

Bylaws of Heritage Key Association, Inc.

Article I

Name, Principal Office, and Definitions

1.1 Name. The name of the corporation is Heritage Key Association, Inc. (“Association”).

1.2 Principal Office. Association’s principal office shall be located in such location as the Board of Directors (“Board”) determines or as Association’s affairs require.

1.3 Definitions. Capitalized terms not otherwise defined in these Bylaws have the meaning in the Declaration of Covenants, Conditions, and Restrictions for Heritage Key Villas, as it may be amended from time to time (“Declaration”), unless the context indicates otherwise. The interpretation of certain references, as set forth in Section 2.2 of the Declaration, also shall apply to these Bylaws. The term “include” and similar terms (e.g., includes, including, included, comprises, comprising, such as, e.g., and for example), when used as part of a phrase including one or more specific items, are used by way of example and not of limitation.

Article II

Membership: Meetings, Quorum, Voting, Proxies

2.1 Membership. Association initially shall have two classes of membership, Class “A” and Class “B,” as more fully set forth in the Declaration. Provisions of the Declaration pertaining to membership are incorporated in these Bylaws by this reference.

2.2 Change of Membership. Change of membership in Association shall be established by recording a deed or other instrument conveying record fee title to any Unit. The grantee named in such instrument shall, by acceptance of such instrument, become a Member, and the membership of the prior Owner shall terminate. The new Owner shall deliver a copy of the conveyance instrument to Association within 14 days after the conveyance and the new Owner shall not be entitled to voting privileges until the same has been received by Association. The foregoing shall not, however, limit Association’s powers or privileges and the new Owner shall be liable for accrued and unpaid fees and assessments attributable to the Unit acquired.

2.3 Place of Meetings. Association shall hold meetings at its principal office or at such other place as Board may designate.

2.4 Annual Meetings. Association shall hold its first meeting, whether a regular or special meeting, within one year after the date of Association’s incorporation. Board shall set the date and time of subsequent regular annual meetings to occur during the first quarter of each year thereafter. Annual meetings may be conducted electronically (i.e., via the internet, intranet, or teleconference) if and to the extent permitted by law.

2.5 Special Meetings. The President may call a special meeting of Association. It also shall be the President’s duty to call a special meeting if so directed by Board resolution or on written petition of Members representing at least 30% of the total Class “A” votes in Association, or such lower percentage as may be required by law. If the President does not call a special meeting pursuant to this Section within 30 days after the date such written petition is delivered to Association’s Secretary, any Member signing the petition may set the time and place of the special meeting and give Association notice pursuant to Section 2.6.

2.6 Notice of Meetings. Association’s Secretary shall cause written notice stating the place, day, and hour of any Association meeting to be given to all Members. The notice shall be mailed, delivered, or electronically transmitted to Members 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 on execution among the official records of Association. In addition to mailing, delivering, or electronically transmitting the notice of any meeting, 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 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. Notice shall be given by or at the direction of the President, the Secretary, or the officers of Association (“Officers”) or Persons calling the meeting.

In case of a special meeting or when otherwise required by law or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No other business shall be transacted at a special meeting except as stated in the notice

If posted, notice shall be deemed given when posted. If mailed, the notice of a meeting shall be deemed given when deposited in the United States mail addressed to the Member at the Member’s address as it appears on Association’s records, with postage prepaid. If sent by facsimile, electronic mail, or other electronic communication device, notice shall be deemed delivered when transmitted to the Member at the Member’s address, e-mail address, or telephone or fax number as it appears on Association’s records. Failure to receive actual notice of an Association meeting shall not affect the validity of any action taken at such meeting.

2.7 Waiver of Notice. Waiver of notice of an Association meeting shall be the equivalent of proper notice. Any Member may waive, in writing, notice of any Association meeting, either before or after such meeting. A Member’s attendance at a meeting shall be deemed a waiver by such Member of notice of the meeting, unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at the meeting, unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.8 Adjournment of Meetings. If Association cannot hold a meeting because a quorum is not present, or if the Members otherwise elect (with the approval of the Class “B” Member during the Development and Sales Period), a majority of the Members who are present may adjourn the meeting to a time at least 5 but not more than 30 days after the date called for the original meeting. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, Association shall give the Members notice of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

2.9 Voting. Members shall have such voting rights as are set forth in the Declaration, which provisions are incorporated in these Bylaws by this reference.

