

EXHIBIT "D"

BYLAWS OF CONDOMINIUM ASSOCIATION

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**BYLAWS
OF
LA TERRAZA I CONDOMINIUM ASSOCIATION, INC.**

1. **GENERAL.** These are the Bylaws of the La Terraza I Condominium Association, Inc., a Florida corporation not for profit (the "Association"), organized for the purpose of operating a residential condominium pursuant to the Florida Condominium Act.

1.1 **Principal Office.** The principal office of the Association shall be at the Condominium or at such other place in St. Johns County, Florida, as the Board of Directors may determine.

1.2 **Seal.** The seal of the Association shall be inscribed with the name of the Association, the year of its organization, and the words "Florida" and "corporation not for profit." The seal may be used by causing it, or a facsimile of it, to be impressed, affixed, reproduced or otherwise placed upon any document or writing of the corporation where a seal may be required.

1.3 **Definitions.** The terms used herein shall have the same definitions as stated in the Declaration of Condominium to which these Bylaws are attached as an exhibit.

2. **MEMBERS.** The members of the Association shall be the record owners of legal title to the units in the La Terraza I, a Condominium (the "Condominium").

2.1 **Qualification.** Membership shall become effective upon the recording in the public records of a deed or other instrument evidencing legal title to the unit in the member.

2.2 **Voting Rights; Voting Interests.** The members of the Association are entitled to one (1) vote for each residential unit owned. The total number of votes (the "voting interests") is equal to thirty-eight (38). The vote of a unit is not divisible. The right to vote may not be denied because of delinquent assessments. If a condominium unit is owned by one (1) natural person, his or her right to vote is established by the record title to the unit. If a unit is owned jointly by two (2) or more persons, that unit's vote may be cast by any of the record owners. If two (2) or more owners of a unit do not agree among themselves how their one (1) vote shall be cast, that vote shall not be counted. If the owner of a unit is a corporation, the vote of that unit may be cast by the president or vice-president of the corporation. If a unit is owned by a partnership, its vote may be cast by any general partner. In cases of membership votes, the phrase "a majority of the voting interests of the Association" shall mean the number of votes equal to one-half (1/2) of the total number of the voting interests plus at least one (1) vote.

2.3 **Approval or Disapproval of Matters.** Whenever the decision of a unit owner is required upon any matter, whether or not the subject of an Association meeting, such decision may be expressed by any person authorized to cast the vote of such unit at an Association meeting as stated in Section 2.2 above, unless the joinder of all record owners is specifically required.

2.4 Termination of Membership. The termination of membership in the Association does not relieve or release any former member from liability or obligation incurred under or in any way connected with the Condominium during the period of his or her membership, nor does it impair any rights or remedies which the Association may have against any former member arising out of or in any way connected with such membership and the covenants and obligations incident thereto.

3. MEMBERS' MEETINGS; VOTING.

3.1 Annual Meeting. The annual meeting shall be held in St. Johns County, Florida, each calendar year not later than the month of March, at a day, place and time designated by the Board of Directors, for the purpose of transacting any business duly authorized to be transacted by the members. At the time of the annual meeting all ballots cast in the annual election of Directors shall be counted and the election results announced.

3.2 Special Members' Meetings. Special members' meetings must be held whenever called by the President or by a majority of the Board of Directors, and may also be called by any two (2) members. Business at any special meeting shall be limited to the items specified in the request and contained in the notice of meeting.

3.3 Notice of Meetings. Notice of all members' meetings must state the time, date, and place of the meeting and include an agenda for the meeting. The notice must be mailed to each member at the address which appears on the books of the Association, or may be furnished by personal delivery. The member bears the responsibility for notifying the Association of any change of address. The notice must be mailed or delivered at least fourteen (14) days before the meeting. Notice of any meeting may be waived in writing by any person entitled to receive such notice.

3.4 Notice of Annual Meeting; Special Requirements. Notice of the annual meeting together with an agenda shall be posted in a conspicuous place on the Condominium property for at least fourteen (14) continuous days prior to the annual meeting. The notice and agenda of the annual meeting shall also be sent by first class mail to each owner, and an affidavit of the officer or other person making such mailing shall be retained in the Association records as proof of mailing. Notice of the annual meeting may be delivered in person to any unit owner, instead of by mail, if a written waiver of mailing is obtained. The notice and agenda of the annual meeting must be mailed or delivered to owners at least fourteen (14) days before the annual meeting.

