walls or doors or roof of the condominium buildings without the prior written consent of the Board. Terraces, balconies, porches or patios may not be enclosed, which includes the screening of same, nor may anything be affixed to the walls within such terraces, balconies, porches or patios except with the prior written consent of the Board. No blinds, shades, screens, decorative panels, window or door coverings shall be attached to or hung or used in connection with any window or door in a unit, if affixed to the exterior of a unit, without the prior written consent of the Board. Window treatment shall consist of drapery, blinds, decorative panels or other tasteful materials, and no newspaper, aluminum foil, sheets or other temporary window treatments are permitted, except for periods not exceeding one (1) week after a unit owner or tenant first moves into a unit or when permanent window treatments are being cleaned or repaired. Except for white or light earth-tone window coverings, the Association has the right to require any window coverings to be removed if the color of same is unsightly in the Board's discretion. No windows shall be tinted and no tinted glass shall be installed, and no screening shall be replaced other than screening of the same material and color as originally exists, without the prior written consent of the Board.

CONDOMINIUM MANAGEMENT AGREEMENT

THIS AGREEMENT, dated the _____ day of _____, 19____, is made by and between LAS VERDES CONDOMINIUM ASSOCIATION, INC., a Florida corporation not-for-profit ("ASSOCIATION"), and GEMSTAR HOMES, INC., a Florida corporation ("MANAGER").

P R E A M B L E

ASSOCIATION is the condominium association which operates LAS VERDES, A CONDOMINIUM, (the "CONDOMINIUM"), created pursuant to the Declaration of Condominium thereof, recorded in Official Records Book _____, Page _____, of the Public Records of Broward County, Florida.

ASSOCIATION desires to retain the services of MANAGER as the manager of the CONDOMINIUM in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. DEFINITIONS. Unless the context otherwise requires, the terms used in this Agreement shall have the same meaning as are attributed to them in the Declaration of Condominium of the CONDOMINIUM. However, the term "DECLARATION" shall mean and refer to the Declaration of Condominium of the CONDOMINIUM, and all exhibits and amendments thereto.

2. AGENCY. ASSOCIATION hereby appoints MANAGER as the exclusive manager of the CONDOMINIUM, on an independent contractor basis and not as an employee of ASSOCIATION, and MANAGER hereby accepts the appointment, subject to the terms and conditions of this Agreement.

3. DUTIES OF MANAGER. MANAGER shall, on behalf of and as agent for and at the expense of ASSOCIATION, perform all services required in connection with the prudent day to day management and operation of the CONDOMINIUM. MANAGER agrees to provide and perform the services and duties required of it in a prudent manner, and shall manage and operate the CONDOMINIUM in accordance with the standards applicable to condominiums of similar size and character and, subject to the terms hereof, in compliance with the DECLARATION, the CONDOMINIUM ACT, and all other agreements pertaining to or governing the operation of the CONDOMINIUM, in compliance with the requirements of all controlling governmental authorities, and in compliance with reasonable directions made by ASSOCIATION from time to time. It shall be the duty and responsibility of MANAGER:

3.1. Not later than forty-five (45) days prior to the commencement date of each calendar year hereafter (if this Agreement is still in full force and effect), to submit to ASSOCIATION for the BOARD'S approval a proposed operating budget for the CONDOMINIUM, setting forth the estimated receipts and expenses relating to the CONDOMINIUM for the ensuing calendar year. The operating budget, as approved by the BOARD or as otherwise approved by the UNIT OWNERS pursuant to the CONDOMINIUM ACT, is hereinafter referred to as the "APPROVED BUDGET." From time to time during any calendar year, MANAGER may submit to ASSOCIATION for the BOARD'S approval revised budgets for the calendar year as and when revisions in the APPROVED BUDGET become necessary. MANAGER shall in good faith use its best efforts to implement the APPROVED BUDGET and shall be authorized, without the need for further approval of ASSOCIATION, to make the expenditures and occur the obligations provided for in the APPROVED BUDGET. In the event that a submitted budget is rejected by ASSOCIATION, MANAGER shall operate under the last APPROVED BUDGET on an item-by-item basis until a revised budget is approved.

3.2. To furnish or supply to the UNIT OWNERS and residents of the CONDOMINIUM any and all services or items required to be furnished or supplied by ASSOCIATION pursuant to the DECLARATION or the CONDOMINIUM ACT, and to handle UNIT OWNER requests and complaints.

