

EXHIBIT "C"

BY-LAWS

OF THE

CASA BELLA NEIGHBORHOOD ASSOCIATION, INC.

1. IDENTITY. These are the By-laws of Casa Bella Neighborhood Association, Inc. (the "Association"), a nonprofit Florida corporation formed for the purpose of administering the common areas of Casa Bella at Hammock Dunes (the "Neighborhood") within the development of Hammock Dunes which will be located in Flagler County, Florida, upon the land described in Exhibit "A" to the Declaration of Covenants and Restrictions for Casa Bella at Hammock Dunes. For convenience, these By-Laws shall be referred to as the "By-Laws" and the Articles of Incorporation of the Association as the "Articles". Capitalized terms not otherwise defined in these By-Laws shall have the definitions and meanings ascribed to such terms in the Declaration. The term "Governing Documents" means the Declaration, the Articles of Incorporation of the Association, these By-laws, the rules and regulations of the Association and all duly authorized and recorded amendments, supplements, and recorded exhibits to any of the foregoing.

1.1. OFFICE. The principal office of the Association is 24301 Walden Center Drive, Suite 300, Bonita Springs, Florida or such other location within Flagler or (prior to turnover) Lee County, Florida as may from time to time be determined by the Board of Directors.

1.2. FISCAL YEAR. The fiscal year of the Association shall be the calendar year, unless otherwise determined by the Board of Directors.

1.3. SEAL. The seal of the Association shall be circular in shape, bear the abbreviated name of the Association, the word Florida," and the year of establishment, 20__.

1.4. QUALIFICATION FOR MEMBERSHIP. All Owners of record of a Unit shall be Members of the Association. Accordingly, membership in the Association may be transferred only as an incident to the transfer of the transferor's Unit. Transfer of ownership of a Unit, either voluntarily or by operation of law, shall automatically terminate membership, and the transferee shall automatically become a Member of the Association.

2. MEMBERS' MEETINGS

2.1. ANNUAL MEETINGS. Annual meetings of the Members shall be held at a convenient location determined by the Board of Directors, from time to time, no later than the month of April each year, in conjunction with the election of Directors and for transacting any business authorized to be transacted by the Members.

2.2. SPECIAL MEETINGS. Special meetings of the Members shall be held whenever called by the President, Vice President or by a majority of the Board of Directors and when requested by written petition signed and dated from at least 25% of the Association voting

interests. Such petition shall state the purpose(s) of the meeting. The business at a special meeting requested by petition shall be limited to the items specified in the petition and contained in the notice of the meeting.

2.3. NOTICE OF MEMBERS' MEETINGS. The Association shall give all Members actual notice of all membership meetings, which shall be mailed, delivered or electronically transmitted to each Member not less than 14 days prior to the meeting. Evidence of compliance with this 14 day notice shall be made by an affidavit executed by the person providing the notice and filed upon execution in the official records of the Association. The Association may also adopt a procedure for conspicuously posting and repeated broadcasting the notice and 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.

2.4. BOARD ELECTION MEETINGS; NOTICE AND PROCEDURE. The regular or general election shall occur at the time and place at which the annual meeting is scheduled to occur, regardless of whether a quorum is present.

2.4.1. Not less than 60 days before a scheduled election, the Association shall mail or deliver, whether by separate Association mailing or included in another Association mailing or delivery, including regularly published newsletters, to each Member entitled to vote, the first notice of the date of the election. It must contain the name and correct mailing address of the Association. Any Member or other eligible person desiring to be a candidate for the board of administration may nominate himself or herself and must give written notice to the Association not less than 40 days before a scheduled election. The Association shall then mail or deliver a second notice of the election to all Members entitled to vote therein not less than 14 days before the scheduled election, together with a limited proxy which shall list all candidates. The Director voting portion of the proxy shall be a limited proxy directing the proxy holder which candidate or candidates to vote for. Upon request of a candidate, the Association shall include an information sheet which must be furnished by the candidate not less than 35 days before the election, on one side of a sheet, no larger than 8½ inches by 11 inches, with the costs of copying and mailing to be borne by the Association. The Association shall not edit, alter, or otherwise modify the content of the information sheet and shall have no liability for its contents.

2.4.2. At least 20 percent of the eligible voting interests must be present in person or by proxy and must cast a valid ballot to have a valid election and elections shall be decided by a plurality of those votes cast.

2.4.3. An election and balloting are not required unless more candidates file notices of intent to run or are nominated than vacancies exist on the Board.

2.5. NOTICES SPECIFIC. All notices of meetings shall state clearly and particularly the time, place, and purpose or purposes of the meeting and shall incorporate an identification of agenda items.

2.6. QUORUM. Except as otherwise provided in these By-Laws, a quorum of Members shall be attained by the presence, either in person or by proxy (limited or general), of Voting Members entitled to cast at least 30% of the total votes of the Members at a duly called meeting of the Members. As long as there is a Class "B" Member, no quorum can exist or be attained unless the Class "B" Member is present or the Class "B" Member has waived, in writing, its presence. After a quorum is established at a duly called meeting Voting Members may continue to accomplish the business of the meeting until adjournment, notwithstanding the withdrawal during the meeting of enough Class "A" Voting Members to leave less than a quorum. If any meeting of Members cannot be organized because a quorum is not present, the Voting Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than one (1) day, nor more than thirty (30) days, from the time the original meeting was called. Such adjourned meetings may be held only upon a new notice thereof as provided in **Section 2.3**, except that notice shall be given by announcement at the meeting at which such adjournment is taken. If a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of an original meeting.