3.5 Quorum. A quorum at a members' meeting shall be attained by the presence, either in person or by proxy, of persons entitled to cast at least one-third (1/3) of the votes of the entire membership.

3.6 Vote Required. The acts approved by a majority of the votes cast at a duly called meeting of the members at which a quorum has been attained shall be binding upon all unit owners for all purposes, except where a greater or different number of votes is required by law or by any provision of the Condominium documents.

3.7 Proxy Voting. To the extent lawful, any person entitled to attend and vote at a members meeting may establish his or her presence and cast his or her vote by proxy. "Limited proxies" shall be used for votes taken to waive or reduce reserves, to amend the Condominium documents, and for all other matters for which the Condominium Act requires or permits a vote of the members. "General proxies" may be used to establish a quorum, for procedural votes, and for non-substantive amendments to proposals for which a limited proxy is being used. A proxy may be given by any person entitled to vote, but shall be valid only for the specific meeting for which originally given and any lawful adjournment of that meeting, and no proxy is valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at the pleasure of the person executing it. To be valid, a proxy must be in writing, dated, signed by the person authorized to cast the vote for the unit, specify the date, time and place of the meeting for which it is given, and the original must be delivered to the Secretary by the appointed time of the meeting or adjournment thereof. Holders of proxies need not be members. No proxy shall be valid if it names more than one (1) person as the holder of the proxy, but the holder shall have the right, if the proxy so provides, to substitute another person to hold the proxy.

3.8 Adjourned Meetings. Any duly called meeting of the members may be adjourned to be reconvened at a specific later time by vote of the majority of the voting interests present, regardless of whether a quorum has been attained. Any business which might have been conducted at the meeting as originally scheduled may instead be conducted at the continuance.

3.9 Order of Business. The order of business at members' meetings shall be substantially as follows:

- (A) Collection of election ballots not yet cast.
- (B) Counting of ballots in annual election (if necessary).
- (C) Call of the roll or determination of quorum.
- (D) Reading or disposal of minutes of last members meeting.
- (E) Reports of officers.
- (F) Reports of committees.
- (G) Unfinished business.
- (H) New business.
- (I) Adjournment.

3.10 Minutes. Minutes of all meetings of the members, and of the Board of Directors, shall be kept in a businesslike manner, available for inspection by members or their authorized representatives at all reasonable times, and for at least seven (7) years after the meeting. Minutes must be reduced to written form within thirty (30) days after the meeting at which they were taken.

3.11 Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the law, with the Declaration, or with these Bylaws. The presiding officer may appoint a parliamentarian whose decision on questions of

parliamentary procedure shall be final. Any question or point of order not raised at the meeting to which it relates shall be deemed waived.

3.12 Action by Members Without Meeting. Except the holding of the annual meeting and annual election of Directors, any action required or permitted to be taken at a meeting of the members may be taken by mail without a meeting if written consents or other instruments expressing approval of the action proposed to be taken are signed and returned by members having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all of the voting interests were present and voting. If the requisite number of written consents are received by the Secretary within sixty (60) days after the earliest date which appears on any of the consent forms received, the proposed action so authorized shall be of full force and effect as if the action had been approved by vote of the members at a meeting of the members held on the sixtieth (60th) day. Within ten (10) days thereafter, the Board shall send written notice of the action taken to all members who have not consented in writing. If the vote is taken by the method described in this Section 3.12, the list of unit owners on record with the Secretary at the time of mailing the voting material shall be the list of qualified voters.

4. BOARD OF DIRECTORS. The administration of the affairs of the Association shall be by a Board of Directors. All powers and duties granted to the Association by law, as modified and explained in the Declaration, Articles of Incorporation, and these Bylaws, shall be exercised by the Board, subject to approval or consent of the unit owners only when such approval and consent is specifically required.