2.10 Proxies. On any matter as to which a Member is entitled personally to cast the vote for the Member’s Unit, such vote may be cast in person or by proxy, subject to applicable law.

Every proxy shall be in writing specifying the Unit(s) for which it is given, signed by the Member or the Member’s duly authorized attorney-in-fact, dated, and filed with Association’s Secretary or person presiding over the meeting prior to or during the roll call for the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, the later, if the timing of the execution thereof can be determined, shall prevail, otherwise both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease on: (a) conveyance of any Unit(s) for which it was given; (b) the receipt of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is an individual by the Secretary or the person presiding over a meeting of Association; or (c) 90 days after the meeting date for which the proxy was originally given, unless the proxy specifies a shorter period.

2.11 Majority. As used in these Bylaws, the term “majority” shall mean those votes, Owners, or other group as the context may indicate, totaling more than 50% of the total eligible number.

2.12 Quorum. Except as these Bylaws or the Declaration otherwise provide, Members or their proxies entitled to cast 25% of the total Class “A” votes in Association and the Class “B” Member, if such Member exists, shall constitute a quorum at all Association meetings. If no quorum is present at such a meeting, the meeting may be adjourned and reconvened on a later date. At such reconvened meeting, Members or their proxies entitled to cast

15% of the total Class “A” votes in Association and the Class “B” Member, if such Member exists, shall constitute a quorum.

2.13 Conduct of Meetings. The President shall preside over all Association meetings, at which the President is present, and the Secretary shall keep (or cause to be kept) the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings. Members have the right to attend all meetings and to speak at any meeting with reference to all items opened for discussion or included on the agenda. A Member has the right to speak for at least 3 minutes on any item, provided that the Member submits a written request to speak prior to the meeting. Association may adopt written reasonable rules governing the frequency, duration, and other manner of member statements, which rules must be consistent with this Section and Florida law. Developer and Owners may record (audio and visual images) Association meetings subject to such reasonable rules as Board may impose.

2.14 Action Without a Meeting. Without holding a meeting pursuant to Sections 2.4 or 2.5, Members may take any action that applicable law requires or permits the Members to take at a meeting (subject to any limitations in the Governing Documents), if approved by Members representing at least the minimum number of votes in Association necessary to authorize such action at a meeting, if all Members entitled to vote were present and voted. Such approval shall be evidenced by one or more written consents specifically authorizing the proposed action, dated and signed by Members holding the requisite votes. Association need not give prior notice before soliciting such consent; however, Association must send written consent forms to all Members for action authorized pursuant to this Section to be valid. Members shall sign, date, and deliver such consents to Association within 60 days after Association’s receipt of the earliest dated consent. Association’s Secretary shall file (or cause to be filed) such consents with Association’s minutes and the consents shall have the same force and effect as a vote of the Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give (or cause to be given) written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

2.15 Order of Business. The order of business at all annual meetings of the Members shall be as follows: (a) roll call to determine whether a quorum is represented; (b) proof of notice of the meeting or waiver of notice; (c) reading of (or waiver of reading) minutes of the preceding annual meeting; (d) reports of Officers, if any; (e) reports of committees, if any; (f) election of inspector(s) of election if an election is to be held; (g) election of directors of Board (“Directors”) if applicable; (h) unfinished business, if any; and (i) new business.

### Article III

#### Board of Directors: Selection, Meetings, Powers

##### A. Composition and Selection.

3.1 Governing Body: Composition. Board shall govern Association’s affairs. Each Director shall have one vote. Directors must be Members or residents of the Community, except in the case of Directors that the Class “B” Member appoints. A Director must be at least 18 years old. No more than one representative of any Member which is a legal entity, nor more than one occupant of any Unit, shall serve on Board at a time, except in the case of Directors that the Class “B” Member appoints.