2.7. OWNER PARTICIPATION. Members have the right to attend all membership meetings. Subject to the written reasonable rules of the Association governing the frequency, duration and other manner of Member statements (which rules must be consistent with Florida Statutes Section 720.306(6)), Members have the right to speak for at least 3 minutes at any membership meeting with reference to all items opened for discussion or included on the agenda, provided that the Member submits a written request to speak prior to the meeting.

2.8. VOTING RIGHTS. The Association shall have two (2) classes of Members. The voting rights of each Member are set forth in the Declaration.

2.9. MAJORITY VOTE. The acts approved by a "majority of the Voting Members" (as subsequently defined) shall be binding upon all Members for all purposes, except where otherwise provided by law or the Governing Documents. As used in the Governing Documents, the terms "majority of the Owners," "majority of the Voting Members" and "majority of the voting interests" shall mean a majority of the votes entitled to be cast by the Voting Members present in person or by proxy at any duly called meeting of the Members at which a quorum shall have been attained and shall not mean a majority of the total number of Voting Members, or a majority of the Units or Unit Owners themselves or a majority of the total aggregate membership. Similarly, if some greater percentage of Voting Members is required in any Governing Document, it shall mean such greater percentage of the votes of Voting Members and not of the Voting Members themselves.

2.10. FIXING RECORD DATE. For the purpose of determining those Members entitled to notice of or to vote at any meeting of Members, or in order to make a determination of Members for any other purpose, the Board of Directors shall fix in advance a date as the record date for such determination ("Record Date"). The Record Date shall not be more than seventy (70) days prior to the date on which the particular action requiring such determination of Members is to be taken. When a determination of Members entitled to vote at any meeting has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new Record Date for the adjourned

meeting, which it must do if the meeting is more than 90 days after the date fixed for the original meeting.

2.11. ROSTER OF OWNERS. Each Member shall deliver to the Association a copy of the deed or other evidence of ownership of his, her or its Unit. Based on this information, the Association shall maintain a roster of Members, their Unit numbers, addresses and telephone numbers, if known. The Association may rely upon the accuracy of such information for all purposes until notified in writing of any changes in the identity of the Member or his address. Only Members reflected on the membership roster as of the Record Date shall be entitled to notice of and to vote at a meeting, unless prior to such meeting the Member shall produce adequate evidence of ownership of a Unit and shall waive in writing notice of such meeting.

2.12. VOTING MEMBER. The record ownership of each Unit shall be established by reference to the membership roster as of the Record Date for purposes of determining the Voting Member to respect to that Unit. If a Unit is owned by one person, that person shall be deemed to be the Voting Member for such Unit unless the Owner has filed a Voting Certificate designating another person as Voting Member for such Unit. If a Unit is owned by more than one person (including husbands and wives), those persons shall have the right to decide among themselves who shall act as the Voting Member for the Unit and the Voting Member shall be designated in a certificate signed by all record owners and filed with the Association. In the event that those persons cannot or do not so decide to file a certificate in the foregoing manner, then they shall be governed by the terms of **Section 3.7**. If a Unit is owned by a corporation, general partnership, limited partnership or trust, the Voting Member shall be designated in a certificate signed by the corporation's president or vice president, the general partnership's partners, the limited partnership's general partner, the limited liability company's manager or managing member or all of the trust's trustee, as the case may be. The certificate shall be filed with the Secretary of the Association. Those certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the vote for a Unit may be revoked by any record owner of an undivided interest in the Unit.

2.13. FAILURE TO FILE CERTIFICATE DESIGNATING THE VOTING MEMBER.

2.13.1. Generally. If the record owner of a Unit (other than the Declarant) was required but failed to file a certificate as provided in **Section 3.6**, such Owner shall not be considered the Voting Member for purposes of determining whether a quorum has been attained at the meeting, nor shall such Owner be permitted to vote at meetings of the Members on any issue.

2.13.2. Voting by Co-Owners. If a Unit is owned by more than one person and the co-owners have elected not to file a certificate designating one of them as a Voting Member, the presence (in person or by proxy) of any one or all of them at a meeting of the Members shall be considered to be the presence of a Voting Member for purposes of determining whether a quorum has been attained at the meeting. If a dispute arises between the co-owners as to how the vote shall be cast, they shall lose the right to cast their vote on the matter being voted

upon, but their vote shall be continued to be counted for the purpose of determining the existence of a quorum.

2.14. PROXIES. Votes may be cast in person or by proxy. Proxies shall be in writing, signed and dated and shall be valid only for the particular meeting designated therein or an adjournment thereof, but in no event for more than ninety (90) days, and must be filed with the Secretary before or at the voter registration immediately preceding the meeting. A photographic, photostatic or equivalent reproduction of a proxy is a sufficient proxy.

2.15. ORDER OF BUSINESS. The order of business at annual members' meetings and, as far as applicable at all other members' meetings, may be:

- (a) Election of a Chairman of the meeting, unless the President or Vice President of the Association is present, in which case he (or she) shall preside.
- (b) Checking of proxies and signatures and unit identifications against the eligible voter lists.
- (c) Registering proxies and counting votes.
- (d) Proof of Notice of meeting or waiver of notice.
- (e) Calling of the roll.
- (f) Reading and disposal of any unapproved minutes.
- (g) Reports of Directors.
- (h) Reports of Committees.
- (i) Announcement of the results of the election of Directors.
- (j) Unfinished business.
- (k) New business.
- (l) Adjournment.