3.3. To collect all ASSESSMENTS and other monies due ASSOCIATION from the UNIT OWNERS, and to take any and all action which is reasonable and prudent in connection with the collection of ASSESSMENTS and other monies from the UNIT OWNERS. In connection therewith, MANAGER is authorized to, in the name of ASSOCIATION, serve such notices as are deemed appropriate, execute and record

a claim of lien for the payment of ASSESSMENTS and other monies; institute and prosecute legal proceedings for the collection of ASSESSMENTS and other monies, and in connection therewith engage legal counsel, and where expedient settle, compromise, and release such actions or proceedings.

3.4. To advise ASSOCIATION promptly, with confirmation in writing, of the service upon or delivery to MANAGER of any summons, subpoena, or other legal document including, without limitation, notices, letters or other communications setting out or claiming an actual or alleged potential liability of ASSOCIATION or any violation of any statute, ordinance, law or other governmental rule or regulation.

3.5. To promptly notify ASSOCIATION of any actual or threatened condemnation which MANAGER has actual notice of and which may affect the CONDOMINIUM or the area in the general vicinity thereof.

3.6. To obtain and renew such permits and licenses as shall be necessary in connection with the management and operation of the CONDOMINIUM and to comply with all statutes, ordinances, laws, or other governmental rules or regulations.

3.7. To maintain the COMMON ELEMENTS and LIMITED COMMON ELEMENTS (except for portions to be maintained by the UNIT OWNERS as provided in the DECLARATION) in good condition, and in connection therewith to contract for repairs, maintenance, services, alterations, equipment, personal property, supplies and materials as may be reasonably necessary or appropriate.

3.8. To pay for all utilities for the CONDOMINIUM PROPERTY (except for utility services separately billed to the UNIT OWNERS), and to pay for any taxes for property owned by the ASSOCIATION.

3.9. To administer and supervise all contracts, and enforce the obligations of the contracting parties, for all services, labor and materials to be supplied to or for the CONDOMINIUM.

3.10. To establish and maintain in accordance with generally accepted accounting principles, consistently applied, accurate and complete books of account with proper entries of all receipts, income and disbursements pertaining to the CONDOMINIUM, which books of account shall be and remain the property of ASSOCIATION and shall be available to ASSOCIATION, and to all UNIT OWNERS and UNIT mortgagees, and their representatives, for inspection during regular business hours and upon reasonable notice, and to prepare and furnish financial reports and statements in accordance with provisions of Paragraph 8 of this Agreement.

3.11. To review all bills and statements received for services, work, supplies and other expenditures incurred by or on behalf of ASSOCIATION in connection with the maintenance, operation and ownership of the CONDOMINIUM and to pay or cause to be paid in a timely fashion all such expenses, and all other obligations of ASSOCIATION, unless otherwise directed by ASSOCIATION.

3.12. To purchase hazard, liability and other insurance in connection with the CONDOMINIUM as MANAGER reasonably deems necessary to protect ASSOCIATION'S interests, but not less than the coverage and limits of liability required by the DECLARATION, the CONDOMINIUM ACT, or otherwise established by ASSOCIATION in writing from time to time. All insurance policies shall name MANAGER as an additional insured. MANAGER shall have the power and authority to settle and compromise claims against insurance companies, provided however that in the event any settlement would be insufficient to cover any loss incurred or claim against ASSOCIATION for which the insurance proceeds are payable (exclusive of any deductible) MANAGER shall not settle or compromise such claim without the prior written consent of ASSOCIATION.

3.13. To provide estoppel certificates at the request of any UNIT OWNER or UNIT mortgagee, indicating any ASSESSMENTS or other monies owed to the ASSOCIATION by any UNIT OWNER.

3.14. To keep a current list of all UNIT OWNERS, and their names and addresses.

3.15. To assist ASSOCIATION in calling annual meetings of its members, and any other member meetings called pursuant to the DECLARATION, the CONDOMINIUM ACT, or by law.

3.16. To retain attorneys and accountants whose services may be required in connection with the management and operation of the CONDOMINIUM.

3.17. To perform any and all other acts, and to take any and all other action, reasonably necessary or appropriate in the day to day management and operation of the CONDOMINIUM.

3.18. The schedule shown on Exhibit "A" attached hereto sets forth a summary of the services to be performed hereunder, an estimate of how often each service is to be performed, the cost basis of each service, and the approximate percentage of the management fees allocated to each service.