3.2 Number of Directors. Board shall consist of the number of Directors provided for in Section 3.5. The initial Board shall consist of 3 Directors.

3.3 Directors During Class “B” Control Period. The Class “B” Member shall have complete discretion in appointing, removing, and replacing Directors during the Class “B” Control Period, except as otherwise provided in Section 3.5.

##### 3.4 Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of Directors, Board shall prescribe the opening date and the closing date of a reasonable filing period in which every eligible person who has an interest in serving as a Director may file as a candidate for any position to be filled by Class “A” votes.

Nominations for election to Board also may be made by a nominating committee. The nominating committee, if any, shall consist of a Chairman, who shall be a Member, and two or more Members or representatives of Members, all appointed by a majority of Board. The nominating committee, if any, may make as many nominations for election to Board as it shall in its discretion determine. Board also shall permit nominations from the floor at any election meeting.

Board shall give each candidate a reasonable, equal opportunity to communicate the candidate's qualifications to the Members and to solicit votes.

(b) Election Procedures. A Member may cast the vote(s) assigned to the Unit(s) which the Member owns for each position to be filled at an election. Cumulative voting is not allowed. That number of candidates equal to the number of positions to be filled who receive the greatest number of votes shall be elected.

3.5 Election and Term of Office. Except as these Bylaws otherwise specifically may provide, the election of Directors shall take place at Association's annual meeting. Notwithstanding any other provision of these Bylaws:

(a) On termination of the Class "B" Control Period, the President shall call for an election by which the Class "A" Members shall be entitled to elect 3 of the 5 Directors. The remaining 2 Directors shall be appointees of the Class "B" Member. The Directors elected by the Class "A" Members shall not be subject to removal by the Class "B" Member and shall serve until the first annual meeting following the termination of the Class "B" Control Period; however, if such annual meeting is scheduled to occur within 90 days after termination of the Class "B" Control Period, this subsection shall not apply and Directors shall be elected in accordance with subsection (b) below.

(b) Not later than the first annual meeting after the termination of the Class "B" Control Period, an election shall be held at which the Class "A" Members shall elect 4 of the 5 Directors, with the 2 Directors receiving the largest number of votes being elected for a term of 2 years and the remaining 2 Directors being elected for a term of 1 year.

Until termination of the Class "B" membership, the Class "B" Member shall be entitled to appoint 1 Director. On termination of the Class "B" membership, the Director elected by the Class "B" Member shall resign and the remaining Directors shall be entitled to appoint a Director to serve until the next annual meeting, at which the Class "A" Members shall be entitled to elect a Director to fill such position. Such Director shall be elected for a term of 2 years.

Notwithstanding the stated length of any term, Directors shall hold office until their respective successors have been elected. Directors elected by the Class "A" Members are "Class "A" Directors."

On expiration of the term of each Class "A" Director elected pursuant to this subsection and thereafter, a successor shall be elected for a term of 2 years.

3.6 Removal of Directors and Vacancies. Any Class "A" Director may be removed, with or without cause, by the Class "A" Members holding a majority of the votes entitled to be cast for the election of such Class "A" Director. Class "A" Directors may be removed by either (i) an agreement in writing, (ii) by written ballot without a Membership meeting, or (iii) by a vote taken at a special meeting of Board called by 10 percent of the voting interests giving notice of the meeting as required for a meeting of the Members, which notice shall state the purpose of the meeting and may not be provided by electronic transmission. Section 720.303(10), Florida Statutes, as it exists on the date of the recording of the Declaration, shall govern the manner in which the recall and removal of a Class "A" Director, and the election of the Director to serve the remainder of the Director's term, shall proceed. Class "A" Directors may not be removed by the Class "B" Member.

Any Class "A" Director who has 3 consecutive unexcused absences from Board meetings, or who is more than 60 days delinquent (or occupies a Unit for which assessments are so delinquent) in the payment of any assessment or other charge due Association may be removed by a majority vote of Board, excluding the Class "A" Director at issue. If the Class "A" Director is removed, Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a Director, Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Class "A" Members entitled to fill such directorship may elect a successor for the remainder of the term. If they fail to do so, Board may appoint another Director to fill the vacancy until filled by election.