3. BOARD OF DIRECTORS

3.1. NUMBER, TERM, AND QUALIFICATIONS. The affairs of the Corporation shall be governed initially by a Board composed of three persons appointed by the Declarant. The Declarant-appointed Board may be, at the Declarant's option, expanded to five persons. The Board, after turnover of control by the Declarant, may consist of three, five or seven Directors as may be determined from time to time by the voting interests of the Association. All non-Declarant Directors shall be Members or spouses of Members. All officers of a corporation, trust, partnership or other such owner shall be deemed to be Members so as to be eligible for Board membership. Directors shall be elected by the voting interests as to regular or general elections at the time and place at which the annual meeting is scheduled to occur regardless of whether a quorum to convene the annual meeting is present, except for Declarant-appointed Directors. At and after turnover, Directors of the Board shall be elected for staggered two years terms. At the election held in conjunction with turnover, a majority shall be elected for two (2) years and the balance elected for one (1) year to provide continuity. Those persons receiving the highest number of votes shall serve the two year terms. In the event of a tie, for a designated position on the Board the tie shall be resolved by agreement of the candidates, if possible; otherwise the winning Director shall be chosen in a blind drawing.

3.2. TERM OF SERVICE. The term of each Director's service, except in the case of a vacancy caused by recall, shall extend until their elected term is completed and thereafter until their successor is duly elected and qualified or until the Director is recalled by a majority of the voting interests. A seat held by a Director who ceases to be an owner shall thereby automatically become vacant.

3.3. BOARD VACANCIES. Vacancies in the Board of Directors caused by any reason other than the removal of a director as set forth in **Subsection 3.4** below shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Members of the Association, or at a special meeting of the Members called for that purpose. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any director, increases in the size of the Board or in case the Voting Members fail to elect the full number of authorized directors at any meeting at which such election is to take place.

3.4. REMOVAL OF DIRECTORS.

3.4.1. Any Board Director may be recalled and removed from office with or without cause by the vote of a majority of the total voting interests.

3.4.2. Board Directors may be recalled by an agreement in writing or by written ballot without a membership meeting. The agreement in writing or the written ballots, or a copy thereof, shall be served on the Association by certified mail or by personal service in the manner authorized by Chapter 48 of the Florida Statutes and the Florida Rules of Civil Procedure. The agreement in writing or ballot shall list at least as many possible replacement directors as there are directors subject to the recall, when at least a majority of the Board is sought to be recalled; the person executing the recall instrument may vote for as many

replacement candidates as there are directors subject to the recall. The Board shall duly notice and hold a meeting of the Board within five (5) full business days after receipt of the agreement in writing or written ballots. At the meeting, the Board shall either certify the written ballots or written agreement to recall a Director or Directors of the Board, in which case such Director or Directors shall be recalled effective immediately, or proceed as described in **Subsection 3.4.4**. Any rescission or revocation of a Member's written recall ballot or agreement must be in writing and, in order to be effective, must be delivered to the Association before the Association is served with the written recall agreements or ballots. In no event is a written agreement or written ballot valid for more than 120 days after it has been signed by the Member.

3.4.3. The Members may also recall and remove a Director or Directors of the Board by a vote taken at a meeting. A special meeting of the Members to recall a Director or Directors of the Board may be called by ten percent (10%) of the voting interests giving notice of the meeting as required for a meeting of the membership, and the notice shall state the purpose of the meeting. Electronic transmission may not be used as a method of giving notice of a meeting called in whole or in part for this purpose. The Board of Directors shall duly notice and hold a meeting of the Board within five (5) full business days after the adjournment of the Member meeting to recall one or more Directors. At the meeting, the Board shall either certify the recall, in which case such Director or Directors shall be recalled effective immediately, or proceed as set forth in **Subsection 3.4.4**.

3.4.4. If the Board determines not to certify the written agreement or written ballots to recall a Director or Directors of the Board or does not certify the recall by a vote at a meeting, the Board shall, within five (5) full business days after the meeting, file with the State of Florida Department of Business and Professional Regulations (the "Department") a petition for binding arbitration pursuant to the applicable procedures in Sections 718.1255 and 718.112(2)(j) of the Condominium Act and the applicable Florida Administrative Code rules. For the purposes of this section, the Members who voted at the meeting or who executed the agreement in writing shall constitute one party under the petition for arbitration. If the arbitrator certifies the recall as to any Director or Directors of the Board, the recall will be effective upon mailing of the final order of arbitration to the Association.

3.4.5. When the recall of more than one Director is sought, the written agreement, ballot, or vote at a meeting shall provide for a separate vote for each Director sought to be recalled.

3.4.6. Any Director or Directors so recalled shall deliver to the Board any and all records of the Association in their possession within five (5) full business days after the effective date of the recall.