4.1 Number and Terms of Service. Initially the number of Directors which shall constitute the entire Board of Directors shall be three (3). In order to provide for a larger board and a continuity of experience, by establishing a system of staggered terms of office, in the first election in which unit owners other than the Developer elect a majority of the Directors, the number of Directors to be elected shall be increased to five (5). The three (3) candidates receiving the highest number of votes shall each be elected for a term which expires at the annual election after the next annual election. The two (2) candidates receiving the next highest number of votes shall be elected for a term which expires at the next annual election. If there are five (5) or fewer candidates, the determination of who is elected to serve the longer terms shall be made among them by agreement or by lot. Thereafter, all Directors shall be elected for two (2) year terms. A Director's term ends at the annual election at which his or her successor is to be duly elected, or at such other time as may be provided by law.

Directors shall be elected by the members as described in Section 4.3, below, or in the case of a vacancy, as provided in Section 4.4, below.

4.2 Qualifications. Except for Directors appointed by the Developer, each Director must be a member or the spouse of a member.

4.3 Elections. In each annual election the members shall elect, by written, secret ballot, as many Directors as there are regular terms of Directors expiring, unless the balloting is dispensed with as provided for by law.

(A) First Notice; Candidates. Not less than sixty (60) days before the election, the Association shall mail or deliver to each unit owner entitled to vote, a first notice of the date of the election. Any unit owner or other eligible person wishing to be a candidate may qualify as such by giving written notice to the Association at least forty (40) days before the annual election.

(B) Second Notice; Candidate Information Sheets. If there are more candidates than there are Directors to be elected, balloting is required. Together with the written notice and agenda as set forth in Section 718.112(2)(d)(2), Florida Statutes, as amended from time to time, the Association shall mail or deliver a second notice of election to all unit owners entitled to vote in the contested election, together with a ballot listing all qualified candidates in alphabetical order, by surname. This notice shall also include the notice of the annual meeting required by Section 3.3, above. Upon request of a candidate, no later than thirty-five (35) days prior to the election, the Association shall also include an information sheet (no larger than 8-1/2 inches by 11 inches, furnished by the candidate) in the mailing. The costs of mailing and copying the candidate information sheet are borne by the Association.

(C) Balloting. Where balloting is required, Directors shall be elected by a plurality of the votes cast, provided that at least twenty percent (20%) of the eligible voters cast ballots. Proxies may not be used in the election. In the election of Directors, each unit shall have as many votes as there are Directors to be elected, but no unit may cast more than one (1) vote for any candidate, it being the intent hereof that voting for Directors shall be non-cumulative. Tie votes shall be broken by agreement among the candidates who are tied, or if there is no agreement, by lot, or by any other method required or permitted by law.

4.4 Vacancies on the Board. Except as otherwise provided by law for the filling of vacancies during the time when the Developer is entitled to appoint at least one (1) Director, if the office of any Director becomes vacant for any reason, a successor or successors to fill the remaining unexpired term or terms shall be appointed or elected as follows:

(A) If a vacancy is caused by the death, disqualification or resignation of a Director, a majority of the remaining Directors, though less than a quorum, shall appoint a successor, who shall hold office until the next regularly scheduled election, unless otherwise provided by law.

(B) If a vacancy occurs as a result of a recall and less than a majority of the Directors are removed, the vacancy may be filled by appointment by a majority of the remaining Directors, though less than a quorum. If vacancies occur as a result of a recall in which a majority or more of the Directors are removed, the vacancies shall be filled as provided by law.

4.5 Removal of Directors. As set forth in Section 718.112(2)(j), Florida Statutes, as amended from time to time, any or all Directors, except those appointed by the Developer, may be removed with or without cause by a majority vote of the entire membership, either by a written petition or at any meeting called for that purpose. If a meeting is held or a petition is filed for the removal of more than one (1) Director, the question shall be determined separately as to each Director sought to be removed. If a special meeting is called by ten percent (10%) of the voting interests for the purpose of recall, the notice of the meeting must be accompanied by a dated copy of the signature list, stating the purpose of the signatures. The meeting must be held not less than fourteen (14) days nor more than sixty (60) days from the date that notice of the meeting is given.

4.6 Organizational Meeting. The organizational meeting of a new Board of Directors shall be held within ten (10) days after the election of new Directors at such place and time as may be fixed and announced by the Directors at the meeting in conjunction with which they were elected. Owners shall receive notice of the organizational meeting of the new Board in accordance with the provisions of Section 4.8, below.