This Section shall not apply to Directors the Class "B" Member appoints nor to any Director serving as Developer's representative. Such Directors may be removed and replaced only by the Class "B" Member or Developer. The Class "B" Member or Developer shall be entitled to appoint a successor to fill any vacancy on Board resulting from the death, disability, or resignation of a Director appointed by or elected as a representative of the Class "B" Member or Developer.

## B. Meetings.

3.7 Organizational Meetings. Each Board shall hold its first meeting promptly after the annual membership meeting, at such time and place as Board shall fix.

3.8 Regular Meetings. Board may hold regular meetings at such time and place as Board shall determine, but Board shall hold at least one such meeting during each fiscal year during the Class "B" Control Period (which may be the organizational meeting in the first year) and at least one meeting per quarter thereafter.

3.9 Special Meetings. Board shall hold special Board meetings when called by written notice signed by the President, Vice President, or any 2 Directors.

### 3.10 Notice; Waiver of Notice.

(i) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. Board shall give notice to each Director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone (either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director); or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the Director's telephone number, fax number, electronic mail address, or sent to the Director's address, each as shown on Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least 7 business days before the time set for the meeting, except in the event of an emergency. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(ii) Except for emergency meetings, or as otherwise set forth in these Bylaws, notice of a Board meeting shall be posted in a conspicuous place within the Community at least 48 hours in advance of the meeting or provided in any other manner reasonably anticipated to provide notice to all Members, including publication in an Association newsletter with Community-wide circulation, posting on a Community cable television channel, or posting on a Community internet or intranet page. In lieu of notice of each regular Board meeting, Board may post or publish a schedule of upcoming Board meetings.

(iii) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each Director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting also shall be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

(iv) 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. Such notice must be mailed, delivered, or electronically transmitted to the Member and posted conspicuously on the property or broadcast on closed-circuit cable television. The notice must include a statement that assessments will be considered at the meeting and the nature of the assessment and the meeting.

(v) The Rules and Regulations, or any other rules or regulations that regulate the use of property within the Community, may not be adopted, amended, or revoked at a Board meeting unless a written meeting notice is provided to all Members at least 14 days before the meeting. Such notice must be mailed, delivered, or electronically transmitted to the Member and posted conspicuously on the property or broadcast on closed-circuit cable television. The notice must include a statement that changes to the rules regulating the use of property will be considered at the meeting.

3.11 Telephonic Participation in Meetings. Members of Board or any committee designated by Board may participate in a Board or committee meeting by means of telephone or other electronic means, through which all persons participating in the meeting can hear each other at the same time. Participation in this manner shall constitute presence at the meeting for all purposes. Participants attending by electronic means may vote by electronic transmission.

3.12 Quorum of Board. At all Board meetings, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute Board's decision, unless these Bylaws or the Declaration specifically provide otherwise. A meeting at which a quorum is initially present may continue, notwithstanding the withdrawal of Directors, if at least a majority of the required quorum for that meeting approves any action taken. If Board cannot hold a meeting because a quorum is not present, a majority of the Directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days after the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13 Conduct of Meetings. The President shall preside over all Board meetings at which the President is present, and the Secretary shall keep (or cause to be kept) a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.14 Open Meetings; Executive Session. Subject to this Section and Section 3.15, all Board meetings shall be open to all Members. Attendees other than Directors may not participate in any discussion or deliberation except as provided in these Bylaws. Developer and Owners may record (audio and video images) Board meetings subject to reasonable rules Board imposes.

If 20 percent of the total voting interests petition Board to address an item of business, Board shall at its next regular Board meeting or at a special meeting of Board, but not later than 60 days after the receipt of the petition, take the petitioned item up on an agenda. Board shall give all members notice of the meeting at which the petitioned item shall be addressed in accordance with the 14 day requirement set forth in this Section. Each Member shall have the right to speak for at least 3 minutes on each matter placed on the agenda by petition, provided that the Member signs the sign-up sheet, if one is provided, or submits a written request to speak prior to the meeting. Other than addressing the petitioned item at the meeting, Board is not obligated to take any other action requested by the petition.