3.4.7. If a vacancy occurs on the Board of Directors as a result of a recall and less than a majority of the Board of Directors are removed, the vacancy may be filled by the affirmative vote of a majority of the remaining Directors. If vacancies occur on the Board of Directors as a result of a recall and a majority or more of the Board of Directors are removed, the vacancies shall be filled by Members voting in favor of the recall; if removal is at a meeting, any vacancies shall be filled by the Members at the meeting. If the recall occurred by agreement in writing or by written ballot, Members may vote for replacement directors in the same instrument

in accordance with procedural rules adopted by the Division of Florida Land Sales, Condominium, and Mobile Homes in the Department of Business and Professional Regulations, which rules need not be consistent with this subsection.

3.4.8. If the Board fails to duly notice and hold a meeting of the Board within five (5) full business days after service of an agreement in writing or within five (5) full business days after the adjournment of the Member recall meeting, the recall shall be deemed effective and the Director or Directors so recalled shall immediately turn over to the Board all records and Property of the Association.

3.4.9. A Director who has been recalled by the membership may not be appointed to fill the vacancy created by his or her removal.

3.4.10. A Director elected or appointed to fill a vacancy shall be elected or appointed for the remaining term of the seat being filled.

The minutes of the meeting of the Board at which the Board decides whether to certify the recall are an official association record. The minutes must record the date and time of the meeting, the decision of the Board, and the vote count taken on each Director subject to the recall. In addition, when the Board decides not to certify the recall as to each vote rejected, the minutes must identify the parcel number and the specific reason for each such rejection.

3.5. ORGANIZATIONAL MEETING. The organizational meeting of each newly elected Board of Directors to elect officers shall be held at such place and time as shall be fixed by the Directors, provided a quorum shall be present. Unless otherwise noticed, it shall be held immediately following the annual meeting. Election of officers may be by secret ballot.

3.6. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings, unless noticed previously, shall be given to each Director personally or by mail, telephone or facsimile at least forty-eight (48) hours prior to the day named for such meeting.

3.7. 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 any two (2) Directors. Not less than forty-eight (48) hours notice of the meeting (except in an emergency) shall be given personally or by mail, telephone or telecopier, which notice shall state the time, place and purpose of the meeting.

3.8. WAIVER OF NOTICE. Any Director may waive notice of a meeting before, at or after the meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at a meeting shall constitute waiver of notice of the meeting.

3.9. NOTICE TO OWNERS.

3.9.1. Notices of Directors meetings, and meetings of committees to make recommendations regarding the Association budget or which have the authority to take final action on behalf of the Board, shall be posted in a conspicuous place in the Neighborhood at

least 48 hours in advance for the attention of Members, except in an emergency. Notices shall specifically incorporate an identification of agenda items. All other committee meetings are exempt from this section. Upon prior notice to the Members, the Board shall by duly adopted rule designate a specific location on the Association property upon which all notices of Board meetings shall be posted.

3.9.2. If there is no conspicuous place within the Neighborhood upon which notices can be posted, notices of Board of Directors meetings shall be mailed, delivered or electronically transmitted to each Member at least seven (7) days before the meeting, except in an emergency. In lieu of or in addition to the physical posting of notice of any meeting of the Board within the Neighborhood, 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. However, if broadcast notice is used in lieu of a notice posted physically in the Neighborhood, the notice must be broadcast at least four times every broadcast hour of each day that a posted notice is otherwise required by this **Section 3.9**. 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.

3.9.3. An assessment may not be levied at a board meeting unless a written notice of the meeting is provided to all Members at least 14 days before the meeting, which notice includes 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 or at which amendments to rules regarding parcel use will be considered must be mailed, delivered or electronically transmitted to the Members and parcel owners and posted conspicuously on the property or broadcast on closed-circuit television not less than 14 days before the meeting. Rules that regulate the use of Units and/or parcels in the Neighborhood may not be adopted, amended or revoked at a Board meeting unless such 14 day advance written meeting notice is provided, which notice must include a statement that changes to the rules regarding the use of parcels will be considered at the meeting.

3.10. AGENDA BY PETITION. If 20 percent of the total voting interests petition the Board to address an item of business, the Board shall at its next regular Board meeting or at a special meeting of the Board, but not later than 60 days after the receipt of the petition, take the petitioned item up on an agenda. The Board shall give all Members notice of the meeting at which the petitioned item shall be addressed in accordance with the 14-day notice requirement pursuant to **Subsection 3.9.3**. Other than addressing the petitioned item at the meeting, the Board is not obligated to take any other action requested by the petition.

3.11. OWNER PARTICIPATION. Meetings of the Board of Directors and any committee thereof required to give notice pursuant to **Section 3.9** above, at which a quorum of the members of that committee are present, shall be open to all Members; provided, however, Members shall not be privileged to attend: (i) meetings between the Board and its attorney with respect to proposed or pending litigation or adversarial administrative proceedings or seeking or rendering legal advice where the discussion would otherwise be governed by attorney/client privilege; or (ii) meetings between the Board or a committee and the Association's attorney, with respect to meetings of the Board held for the purpose of discussing personnel matters. Subject to

the reasonable rules of the Association governing the frequency, duration and other manner of Member statements (which rules must be consistent with Florida Statutes Section 720.303(2)), each Member has the right to speak for at least 3 minutes at any Board of Director meeting with reference to any matter placed on the agenda by petition of the voting interests as provided in **Section 3.10** above, provided that the Member signs the sign-up sheet, if one is provided, or submits a written request to speak prior to the meeting.