4.7 Other Meetings. Meetings of the Board may be held at such time and place in St. Johns County, Florida, as shall be determined from time to time by the President or a majority of the Directors. Notice of meetings shall be given to each Director, personally or by mail, telephone or telegram at least two (2) days prior to the day named for such meeting.

4.8 Notice to Owners. All meetings of the Board of Directors shall be open to members. A notice and agenda for each Board meeting shall be posted conspicuously on the Condominium property for at least forty-eight (48) continuous hours in advance of each Board meeting, except in an emergency. Notice of any Board meeting at which a non-emergency special assessment or an amendment to the rules regarding the use of units will be considered, shall be mailed to each owner at least fourteen (14) days before the meeting and an affidavit of mailing shall be retained as proof of mailing. Notice of any Board meeting at which a budget will be adopted or amended shall conform to the requirements of Section 6.2, below. The right of owners to attend Board meetings includes the right to speak on designated agenda items, subject to reasonable rules of the Association governing the manner, duration and frequency of doing so.

4.9 Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. If all Directors are present at a meeting, no notice to Directors shall be required.

4.10 Quorum of Directors. A quorum at a Board meeting exists only when at least a majority of all Directors are present in person at a duly called meeting. Directors may participate in any meeting of the Board, by a conference telephone call or similar communicative arrangement whereby all persons present can hear and speak to all other persons. Participation in a meeting by such means is equivalent to presence in person. Directors may not vote or participate in Board meetings by proxy or by secret ballot, except that officers may be elected by secret ballot.

4.11 Vote Required. The acts approved by a majority of those Directors present and voting at a meeting at which a quorum exists shall constitute the acts of the Board of Directors, except when approval by a greater number of Directors is required by the Condominium documents or by applicable statutes. A Director who is present at a meeting of the Board shall be deemed to have voted with the majority on any action taken, unless he or she voted against such action or abstained from voting because of an asserted conflict of interest. The vote or abstention of each Director present on each issue voted upon shall be recorded in the minutes.

4.12 Adjourned Meetings. The majority of the Directors present at any meeting of the Board, regardless of whether a quorum exists, may adjourn the meeting to be reconvened at a specific time and date. At any reconvened meeting, provided a quorum is present, any business may be transacted that might have been transacted at the meeting originally as called.

4.13 The Presiding Officer. The President of the Association, or in his or her absence, the Vice-President, shall be the presiding officer at all meetings of the Board of Directors. If neither is present, the presiding officer shall be selected by majority vote of the Directors present.

4.14 Compensation of Directors and Officers. Neither Directors nor officers shall receive compensation for their services as such. Directors and officers may be reimbursed for all actual and proper out-of-pocket expenses relating to the proper discharge of their respective duties.

4.15 Committees. The Board of Directors may appoint, from time to time, such standing or temporary committees as the Board may deem necessary and convenient for the efficient and effective operation of the Condominium. Any such committee shall have the powers and duties assigned to it in the resolution creating the committee. Meetings of a committee to take final action on behalf of the Board or to make recommendations to the Board regarding the Association budget shall be noticed and conducted in the same manner as provided in Section 4.8, above. All other committees shall not be required to comply with Section 4.8, above.

4.16 Limited Power to Convey. The Board of Directors shall possess a limited power to convey a portion of the common elements to a condemning authority for the purpose of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as a result of eminent domain proceedings.

4.17 Emergency Powers. In the event of an "emergency" as defined in Section 4.17(G) below, the Board of Directors may exercise the emergency powers described in this section, and any other emergency powers authorized by Sections 617.0207 and 617.0303, Florida Statutes, as amended from time to time.

(A) The Board 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, to accommodate the incapacity of any officer of the Association.

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

(C) 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, but not limited to, publication or radio. The Director or Directors in attendance at such a meeting shall constitute a quorum.

(D) 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.

(E) Any officer, Director, or employee 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.

(F) These emergency Bylaws shall supersede any inconsistent or contrary provisions of the Bylaws during the period of the emergency.