A Member also may be permitted to speak if a Director requests that they be granted permission to speak, and Board concurs. In such case, the President (or other Officer conducting the meeting) may limit the time any such individual may speak.

Board, in its discretion, may adopt written rules expanding the right of Members to speak and governing the frequency, duration, and other manner of Member statements, which rules must be consistent with this Section, and may include a sign-up sheet for Members wishing to speak.

Notwithstanding the above, the President may call a special Board meeting, or adjourn any Board meeting and reconvene in executive session, and may exclude persons other than Directors, to discuss with Association's attorney matters relating to pending or threatened litigation which are protected by the attorney-client privileges, or to discuss among Board any other matter of a sensitive nature including personnel matters, if applicable law permits. In such cases, no recording will be permitted.

3.15 Action Without a Formal Meeting. Any action to be taken or which may be taken at a Board meeting may be taken without a meeting if all Directors sign a consent in writing, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.16 Powers. Board shall have all of the powers and duties necessary for administering Association's affairs and for performing all of Association's responsibilities and exercising all of Association's rights as set forth in the Governing Documents, and as provided by law. Board may do or cause to be done on Association's behalf all acts and things except those which the Governing Documents or applicable law require to be done and exercised exclusively by the membership generally.

3.17 Duties. Board's duties shall include:

- (a) those obligations set forth in the Declaration and elsewhere in these Bylaws;
- (b) depositing all funds received on Association's behalf in a bank depository which it shall approve, and using such funds to operate Association; however, any reserve funds may be deposited, in Board's business judgment, in depositories other than banks;
- (c) submitting for competitive bid in accordance with Section 720.3055, Florida Statutes, any contract for the purchase, lease, or renting of materials or equipment, or for the provision of services, requiring payment by Association that exceeds 10 percent of the total annual budget of Association, including reserves; provided, however, contracts with employees of Association and contracts for attorney, accountant, architect, community association manager, engineering, and landscape architect services, and all other contracts and contract renewals exempted under Section 720.3055, Florida Statutes, are not required to be competitive bid;
- (d) enforcing by legal means the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning Association if, in the exercise of its business judgment, it deems it prudent to do so;
- (e) keeping books with detailed accounts of Association's receipts and expenditures; and
- (f) maintaining, and retaining for the time periods required, the "official records" of Association, as provided in Chapter 720, Florida Statutes, or such other applicable law.

3.18 Compensation. Association shall not compensate a Director for acting as such. Association may reimburse any Director for expenses incurred on Association's behalf if approved by a majority of the other Directors. In addition, nothing in these Bylaws shall prohibit Association from compensating a Director for services or supplies the Director furnishes to Association in a capacity other than as a Director pursuant to a contract or agreement with Association. The foregoing also applies to any entity with which a Director is affiliated.

3.19 Right of Class "B" Member to Disapprove Actions. During the period of Class "B" membership, the Class "B" Member shall have a right, to the extent not prohibited by law, to veto any action, policy, or program of Association, Board, or any committee which, in the Class "B" Member's discretion, would tend to impair rights or interests of Developer or any Affiliate of Developer, interfere with development or construction of any portion of the Community, or diminish the level of services Association provides.

(a) Notice. Association, Board, and each committee shall give the Class "B" Member written notice of their meetings and proposed actions to be approved at their meetings (or by written consent in lieu of a meeting). The notice shall comply with the requirement for notice to Directors under Section 3.10 and shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) Opportunity to be Heard. Association, Board, and each committee shall give the Class "B" Member the opportunity at any meeting to join in, or to have its representatives or agents join in, discussion from the

floor concerning any prospective action, policy, or program which would be subject to the veto right described in this Section.

(c) Exercise of Rights. The Class “B” Member may exercise its veto right at any time within 30 days following the meeting at which such action was proposed or, if the action is approved without a meeting, at any time within 30 days following receipt of written notice of the proposed action. The Class “B” Member, its representatives, or agents, shall make its concerns, thoughts, and suggestions known to Board or the members of the subject committee. This veto right may be used to block proposed actions but shall not include a right to require any action or counteraction by Association, Board, or any committee. The Class “B” Member shall not use its veto right to prevent expenditures required to comply with applicable laws.