3.12. BOARD MEETINGS, QUORUM AND VOTING. A quorum at Directors' Meetings shall consist of a majority of the Directors. The acts approved by a majority of Directors present at a meeting at which a quorum is present shall constitute the acts of the Board. Directors may not vote by proxy or by secret ballot at Board meetings, except as may be provided by Law from time to time, and a vote or abstention for each Member present shall be recorded in the minutes. If at any meeting of the Board there be less than a quorum present, the Director(s) present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, which must be properly noticed, any business which might have been transacted at the meeting as originally called may be transacted. Absent Directors may later sign written concurrence in Board actions, but such joinders may not be used as a vote for or against the action taken or for purposes of creating a quorum.

3.13. PRESIDING OFFICER. The presiding officer at Directors' meetings shall be the President if such an officer has been elected; and if none, then the Vice President shall preside. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

3.14. DIRECTOR COMPENSATION. Directors shall serve without pay unless the voting interests annually authorize Director's fees, but shall be entitled to reimbursement for expenses reasonably incurred.

4. POWERS AND DUTIES OF THE BOARD OF DIRECTORS. All of the powers and duties of the Association existing under the Florida Not-For-Profit Corporation Statute and the Governing Documents, as such documents may be established and amended from time to time, shall be exercised exclusively by the Board of Directors, or its duly authorized agents, contractors, or employees subject only to the approval by Members when such is specifically required. Such powers and duties of the Directors shall include, but shall not be limited to, the following:

4.1. TO ADOPT BUDGETS, BORROW MONEY AND MAKE AND COLLECT ASSESSMENTS AND FEES from and against owners and users to defray the expenses of the Association.

4.2. TO USE THE PROCEEDS OF ASSESSMENTS in the exercise of its powers and duties.

4.3. THE MAINTENANCE, REPAIR, REPLACEMENT AND OPERATION of the Association Common Areas.

4.4. TO ENACT RULES AND REGULATIONS concerning the use of the Association Common Areas and facilities.

4.5. TO RECONSTRUCT COMMON AREA IMPROVEMENTS AFTER CASUALTY and the further improvement of the properties.

4.6. TO APPROVE OR DISAPPROVE PROPOSED ACTIONS in the manner provided by the Governing Documents.

4.7. TO ENFORCE by legal means the provisions of applicable laws and the Governing Documents.

4.8. TO CONTRACT FOR MANAGEMENT of the Association.

4.9. TO CARRY INSURANCE for the protection of the Members, users and the Association.

4.10. TO PAY THE COST OF ALL UTILITY SERVICES rendered to the Association.

4.11. TO EMPLOY PERSONNEL and designate other officers for reasonable compensation and grant them such duties as seem appropriate for proper administration of the purposes of the Association.

4.12. TO BRING AND DEFEND SUITS, MAKE AND EXECUTE CONTRACTS, DEEDS, MORTGAGES, LEASES, LICENSES and other instruments by its officers and to purchase, own, lease, convey and encumber real and personal property. To grant easements and licenses over the Association property necessary or desirable for proper operation of the Association.

4.13. TO COMPLY WITH REQUIREMENTS FOR ENTERING CONTRACTS FOR PRODUCTS AND SERVICES. All contracts for the purchase, lease or renting of materials or equipment or for services, or which are not to be fully performed within one year, shall be in writing. As to any such contract which requires payment exceeding 10 percent of the total annual budget of the Association including reserves (except for contracts with employees of the Association, and contracts for attorneys, accountants, community association managers, architects, engineers and landscape architects), the Association shall obtain competitive bids unless the products and services are needed as the result of an emergency or unless the desired supplier or provider is the only source of supply within Flagler County. The Association need not accept the lowest bid. Materials, equipment or services provided to the Association under a local government franchise agreement by a franchise holder are not subject to the competitive bid requirements of this section.

4.14. TO LEVY FINES AND SUSPENSION OF USE RIGHTS. The Directors may, pursuant to Florida Statutes Section 720.305, impose fines not to exceed \$100.00 per violation, and/or suspend use rights in the Common Areas and facilities for a reasonable period of time for failure to comply with the provisions of the Governing Documents, including the rules and regulations, by owners, occupants, licensees, tenants and invitees. A fine may be imposed for each day of continuing violation with a single notice and opportunity for hearing, provided that no fine shall in the aggregate exceed \$1,000.00. A fine shall not become a lien

against a parcel. In any action to recover a fine, the prevailing party is entitled to collect its reasonable attorney's fees and costs from the non-prevailing part as determined by the court.

4.14.1. HEARING NOTICE. The party against whom the fine or suspension is sought to be levied shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days and said notice shall include:

1. A statement of the date, time and place of the hearing;
2. A statement of the provisions of the Covenants, Articles of Incorporation, By-laws, or rules and regulations which have allegedly been violated; and
3. A short and plain statement of the matters asserted by the Association.

4.14.2. RESPONDENT'S RIGHTS. The party against whom the fine or sanction may be levied shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge, and respond to any material considered by the Association.

4.14.3. HEARING COMMITTEE. The hearing must be held before a committee of three other Members, appointed by the Board who are not officers, directors, or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee. If the committee does not agree with the fine by a majority vote, the fine may not be levied.

4.15. TO APPOINT COMMITTEES. The Directors may appoint committees. The Board may appoint a search committee to encourage qualified persons to become candidates for the Board. All committees and committee members shall serve at the pleasure of the Board.