(G) For purposes of this section only, an "emergency" exists only during a period of time that the Condominium, or the immediate geographic area in which the Condominium is located, is subjected to:

- (1) a state of emergency declared by local civil or law enforcement authorities;
- (2) a hurricane warning;
- (3) a partial or complete evacuation order;
- (4) federal or state "disaster area" status; or
- (5) a catastrophic occurrence, whether natural or manmade, which seriously damages or threatens to seriously damage the physical existence of the Condominium, such as an earthquake, tidal wave, flood, fire, hurricane, tornado, war, civil unrest, or act of terrorism.

An "emergency" also exists for purposes of this section during the time when a quorum of the Board cannot readily be assembled because of the occurrence of a catastrophic event, such as a hurricane, earthquake, act of war or terrorism, or other similar event. A determination by any two (2) Directors, or by the President, that an emergency exists shall have presumptive validity.

5. OFFICERS. The executive officers of the Association shall be a President, and a Vice-President, who must be Directors, a Treasurer and a Secretary, all of whom shall be elected annually by a majority vote of the Board of Directors. Any officer may be removed with or

without cause at any meeting by vote of a majority of the Directors. Any person, except the President, may hold two (2) or more offices. The Board may, from time to time, appoint such other officers, and designate their powers and duties, as the Board shall find to be required to manage the affairs of the Association. If the Board so determines, there may be more than one (1) Vice-President. Any officer may resign at any time by giving written notice to the Association and unless otherwise specified therein, the resignation shall become effective upon receipt.

5.1 President. The President shall be the chief executive officer of the Association; shall preside at all meetings of the members and Directors; shall be *ex officio* a member of all standing committees; shall have general and active management of the business of the Association; and shall see that all orders and resolutions of the Board are carried into effect. The President shall execute bonds, mortgages and other contracts requiring the seal of the Association, except where such are permitted by law to be otherwise signed and executed, and the power to execute is delegated by the Board of Directors to some other officer or agent of the Association.

5.2 Vice-Presidents. The Vice-Presidents, in the order of their seniority shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and they shall perform such other duties as the Board of Directors shall assign.

5.3 Secretary. The Secretary shall attend meetings of the Board of Directors and of the members and cause all votes and the minutes of all proceedings to be recorded in a book or books to be kept for the purpose, and shall perform like duties for standing committees when required. The Secretary shall give, or cause to be given, proper notice of all meetings of the members, and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board or the President. The Secretary shall keep in safe custody the seal of the Association and, when authorized by the Board, affix the same to any instrument requiring it. The Secretary shall be responsible for the proper recording of all duly adopted amendments to the Condominium documents. Any of the foregoing duties may be performed by an Assistant Secretary, if one (1) is elected.

5.4 Treasurer. The Treasurer shall be responsible for Association funds and securities, the keeping of full and accurate accounts in books belonging to the Association. The Treasurer is responsible for the deposit of all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. The Treasurer shall oversee the disbursement of Association funds, keeping proper vouchers for such disbursements, and shall render to the President and Directors, at meetings of the Board, or whenever they may require it, a full accounting of all transactions and of the financial condition of the Association. Any of the foregoing duties may be performed by an Assistant Treasurer, if one (1) is elected.

6. FISCAL MATTERS. The provisions for fiscal management of the Association set forth in the Declaration of Condominium shall be supplemented by the following:

6.1 Depository. The Association shall maintain its funds in federally insured accounts in such financial institutions authorized to do business in the State of Florida, as shall be designated

from time to time by the Board. Withdrawal of moneys from such accounts shall be only by such persons as are authorized by the Board.

6.2 Budget. The Board of Directors shall adopt a budget of common expenses for each fiscal year. A copy of the proposed budget, and a notice stating the time, date and place of the meeting of the Board at which the budget will be adopted, shall be mailed to or served on the owners of each unit not less than fourteen (14) days before that meeting. The proposed budget must be detailed, and must show the amounts budgeted by income and expense classifications.

If the Board of Directors adopts in any fiscal year an annual budget which requires assessments against unit owners which exceed one hundred fifteen percent (115%) of assessments for the preceding fiscal year, the Board shall conduct a special meeting of the unit owners to consider a substitute budget if the Board receives, within twenty one (21) days after adoption of the annual budget, a written request for a special meeting from at least ten percent (10%) of all voting interests. The special meeting shall be conducted within sixty (60) days after adoption of the annual budget. A notice stating the time, date and place of the meeting of the Board, shall be mailed to or served on the owners of each unit not less than fourteen (14) days before the special meeting. Unit owners may consider and adopt a substitute budget at the special meeting. A substitute budget is adopted if approved by a majority of all voting interest. If there is not a quorum at the special meeting or a substitute budget is not adopted, the annual budget previously adopted by the Board shall take effect as scheduled.