4. LIMITATIONS ON AUTHORITY. Notwithstanding anything contained herein to the contrary, without the prior written consent of ASSOCIATION, MANAGER shall not:

4.1. Execute any contract, purchase or pay for any item or thing, or incur any indebtedness on behalf of ASSOCIATION, exceeding in any instance the sum of \$2,500.00, except where the expense to be incurred is specifically provided for in an APPROVED BUDGET and except in the case of an emergency, in which case MANAGER shall promptly notify ASSOCIATION of the expense.

4.2. Enter into any contract or agreement for continuing or periodic services to be rendered over a period of time exceeding thirty (30) days which is not terminable upon thirty (30) days written notice by ASSOCIATION.

4.3. Sell, transfer, assign or encumber the CONDOMINIUM or any portion of the CONDOMINIUM.

5. EXTRAORDINARY SERVICES. The parties acknowledge that the services to be performed by MANAGER hereunder only include the normal and customary activities associated with the day-to-day management and operation of the CONDOMINIUM, and do not include extraordinary services such as:

5.1. Activities associated with the repair or reconstruction of the CONDOMINIUM or any portion thereof after damage or destruction by casualty;

5.2. Activities associated with substantial renovation and remodeling;

5.3. Compliance with new governmental requirements that may impose extraordinary burdens upon MANAGER;

5.4. Any activities relating to the enforcement of the provisions of the DECLARATION or the CONDOMINIUM ACT against any UNIT OWNER, or against the DEVELOPER, other than the enforcement of the payment of ASSESSMENTS and other monies;

5.5. Any actions associated with the approval or disapproval of any sale, transfer or lease of a UNIT by ASSOCIATION, or the exercise or nonexercise of any right of first refusal in connection with the sale, transfer or lease of a UNIT by the ASSOCIATION.

Notwithstanding the foregoing, MANAGER may agree to perform such services on behalf of ASSOCIATION by written agreement of the parties, for an additional fee to be agreed upon.

6. BANK ACCOUNTS. All monies received by MANAGER for or on behalf of ASSOCIATION shall be deposited in a special bank account to be maintained by MANAGER. Monies held by MANAGER for ASSOCIATION'S account shall in no event be commingled with MANAGER'S own funds or with funds held by MANAGER for the account of other parties, and all such funds so held for ASSOCIATION'S account shall be deemed trust funds in the hands of MANAGER. All reserves provided by the APPROVED BUDGET shall be funded in a special interest bearing reserve account, unless such reserves are reduced or waived by the UNIT OWNERS.

7. EXPENSES. Except as otherwise provided in this Agreement, all expenses of any kind or nature which are incurred or to be incurred in connection with the operation, maintenance, repair, or improvement of the CONDOMINIUM, or any other expenses relating to the CONDOMINIUM, shall be the sole responsibility of ASSOCIATION, and ASSOCIATION agrees to indemnify and hold MANAGER harmless from claims of any nature involving such expenses. In the event ASSOCIATION fails to pay any expense in connection with the CONDOMINIUM, MANAGER shall have the right but not the obligation to pay for such expense, in which event ASSOCIATION shall reimburse MANAGER in full within ten (10) days of such demand.

8. FINANCIAL REPORTS. MANAGER shall prepare and furnish to ASSOCIATION, and to each UNIT OWNER, annual financial reports as required by and in accordance with Section 718.111 of the CONDOMINIUM ACT, and as otherwise required by the DECLARATION. In addition, at the request of ASSOCIATION, MANAGER will provide to ASSOCIATION, not more frequently than monthly, a detailed statement of all cash receipts and disbursements received and made during the preceding month in connection with the CONDOMINIUM, together with a list of all accounts payable and receivable as of the last day of the month, and a statement of income and expenses showing the results of operations cumulatively from the beginning of the calendar year through the end of the month.

9. COMPENSATION. In consideration for the performance of its duties hereunder, MANAGER shall be entitled to receive and ASSOCIATION shall pay MANAGER a management fee equal to \$9.00 per month for each UNIT in the CONDOMINIUM, which fee shall be due and payable on the first day of each month during the term of this Agreement based upon the number of UNITS existing within the CONDOMINIUM as of such day.

MANAGER's fee shall be net of any and all costs and expenses incurred by MANAGER in connection with and pursuant to this Agreement, provided however that MANAGER shall bear the cost of its own overhead for the office of MANAGER and the salaries of its own officers and employees, except as elsewhere provided.