4.16. TO MAINTAIN FIRE SAFETY COMPLIANCE. The Directors may accept a Certificate of Compliance from a licensed electrical contractor or electrician as evidence of compliance of the Association property with the applicable Fire and Life Safety Code.

4.17. EMERGENCY POWERS. In the event of any "emergency" as defined in **Section 4.17.7.** below, the Board of Directors may exercise the emergency powers described in this section, and any other emergency powers authorized by Florida Statute Section 617.0207, as amended from time to time.

4.17.1. To accommodate the incapacity of any officer of the association, the Board, in advance, may name as assistant officers persons who are not directors, which assistant officers shall have the same authority as the executive officers to whom they are assistant during the period of the emergency.

4.17.2. The Board may relocate the principal office or designate alternative principal offices or authorize the officers to do so.

4.17.3. During any emergency the Board may hold meetings with notice given only to those directors with whom it is practicable to communicate, and the notice may be given in any practicable manner, including publication or radio. The director or directors in attendance at such a meeting shall constitute a quorum.

4.17.4. Corporate action taken in good faith during an emergency under this section to further the ordinary affairs of the association shall bind the association and shall have the rebuttable presumption of being reasonable and necessary.

4.17.5. Any officer, director, agent, employee, or member of the association acting with a reasonable belief that his or her actions are lawful in accordance with these emergency bylaws shall incur no liability for doing so except in the case of willful misconduct.

4.17.6. These emergency bylaws supersede any inconsistent or contrary provisions of the bylaws during the period of the emergency.

4.17.7. For purposes of this section, an "emergency" exists during any period of time that the Neighborhood, or the immediate geographic area in which the Neighborhood is located, is subjected to

- (a) a state of emergency declared by local civil or law enforcement authorities;
- (b) a hurricane warning;
- (c) a partial or complete evacuation order;
- (d) federal or state "disaster area" status; or
- (e) a catastrophic occurrence, whether natural or manmade, that seriously damages or threatens to seriously damage the physical existence of the Neighborhood, such as an earthquake, a tidal wave, a fire, a hurricane, a tornado, a war, civil unrest, or acts of terrorism.

4.18. TO CONVEY TO CONDEMNING AUTHORITIES. To convey a portion of the Common Areas to a condemning authority for the purpose of providing utility easements, right of way expansion, or other public purposes, whether negotiated or as the result of eminent domain proceedings.

5. OFFICERS

5.1. EXECUTIVE OFFICERS. After turnover, the executive officers of the Association shall be the President, one or more Vice Presidents, a Secretary, a Treasurer, and such assistant officers as may be desired, all of whom shall be elected annually by and from the Board of Directors and who may be peremptorily removed by a majority vote of the Directors at

any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary.

5.2. PRESIDENT; POWERS AND DUTIES. The President shall be the chief executive officer of the Association and shall have all of the powers and duties which are usually vested in the office of President of a corporation.

5.3. VICE PRESIDENT; POWERS AND DUTIES. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. The Vice President shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

5.4. SECRETARY; POWERS AND DUTIES. The Secretary shall keep the minutes of all proceedings of the Directors and the Members; shall attend to the giving and serving of all notices to the Members and Directors and other notices required by law; shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed; shall keep and have custody of the records of the Association, except those of the Treasurer; and shall perform all other duties incident to the office of Secretary of the Association and as may be required by the Directors or the President.

5.5. TREASURER; POWERS AND DUTIES. The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness; shall keep the assessment rolls and accounts of the Members; shall keep the books of the Association in accordance with good accounting practices; and shall perform all other duties incident to the office of the Treasurer of a corporation.

5.6. EMPLOYEE COMPENSATION. The compensation of all employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association.

5.7. INDEMNIFICATION. Every Director and every officer and committee member of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees through all trial and appellate levels, reasonably incurred by or imposed in connection with any proceeding, arbitration, or settlement to which such person may be a party, or in which they may become involved, by reason of being or having been a Director, officer, or committee member of the Association. Notwithstanding the foregoing, in the event of a voluntary settlement, the indemnification provisions herein shall not be automatic and shall apply only when the Board approves such settlement. Notwithstanding anything contained herein to the contrary, in instances where the Director, officer, or committee member admits or is adjudged guilty of willful malfeasance, misfeasance or nonfeasance in the performance of their duties, the indemnification provisions contained herein shall not apply. Otherwise, the foregoing right of indemnification shall be in addition to and not exclusive of any and all rights of indemnification to which such Director, officer or committee member may be entitled by common law or statute.

5.8. DELEGATION. To the extent permitted by law, the powers and duties of the directors and officers may be delegated for the purpose of management.