6.3 Statutory Reserves for Capital Expenditures and Deferred Maintenance. In addition to operating expenses, the proposed budget must include provisions for funding reserve accounts for capital expenditures and deferred maintenance, as required by law. These accounts shall include roof replacement, building painting, and pavement resurfacing. They shall also include any other planned or foreseeable capital expenditure or deferred maintenance item with a current estimated cost of \$10,000.00 or more. The amount to be reserved for each item shall be computed by a formula based on the estimated remaining useful life and replacement cost of the item. These reserves must be funded unless the members subsequently determine, in the manner provided by law, to fund no reserves, or less than adequate reserves, for a fiscal year. The vote to waive or reduce reserves, if any is taken, may be taken only after the proposed budget has been mailed to the unit owners as required in Section 6.2, above. The funds in a reserve account established under this Section 6.3, and all interest earned on the account, shall be used only for the purposes for which the reserve account is established, unless use for another purpose is approved in advance by the members in the manner provided by law. Prior to turnover of control of the Board of Directors of the Association by the Developer to unit owners other than the Developer, the Association shall not vote to use reserves for purposes other than that for which were intended without the approval of a majority of all non-developer voting interests, voting in person or by limited proxy at a duly called meeting of the Association.

6.4 Surplus Operating Accounts. In addition to the statutory reserves described in Section 6.3, above, the Board may establish one (1) or more additional accounts in the operating budget for contingencies, operating expenses, repairs, minor improvements or special projects. These accounts will serve to offset cash flow shortages, provide financial stability, and avoid the need

for special assessments on a frequent basis. These amounts shall be included annual budget. These funds may be spent for any purpose approved by the Board.

6.5 Assessments; Installments. Regular annual assessments based on an shall be payable in quarterly installments, in advance, due on the first day of January, April, July and October of each year. Written notice of each quarterly installment shall be sent to the members at least fifteen (15) days prior to the due date, but failure to send (or receive) the notice does not excuse the obligation to pay. If an annual budget has not been adopted at the time the first quarterly installment for a fiscal year is due, it shall be presumed that the amount of such installment is the same as that included in the proposed budget, and payments shall be continued at such rate until a budget is adopted and new quarterly installments are calculated, at which time an appropriate adjustment shall be added to or subtracted from each unit's next due quarterly installment.

6.6 Special Assessments. Special assessments may be levied by the Board of Directors to meet unusual, unexpected, unbudgeted, or non-recurring expenses. Special assessments are due on the day specified in the resolution of the Board approving such assessments. The total of all special assessments coming due in any fiscal year shall not exceed fifteen percent (15%) of the total annual budget for that year, including reserves, unless a majority of the voting interests first consent. The notice of any Board meeting at which a special assessment will be considered shall be given as provided in Section 4.8, above, and the notice to the owners that the assessment has been levied must contain a statement of the purpose(s) of the assessment. The funds collected must be spent for the stated purpose(s) or returned to the members as provided by law.

6.7 Fidelity Bonds. All persons who control or disburse funds of the Association including, but not limited, to the President, Secretary and Treasurer, and all other persons who are authorized to sign checks, shall be bonded in such amounts as may be required by law, or in excess of such legally required amounts as otherwise determined by the Board of Directors. The premium on such bonds is a common expense.

6.8 Financial Reports; Statements. A complete financial report of actual receipts and expenditures of the Association for the preceding fiscal year shall be made annually by April 30 of each year and shall comply with Section 718.11(13), Florida Statutes, as amended from time to time. Within twenty-one (21) days after the financial report is complete or received by the Association, the Association shall mail each owner at the address last furnished to the Association by the owner, or hand deliver to each owner, a copy of the financial report or a notice that a copy of the financial report will be mailed or hand delivered to the owner, without charge, upon receipt of a written request from the owner.