(d) Condition of Implementation. No action, policy, or program subject to the Class “B” Member’s veto right shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met, and then subject to the Class “B” Member’s rights under subsection (c).

3.20 Management. Board may employ a professional managing agent or agents, at such compensation as Board may establish, to perform such duties and services as Board shall authorize and as are otherwise within the scope of Board’s authority. Board may delegate such powers as are necessary to perform the manager’s duties, but shall not delegate policy-making authority or the obligation to adopt a budget. Board may contract with or employ Developer or any of its Affiliates as managing agent or manager.

Board may delegate to one or more of its members the authority to act on Board’s behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

After termination of the Class “B” Control Period, Association shall not be bound, either directly or indirectly, by any management contract executed during the Class “B” Control Period unless such contract contains a right of termination, which Association may exercise with or without cause and without penalty at any time after termination of the Class “B” Control Period on not more than 90 days written notice. After the Class “B” Control Period terminates, Association may not terminate any management contract, or retain a new managing agent, without the approval of a majority of Board.

The Class “A” Members shall have no right to terminate a management contract during the Class “B” Control Period. Unless Board otherwise grants such right, or unless the management contract otherwise provides, Board may act in its discretion with respect to executing and terminating management contracts during the Class “B” Control Period. Any management contract may, among other things, authorize the managing agent to act as Association’s agent with respect to the expenditure of Association funds within the scope of the approved Association budget; however, the managing agent shall not be permitted to spend money in excess of the budget or reallocate greater than 10% of any budget line item without Board’s prior written approval.

3.21 Accounts and Reports. The following management standards of performance shall be followed unless Board specifically determines otherwise:

(a) Commencing at the end of the quarter in which the first Unit is sold and closed, Board may prepare financial reports for Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on a cash or accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an “actual” versus “approved” budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments



at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(b) An annual financial report consisting of at least the following shall be prepared within 60 days (or such longer period as is permitted by law) after the close of the fiscal year: (i) a balance sheet and report showing actual cash receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. The report of cash receipts and expenditures shall disclose the amount of receipts by accounts and receipt classifications and the amount of expenses by accounts and expense classifications, including the following, as applicable: costs for security, professional, and management fees and expenses; taxes; costs for recreation facilities; expenses for refuse collection and utility services; expenses for lawn care; costs for building maintenance and repair; insurance costs; administration and salary expenses; and reserves if maintained by Association. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as Board determines, by an independent public accountant.

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

3.22 Right To Contract. Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other owners or residents associations.

3.23 Fines. Association may impose fines, in such amounts as permitted by law, for any violation of the Governing Documents except with regard to assessments. To the extent the Declaration or applicable law specifically requires, Board shall comply with the following procedures prior to imposition of sanctions:

(a) Notice. Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation; (ii) the proposed fine to be imposed; (iii) a period of not less than 14 days within which the alleged violator may present a written request for a hearing before the Covenants Committee appointed pursuant to Section 5.2; and (iv) a statement that the proposed fine shall be imposed as contained in the notice unless the alleged violator challenges the violation within 14 days of the notice. If a timely request for a hearing is not made, or if otherwise permitted by the Governing Documents and applicable law, the fine stated in the notice shall be imposed on majority vote of the Covenants Committee. Board or Covenants Committee may suspend any proposed fine if the violation is cured, or if a diligent effort is being made to cure, within the 14-day period. Such suspension shall not constitute a waiver of the right to fine future violations of the same or other provisions or rules by any Person. If a violator repeats the violation, or engages in a similar violation, for which notice was given within 12 months after the date of the first notice, Board shall have the discretion to impose the proposed fines if the alleged violations were one continuous violation without the need to serve the alleged violator with additional notice.