6. MINUTES AND INSPECTION OF RECORDS. Minutes of all meetings of Members and of the Board of Directors shall be kept in a businesslike manner and shall be reduced to written form within thirty (30) days and these, plus records of all receipts and expenditures and all other official records, as defined in Florida Statutes Section 720.303, shall be available for inspection by Members and Directors within 10 business days after receipt of a written request for access. This provision shall be deemed to have been complied with by having a copy of the official records available for inspection or copying in the Neighborhood. If the Association has a photocopy machine available where the records are maintained, it must provide parcel owners with copies on request during the inspection if the entire request is limited to no more than 25 pages. The Board of Directors may adopt reasonable written rules regarding the frequency, time, location, notice, records to be inspected and manner of record inspections and copying, but may not impose a requirement that a parcel owner demonstrate any proper purpose for the inspection, state any reason for the inspection or limit a parcel owner's right to inspect records to less than one 8-hour business day per month. The Association may charge up to 50 cents per page for copies made on the Association's photocopier, if any. If the Association does not have a photocopier available where the records are kept, or if the recorded requested to be copied exceed 25 pages in length, the Association may have copies made by an outside vendor and charge the actual cost of copying. Notwithstanding the provisions of this paragraph, the following records shall not be accessible to Members or parcel owners: (i) any record protected by the lawyer-client privilege as described in Florida Statutes Section 90.502 and any record protected by the work-product privilege, including, but not limited to, any record prepared by an Association attorney or prepared at the attorney's express direction, which reflects a mental impression, conclusion, litigation strategy, or legal theory of the attorney or the Association, and which was prepared exclusively for civil or criminal litigation or for adversarial administrative proceedings, or which was prepared in anticipation of imminent civil or criminal litigation or imminent adversarial administrative proceedings until the conclusion of the litigation or adversarial administrative proceedings; (ii) information obtained by the Association in connection with the approval of the lease, sale or other transfer of a parcel; (iii) disciplinary, health, insurance and personnel records of the Association's employees; and (iv) medical records of parcel owners or community residents.

7. FISCAL MANAGEMENT. Shall be in accordance with the following provisions:

7.1. BUDGET. A proposed annual budget of Association expenses shall be prepared by the Board of Directors which shall include all anticipated expenses for operation, maintenance and administration of the Association including insurance and management fees, if any, and for all of the unpaid operating expenses previously incurred. It shall accrue reserves which may later be waived or reduced by a majority vote at a duly called meeting of the Association. Reserve funds and any accrued interest on the funds shall remain in the reserve account for authorized reserve expenditures, unless their use for other purposes is approved in advance by a majority vote of the majority of the voting interests voting in person or by proxy at a duly called meeting of the Association. The budget will contain a reasonable allowance for contingencies and provide funds for all unpaid operating expenses previously incurred. If at any time a budget shall prove insufficient, it may be amended by the Board of Directors for the remaining portion of the fiscal year.

7.2. MAILING. A copy of the proposed annual budget together with a notice of the meeting shall be mailed or delivered to the Members not more than 10 days after the adoption of the budget.

7.3. ASSESSMENTS. The shares of the Members of the Association expenses may be made payable in installments of from one to three months in advance and shall become due on the first day of each such period and which shall become delinquent 10 days thereafter. The Association shall have the right to accelerate assessments of an owner delinquent in the payment of Association expenses. Accelerated assessments shall be due and payable on the date a claim of lien is filed against the Owner's Unit in the Public Records of Flagler County, Florida and may include the amounts due for the remainder of the fiscal year for which the claim of lien was filed. The Association may also impose fines and/or suspend use rights in the common areas and facilities upon financially delinquent Members without complying with the provisions of Section 4.14 of these By-Laws, and a Member's voting rights in the Association may be suspended for a delinquency of regular annual assessments in excess of 90 days.

7.4. SPECIAL ASSESSMENTS AND CHARGES. Assessments and charges for expenses which are not provided for and funded in the Budget shall be made by the Board of Directors, and the time of payment shall likewise be determined by them.

7.5. ASSESSMENT ROLL. The assessments for Association expenses and charges shall be set forth upon a roll of the Owners which shall be available for inspection at all reasonable times by Members. Such roll shall indicate for each Unit the name and address of the Owner, and the assessments and charges paid and unpaid. A certificate made by a duly authorized representative of or by the Board of Directors as to the status of a Unit's account may be relied upon for all purposes by any person for whom made.

7.6. LIABILITY FOR ASSESSMENTS AND CHARGES. A Member regardless of how his title has been acquired including by purchase at a foreclosure sale or by deed in lieu of foreclosure shall be liable for all assessments and charges coming due while the Owner of a Unit. Additionally an Owner shall be jointly and severally liable with the previous owner for all unpaid assessments and charges due and payable up to the time of transfer of title. Liability may not be avoided by waiver of the use or enjoyment of any common areas or by abandonment of the Unit for which the assessments are made. The liability of a first mortgagee or its successor or assignees who acquire title to a Unit by foreclosure or by deed in lieu of foreclosure for the unpaid assessments that became due prior to the mortgagee's acquisition of title is limited to the lesser of: (1) the Unit's unpaid Association expenses and regular periodic assessments which accrued or came due during the 6 months immediately preceding the acquisition of title and for which payment in full has not been received by the Association; or (2) one percent (1%) of the original mortgage debt. This partial excusal shall not apply unless the first mortgagee joined the Association as a defendant in the foreclosure action. Joinder of the Association is not required if, on the date the complaint is filed, the Association was dissolved or did not maintain an office or agent for service of process at a location which was known to, or reasonably discoverable by the mortgagee. The person acquiring title shall pay the amount owed to the Association within 30 days after transfer of title. Failure to pay the full amount when due shall entitle the Association to record a claim of lien against the parcel and proceed in the same manner as provided in this section for the collection of unpaid assessments.

7.7. LIENS FOR ASSESSMENTS. The unpaid portion of an assessment including an accelerated assessment which is due, together with costs, interest and reasonable attorneys' fees for collection, shall be secured by a lien upon the Owner's Unit and all appurtenances thereto when a notice claiming the lien has been recorded by the Association in the Flagler County, Florida Public Records.