6.9 Fiscal Year. The fiscal year for the Association shall begin on the first day of January of each calendar year. The Board of Directors may adopt a different fiscal year in accordance with law and the regulations of the Internal Revenue Service.

7. RULES AND REGULATIONS. The Board of Directors may, from time to time, adopt and amend administrative rules and regulations governing the use, maintenance, management

and control of the common elements and the operation of the Association. Copies of such rules and regulations shall be furnished to each unit owner. Any rule or regulation created and imposed by the Board must be reasonably related to the promotion of health, happiness and peace of mind of the unit owners, and to be uniformly applied and enforced.

8. COMPLIANCE AND DEFAULT; REMEDIES. In addition to the remedies provided in Section 10 of the Declaration of Condominium, the following shall apply:

8.1 Fines. The Board of Directors may levy fines against units whose owners violate the provisions of the Condominium Declaration, these Bylaws, or the Association rules and regulations, or who condone such violations by their family members, guests or lessees. Fines shall be in amounts deemed necessary by the Board to deter future violations, but in no event shall any fine exceed the maximum amount allowed by law, and no fine may be levied against an unoccupied unit. The procedure for imposing fines shall be as follows:

(A) Notice: The party against whom the fine is sought to be levied shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days, and the notice shall include:

- (1) A statement of the date, time and place of the hearing;
- (2) A specific designation of the provisions of the Declaration, Bylaws or rules that are alleged to have been violated;
- (3) A short and plain statement of the specific facts giving rise to the alleged violation(s); and
- (4) The possible amounts of any proposed fine.

(B) Hearing: At the hearing the party sought to be fined shall have a reasonable opportunity to respond, to present evidence, to provide written and oral argument on all issues involved, and to review, challenge, and respond to any evidence or testimony presented by the Association. The hearing shall be conducted before a panel of three (3) unit owners appointed by the Board, none of whom may then be serving as Directors. If the panel, by majority vote which may be taken by secret ballot, does not agree with the fine, it may not be levied.

8.2 Mandatory Non-Binding Arbitration. In the event of any dispute, as defined in Section 718.1255(1), Florida Statutes, as amended from time to time, between a unit owner and the Association arising from the operation of the Condominium, the parties, if required by law, must submit the dispute to mandatory non-binding arbitration under the rules of the Division of Florida Land Sales, Condominiums and Mobile Homes (the "Division") before filing any lawsuit over the disputed matters. Nothing herein shall be construed to require arbitration of disputes related to the levy or collection of fees or assessments.

9. **NOTICE OF COMPLIANCE.** Within fifteen (15) days after request by a unit owner, unit purchaser or mortgagee, the Association shall provide a certificate stating whether all assessments and other monies owed to the Association by the unit owner with respect to the condominium parcel have been paid. Any person other than the owner who relies upon such certificate shall be protected thereby.

10. **WRITTEN INQUIRIES.** When a unit owner files a written inquiry by certified mail with the Board, the Board shall respond in writing to the unit owner within thirty (30) days of receipt of the inquiry. The Board's response shall either give a substantive response to the unit owner, notify the unit owner that a legal opinion has been requested, or notify the unit owner that advice has been requested from the Division. If the Board requests advice from the Division, the Board shall, within ten (10) days of its receipt of the advice, provide in writing a substantive response to the unit owner. If a legal opinion is requested, the Board shall, within sixty (60) days after the receipt of the inquiry, provide in writing a substantive response to the unit owner. The failure to provide a substantive response to the inquiry as provided in Section 718.112(2)(a)2, Florida Statutes, as amended from time to time, precludes the Board from recovering attorneys' fees and costs in any subsequent litigation, administrative proceeding, or arbitration arising out of the inquiry. Notwithstanding the foregoing, the Board is only obligated to respond to one (1) written inquiry per unit in any given thirty (30) day period.