10. EMPLOYEES. MANAGER shall have the right to utilize its own employees in connection with the performance of maintenance and other services for the CONDOMINIUM, and in that event MANAGER shall have the right to charge ASSOCIATION a reasonable fee for such services, based upon the amount that independent contractors would charge for similar services.

11. TERM.

11.1. The term of this Agreement shall be for a period of one (1) year, commencing on the date of the closing of the first UNIT, and shall be automatically extended for successive one-year terms, unless either party elects not to extend this Agreement by delivering written notice to the other party at least ninety (90) days prior to the expiration of any such one-year term, or unless this Agreement is otherwise terminated.

11.2. This Agreement may be terminated by either party at any time upon not less than 90 days written notice to the other, and shall be deemed terminated at such time as a majority of the Directors of ASSOCIATION are elected by UNIT OWNERS other than the DEVELOPER of the CONDOMINIUM, unless MANAGER agrees in writing with ASSOCIATION to continue the term of this Agreement thereafter.

11.3. Upon termination of this Agreement for any reason, MANAGER shall deliver to ASSOCIATION all accounting records, files and other documents relating to the CONDOMINIUM, and all funds of ASSOCIATION then remaining in MANAGER'S possession, together with such authorizations and letters of direction addressed to the UNIT OWNERS, suppliers, employees, banks and other parties as ASSOCIATION may reasonably require; and MANAGER shall cooperate with ASSOCIATION in the transferring of management responsibilities to ASSOCIATION or its designee. A final accounting of unpaid management fees, if any, due to agent hereunder shall be made within thirty (30) days after the effective date of termination.

12. INDEMNIFICATION. ASSOCIATION agrees to indemnify and hold MANAGER harmless from and against any and all claims, costs, damages, liabilities, and expenses of any kind or nature whatsoever, including attorneys' and court costs, arising out of the management or operation of the CONDOMINIUM, or from damages for injuries to persons or property resulting from any cause whatsoever in, on or about the CONDOMINIUM and, at ASSOCIATION'S cost and expense, to defend any action or proceeding against MANAGER arising therefrom. Notwithstanding the foregoing, ASSOCIATION shall not be required to indemnify MANAGER against claims or damages suffered as a result of the negligence or willful misconduct of MANAGER, or any willful violation of MANAGER of any applicable statute, ordinance, law or governmental rule or regulation, or any act outside of the authority granted MANAGER pursuant to this Agreement on the part of MANAGER, and MANAGER agrees to indemnify and hold ASSOCIATION harmless from and against all claims and damages arising out of the foregoing, including ASSOCIATION'S attorneys' fees and court costs.

13. NOTICE. All written notices to be given pursuant to this Agreement shall be given in writing. Notice by certified mail, return receipt requested, shall be effective the day after mailing, and notice by any other means shall only be effective upon receipt by the party being notified.

14. LATE FEES AND INTEREST. MANAGER shall have the right to retain all or any portion of any late fee or interest due on ASSESSMENTS or other monies owed to the ASSOCIATION as provided in the DECLARATION. Any sums paid to MANAGER under the provisions of this Paragraph shall be over and above MANAGER'S fee provided by this Agreement.

15. OPERATIONS OF MANAGER. MANAGER shall determine, in its sole discretion, all activities and programs to be carried on by MANAGER, and shall employ the personnel required therefore as it determines necessary in its sole discretion.

16. NON-INTERFERENCE BY ASSOCIATION. ASSOCIATION shall not interfere, nor permit or cause any of its directors, officers or members to interfere, with MANAGER in the performance of its duties or the exercise of any of its powers hereunder.

17. OTHER CONDOMINIUMS OPERATED BY MANAGER. The parties recognize that MANAGER may be performing similar services to the services performed hereunder for other condominium or homeowners associations, and to require MANAGER to cost account with respect to such other associations and ASSOCIATION as to other properties managed by MANAGER would substantially increase the costs of administration hereunder, the burden of which is partly that of ASSOCIATION. Accordingly, MANAGER is hereby granted the power to allocate to ASSOCIATION its appropriate and fair share of such costs and expenses, including wages and salaries of MANAGER'S employees performing the services required hereunder, as are common to ASSOCIATION and any/or all other condominium or homeowners associations, on such basis as MANAGER deems fair and equitable.