7.8. UNPAID CHARGES. Unpaid charges which are due together with costs, interest and reasonable attorney's fees including appeals for collection shall be the basis for a lien by the Association against the Unit Owner.

7.9. COLLECTION — INTEREST; ADMINISTRATIVE LATE FEE; APPLICATION OF PAYMENTS. Assessments paid on or before ten days after the date due shall not bear interest, but all sums not paid on or before ten days shall bear interest at the highest lawful rate from time to time (now 18% per annum) from the date due until paid. In addition to such interest the Association may charge an administrative late fee in an amount not to exceed the greater of \$25.00 or 5% of each installment of the assessment for which payment is late. All payments upon account shall be first applied to interest, then the late fee, then to any costs and reasonable attorney's fees and then to the assessment or charge payment first due. All interest collected shall be credited to the common expense account.

7.10. COLLECTION — SUIT. The Association, at its option, may enforce collection of delinquent assessments by suit at law, by foreclosure of the lien, or by any other remedy available under the laws of the State of Florida, and in any event the Association shall be entitled to recover the payments which are delinquent at the time of collection, judgment or decree, together with those which have become due by acceleration plus interest thereon and all costs incident to the collection and the proceedings, including reasonable attorneys' fees, including appeals. The Association must deliver or mail by certified mail to the Owner a written notice of its intention to foreclose the assessment lien 30 days before commencing foreclosure, unless Notice of Contest of Lien has been filed. The lien shall secure only assessments, interest, costs and attorneys fees and not fines, charges or other fees.

7.11. ACCOUNTS. All sums collected from assessments or charges shall be credited to accounts from which shall be paid the expenses for which the respective assessments or charges are made.

7.12. ASSOCIATION DEPOSITORY. The depository of the Association shall be a bank or banks or state or federal savings and loan associations or a member firm of the New York Stock Exchange with offices in Florida and as shall be designated from time to time by the Directors and in which the monies for the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

7.13. COMMINGLING OF FUNDS. All funds shall be maintained separately in the Association's name. Reserve and operating funds of the Association shall not be commingled prior to turnover, except the Association may jointly invest reserve funds; however, such jointly invested reserve funds must be accounted for separately. Neither the Declarant, while in control of the Association, nor any manager or business entity required to be licensed or

registered under Florida Statutes Section 468.432, and no agent, employee, officer, or Director of the Association shall commingle any Association funds with his funds or with the funds of any other homeowners' association or community association as defined in Florida Statutes Section 468.431.

7.14. ANNUAL FINANCIAL REPORTING. Within 60 days following the close of the fiscal year, the Association shall prepare or cause to be prepared an annual financial report in accordance with the requirements of Florida Statutes Section 720.303(7). Within 10 business days after the financial report is completed or received by the Association from a third party, the Association shall mail to each Member at the address last furnished to the Association by the Member, or hand deliver to each Member, a copy of the financial report or a notice that a copy of the financial report will be mailed or hand delivered to the Member, without charge, upon receipt of a written request from the Member.

7.15. INSURANCE OR FIDELITY BONDING. The Association shall obtain and maintain adequate insurance or fidelity bonding for all person who control or disburse funds of the Association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the Association or its management agent at any one time. The term "persons who control or disburse funds of the Association" includes, but is not limited to, those individuals authorized to sign checks and the president, secretary, and treasurer of the Association. The Association shall bear the cost of bonding.

8. PARLIAMENTARY RULES. A parliamentary procedure such as Robert's Rules of Order uniformly applied shall govern the conduct of corporate proceedings when not in conflict with the Covenants and Restrictions, the Articles of Incorporation or By-laws of the Association or with the laws of the State of Florida.

9. BY- LAW AMENDMENTS. After turnover, amendments to the By-laws shall be adopted in the following manner:

9.1. NOTICE of the subject matter of a proposed amendment shall be included in the notice of any meeting or the text of any written agreement at which or by which a proposed amendment is considered.

9.2. PROPOSAL OF AMENDMENTS. An amendment may be proposed by either a majority of the Directors or by twenty-five percent (25%) of the voting interests of the Association.

9.3. ADOPTION OF AMENDMENTS. A resolution or written agreement adopting a proposed amendment must receive approval of two thirds of the voting interests of the Association. Prior to turnover, amendments may be adopted by the Board alone.

9.4. EFFECTIVE DATE. An amendment when adopted shall become effective only after being recorded in the Public Records of Flagler County, Florida.

9.5. AUTOMATIC AMENDMENT. These By-laws shall be deemed amended, if necessary, so as to make the same consistent with the provisions of the Covenants

and Restrictions, the Association Articles of Incorporation, or Chapter 720, Florida Statutes as amended from time to time.

9.6. PROPOSED AMENDMENT FORMAT. Proposals to amend existing By-laws shall contain the full text of the By-laws to be amended. New words shall be underlined and words to be deleted shall be ~~lined through~~ with hyphens. If the proposed change is so extensive that this procedure would hinder rather than assist understanding, a notation must be inserted immediately preceding the proposed amendment saying, "SUBSTANTIAL REWORDING OF BY-LAW. SEE BY-LAW NUMBER _____ FOR PRESENT TEXT."

10. DELIVERY OF NOTICES TO MEMBERS. Notices to Members for meetings and for all other purposes shall be mailed to each Member at the address last furnished to the Association by the Member. Such notices may alternatively be hand delivered to Members.