11. **TRANSFER OF ASSOCIATION CONTROL; DEVELOPER'S RIGHTS.**

11.1 **Members' Rights to Elect Directors.** When owners other than the Developer own fifteen percent (15%) or more of the units, the owners other than the Developer shall be entitled to elect one-third (1/3) of the members of the Board of Directors. Unit owners other than the Developer become entitled to elect a majority of the members of the Board of Directors upon the first of the following events to occur:

(A) Three (3) years after fifty percent (50%) or more of the units have been conveyed to purchasers;

(B) Three (3) months after ninety percent (90%) or more of the units have been conveyed to purchasers;

(C) When some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business;

(D) When all the units that will be operated ultimately by the Association have been completed, some of them have been conveyed to purchasers, and none of the others are being offered for sale by the Developer in the ordinary course of business; or

(E) Seven (7) years after the Declaration of Condominium was recorded.

11.2 Developer's Right to Designate Members of Board of Directors. Developer shall be entitled to designate all directors which the members, other than the Developer, are not permitted to elect as provided above. Except as provided above, the Developer shall be entitled to designate at least one (1) Director as long as the Developer holds for sale in the ordinary course of business at least five percent (5%) of the units.

11.3 Notice of Election. Within seventy-five (75) days after unit owners other than the Developer are entitled to elect one (1) or more Directors, the Association shall call, upon not less than sixty (60) days notice, a meeting of the members, and an election in which the unit owners shall elect Directors that the unit owners are entitled to elect. The election, and the meeting in conjunction with which the election is to be held, may be called, and the notice given, by any unit owner if the Association fails to do so. All non-developer unit owners may vote in the election of Directors. The meeting in conjunction with which unit owners other than the Developer first elect a majority of the Directors is referred to as the "turnover meeting."

11.4 Transfer of Association Control. When unit owners other than the Developer that elect a majority of the Directors of the Association, the Developer relinquishes control of the Association, and the unit owners assume control. At that time the Developer shall deliver to the Association all property of the unit owners, and of the Association, held or controlled by the Developer, and all items and documents that the Developer is required to deliver or turn over to the Association under Florida law. The Developer may turn over control of the Association to unit owners other than the Developer prior to the above-mentioned dates, in its sole discretion, by causing all of its appointed Directors to resign, whereupon it becomes the affirmative obligation of unit owners other than the Developer to elect Directors and assume control of the Association. Provided at least sixty (60) days notice of the Developer's decision to cause its appointees to resign is given to unit owners, neither the Developer, nor such appointees, shall be liable in any manner in connection with such resignations, even if unit owners other than the Developer refuse or fail to assume control.

12. AMENDMENT OF BYLAWS. Except as otherwise provided in the Declaration of Condominium, amendments to these Bylaws may be proposed and adopted in the following manner:

12.1 Proposal. Amendments to these Bylaws may be proposed by a majority of the Board, or by written petition to the Board signed by at least one-fourth (1/4) of the voting interests.

12.2 Procedure. Upon any amendment to these Bylaws being proposed by said Board or unit owners, the proposed amendment shall be submitted to a vote of the owners not later than the next annual meeting for which proper notice can be given.

12.3 Vote Required. Except as otherwise provided by law, or by specific provision of the Condominium documents, these Bylaws may be amended if the proposed amendment is approved by at least two-thirds (2/3) of the voting interests present in person or by proxy and voting at any annual or special meeting called for the purpose, provided that notice of the amendment has been given to the members in accordance with law.

12.4 Recording; Effective Date. A copy of each adopted amendment shall be attached to a certificate that the amendment was duly adopted, which certificate shall be executed by the President or Vice President of the Association with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the public records of St. Johns County, Florida. The certificate must identify the book and page of the public records where the Declaration of Condominium is recorded.

13. MISCELLANEOUS.

13.1 Gender; Number. Whenever the masculine or singular form of a pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine or neuter; singular or plural, as the context requires.

13.2 Severability. Should any portion hereof be void or become unenforceable, the remaining provisions of the instrument shall remain in full force and effect.

13.3 Conflict. If any irreconcilable conflict should exist, or hereafter arise, with respect to the interpretation of these Bylaws and the Declaration of Condominium or Articles of Incorporation, the provisions of the Declaration of Condominium or Articles of Incorporation shall prevail over the provisions of these Bylaws.

13.4 Certificate of Compliance with Fire Safety Code. In respect to the performance of any work or services concerning electrical systems within this Condominium, pursuant to Section 718.112(2)(1), Florida Statutes, the Board may accept the certificate of a licensed electrical contractor or electrician as of evidence compliance with applicable fire safety and fire codes.