18. RIGHT TO ENFORCE THE DECLARATION. MANAGER shall have the right to enforce all of the terms and conditions of the DECLARATION, and the rules and regulations of ASSOCIATION, against any UNIT OWNER or resident of the CONDOMINIUM, although as herein provided MANAGER shall not have the duty to do so.

19. CONFLICT WITH THE CONDOMINIUM ACT OR THE DECLARATION. The delegation of any power and/or duty to MANAGER which is not permitted as a matter of law shall be deemed to be deleted herefrom with the same force and effect as though the delegation of power and/or duty had not appeared herein, and such delegation shall not affect the validity of the remainder of this Agreement. Applicable provisions of the DECLARATION shall be deemed paramount to the terms and provisions of this Agreement and, where applicable, the terms and provisions of this Agreement shall be deemed amended to comply with the foregoing.

20. ASSIGNMENT. Neither party shall have the right to assign this Agreement, or any rights or obligations herein, without the prior written consent of the other party.

21. BINDING EFFECT. This Agreement is binding upon the successors and assigns of the parties hereto.

22. COMPLETE AGREEMENT. This Agreement constitutes the complete Agreement of the parties, and no prior written or oral agreements or understandings shall be of any force or effect.

23. ATTORNEYS' FEES. In the event either party commences litigation in order to enforce its rights hereunder, the prevailing party in such litigation shall be entitled to recover its costs and reasonable attorneys' fees from the other party.

24. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with the laws of the State of Florida.

25. AMENDMENTS. All amendments or modifications to this Agreement shall be in writing and signed by the parties, and no oral amendments or modifications shall be enforceable.

26. CAPTIONS. Captions utilized in this Agreement are for reference purposes only and shall not be used to interpret, limit or define the terms and provisions of this Agreement.

27. DEVELOPER'S INTEREST. It is acknowledged that the DEVELOPER of the CONDOMINIUM and the MANAGER are affiliated, and the DEVELOPER has an ownership or financial interest in MANAGER.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates indicated below.

WITNESSES:

ASSOCIATION:

LAS VERDES CONDOMINIUM ASSOCIATION,
INC., a Florida corporation not-for-profit

By: _____
Its

MANAGER:

GEMSTAR HOMES, INC., a Florida
corporation

By: _____
Its

EAS/LASVERDE.MGT
1/15/90

EXHIBIT "A"

THE MANAGEMENT FIRM shall employ a minimum of one (1) part-time employee to perform and/or supervise the performance of the services of the MANAGEMENT FIRM pursuant to the MANAGEMENT AGREEMENT.

<u>Services to be performed and/or supervised by Management Firm pursuant To Paragraph 3</u>	<u>To Be Performed</u>	<u>Cost Basis</u>	<u>Percentage of Each Unit's Annual Management Fee to be Allocated to Each Service**</u>
Prepare operating budget	Annually	None	3
Furnish Unit Owner services and handle requests and complaints	As Required	Actual Cost Incurred	3
Collect assessments	Monthly	Actual Cost Incurred	10
Advise Association of legal proceedings	As Required		1
Advise Association of condemnation	As Required		1
Obtain and renew permits and licenses and comply with laws	As Required	Actual Cost Incurred	1
Maintain Condominium property	Monthly, more often if necessary	Actual Cost Incurred	30
Pay for Utilities	Monthly	Actual Cost Incurred	4
Administer and supervise Contracts	As Required		10
Maintain books and records	As Required	Actual Cost Incurred	15
Review and pay bills and statements	Monthly, more often if necessary	Actual Cost Incurred	5
Purchase Insurance	Annually, more often if necessary	Actual Cost Incurred	4
Provide estoppel certificates for Unit Owners	As Required		2
Keep current list of Unit Owners	As Required		2
Assist in calling member meetings of Directors	Annually, more often if necessary		2
Retain attorneys and accountants	As Required	Actual Cost Incurred	2
Perform any and all other acts in connection with management	As Required	Actual Cost Incurred	<u>5</u>
			100%

**The percentages shown in this column are the percentages of the total Management Fee allocated to each service performed by the Management Firm. Percentages were used rather than specific dollar amounts. The foregoing only relates to the services supervised or performed by the Management Firm for and in consideration of the fee paid it under the Management Agreement. For the estimated costs of maintaining, operating and administering the Condominium, reference should be made to the budgets for the Condominium and the Condominium Association.