(b) Hearing. If the alleged violator requests a hearing within the allotted 14-day period, the hearing shall be held before the Covenants Committee. The alleged violator shall be afforded a reasonable opportunity to be heard. Proof of proper notice shall be placed in the minutes of the meeting. A copy of the notice, together with a statement of the date and manner of delivery signed by the Officer, Director, or agent who delivered such notice shall be considered adequate proof of notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. A written statement of the results of the hearing and the fine, if any, imposed shall be filed with the minutes of the Covenants Committee's meetings.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, subject to any limitations set forth in the Declaration, Board may elect to enforce any provision of the Governing Documents by self-help (specifically including towing vehicles that violate parking rules) or, following compliance with the Declaration's dispute resolution procedures, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable Legal

Costs actually incurred.

3.24 Board Training Seminar. Board may provide, or provide for, as a Common Expense, seminars and continuing educational opportunities designed to educate and inform Directors of their responsibilities as Directors. Such programs may include instruction on applicable corporate and fiduciary law principles, other issues relating to administering the Community's affairs, and upholding and enforcing the Governing Documents. Board may retain industry professionals, including property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected Director and each re-elected Director may be required to complete a training seminar within the first 6 months of assuming the Director position.

3.25 Board Standards. In performing their duties, Directors and Officers shall act as fiduciaries and are entitled to insulation from liability as provided for directors and officers of corporations by applicable law and as otherwise provided by the Governing Documents.

A Director or Officer acting in accordance with the business judgment rule shall not be personally liable to Association or its Members for errors in judgment made in the Director's or Officer's capacity as such. Unless the Governing Documents require that specific action be taken, the failure to take such specific action shall not, without further showing that Board acted in violation of the business judgment rule, be deemed a violation of a Board duty. A Director or Officer shall be considered to be acting in accordance with the business judgment rule so long as the Director or Officer:

(a) acts within the expressed or implied scope of the Governing Documents and the Director's or Officer's actions are not ultra vires;

(b) affirmatively undertakes to make decisions which are necessary for Association's continued and successful operation and, when decisions are made, they are made on an informed basis;

(c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and

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

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

3.26 Conflicts of Interest: Code of Ethics. Unless otherwise approved by a majority of the other Directors, no Class "A" Director may transact business with Association or Association contractor during the Director's term as Director. A Class "A" Director promptly shall disclose in writing to Board any actual or potential conflict of interest affecting the Director relative to the Director's performance as a Director. A Class "A" Director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members. Board may void any contract which creates a prohibited conflict of interest.

Notwithstanding the above, the Directors appointed by the Class "B" Member may be employed by or otherwise transact business with Developer or any of its Affiliates, and Developer and its Affiliates may transact business with Association or its contractors.

#### Article IV Officers

4.1 Officers. Officers shall include a President, Vice President, Secretary, and Treasurer. The Officers may, but need not, be Board members, Owners, or residents of the Community; however, so long as there is a Class "B" membership, the appointment of Officers who are not residents of the Community shall require the prior written consent of the Class "B" Member. Board may appoint such other Officers, including one or more Vice Presidents, Assistant Secretaries, or Assistant Treasurers, as it shall deem desirable, such Officers to have such authority and perform such duties as Board prescribes. Any two or more offices may be held by the same person, except the

offices of President and Secretary.

4.2 Election and Term of Office. Board shall elect Officers at the first Board meeting following each Association annual meeting. Officers shall serve until their successors are elected.

4.3 Removal and Vacancies. Any Officer may be removed by a vote of at least a majority of the Directors. Board shall appoint a replacement to fill any vacancy in any office for the unexpired portion of the term.

4.4 Powers and Duties. Officers each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as Board may specifically confer or impose. The President shall be Association's chief executive Officer. The Treasurer shall supervise the preparation of Association's budget, but may delegate all or part of the preparation and notification duties to a finance committee, managing agent, or both. The Secretary shall prepare or supervise the preparation of meeting minutes as required by applicable law.

4.5 Resignation. Any Officer may resign at any time by giving written notice to Board, the President, or the Secretary. Resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

4.6 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other Association instruments shall be executed by an Officer, unless Board provides otherwise, or by such other person or persons as Board may designate by resolution.

4.7 Compensation. Compensation of Officers shall be subject to the same limitations as compensation of Directors under Section 3.18.

4.8 President. The President shall be the chief executive Officer of Association. The President shall preside at all meetings of Association and of Board at which the President is present. The President shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including the power, subject to Article V, to appoint committees from among the Members from time to time as the President may in the President's discretion decide is appropriate to assist in the conduct of the affairs of Association. The President shall, subject to the control of Board, have general supervision, direction, and control of the business of Association. The President shall be ex-officio a member of all standing committees, and shall have such other powers and duties as may be prescribed by Board or these Bylaws.

4.9 Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President is absent, disabled, or refuses or is unable to act. If neither the President nor the Vice President is able to act, Board shall appoint some other member of Board to do so on an interim basis. The Vice President also shall perform such other duties as shall from time to time be conferred on Vice President by Board or these Bylaws.

4.10 Secretary. The Secretary shall keep (or cause to be kept) the minutes of all meetings of Board and the minutes of all meetings of Association at Association's principal office or at such other places as Board may order. The Secretary shall keep (or cause to be kept) the seal of Association in safe custody and shall have charge of such books and papers as Board may direct. The Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notice of meetings of the Members and of Board required by these Bylaws or by law to be given. The Secretary shall maintain (or cause to be maintained) a book of record Owners, listing the names and addresses of the Owners furnished by Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Unit is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by Board or these Bylaws. The Secretary may delegate all or a part of such duties to the managing agent.

4.11 Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records, and business transactions of Association, including accounts of all assets, liabilities, receipts, and disbursements in books belonging to Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name

and to the credit of Association in such depositories as may from time to time be designated by Board, in accordance with the Declaration and these Bylaws, shall render to the President and Directors, on request, an account of all of Treasurer's transactions as Treasurer and of the financial conditions of Association, and shall have such other powers and perform such other duties as may be prescribed by Board or these Bylaws. The Treasurer may delegate a part of such duties to the managing agent.

## Article V Committees

5.1 General. Board may create such committees and appoint its members, as it deems appropriate to perform such tasks and to serve for such periods as Board may designate by resolution. Committees shall exercise only such authority as granted by Board resolution, provided Board may elect not to follow a committee's advice on any matter. Committees may not act without specific Board authority and may not bind Association contractually or financially.

5.2 Covenants Committee. Board shall, from time to time, appoint a Covenants Committee consisting of three persons to serve as a hearing tribunal pursuant to Section 3.23. The Covenants Committee shall be comprised of Members who are not Directors, Officers, or employees of Association or the spouse, parent, child, brother, or sister of a Director, Officer, or employee.

5.3 Other Committees. In addition to the above, Board may create additional committees, as it deems necessary and useful. The following are examples of types of committees, along with their purpose, which Board may create:

(a) Finance Committee - to actively assist Board, the Treasurer, and Association's managing agent, if any, in preparing Association's budget.

(b) Physical Maintenance Committee - to actively assist Board with maintenance of the Common Maintenance Areas.

(c) Dispute Resolution Committee - to assist in the mediation of disputes concerning the interpretation of use restrictions, rules, and other Governing Document provisions and advise Board on initiating litigation involving Association (as provided in the Declaration); however, the Dispute Resolution Committee shall not preside over matters relating to the collection of assessments or other fees and charges. Each member of the Dispute Resolution Committee shall attend a Board-approved course on dispute resolution, if Board so requires.

Board may establish by resolution the specific scope and limitations on the authority of the above committees.

## Article VI Miscellaneous

6.1 Fiscal Year. Association's fiscal year shall be the calendar year unless otherwise established by Board resolution.

6.2 Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (the edition published on the date closest to the meeting) shall govern the conduct of Association proceedings when not in conflict with applicable law or the Governing Documents.

6.3 Conflicts. Conflicts between or among the Governing Documents and applicable law shall be resolved as directed in the Declaration.

6.4 Books and Records.

(a) Inspection by Members and Mortgagees. Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at reasonable times: the Governing Documents, the membership register, books of account, and the minutes of meetings of the Members, Board, and committees. Board shall provide for such inspection to take

place at Association's office or at such other place within the Community as Board shall designate.

(b) Rules for Inspection. In accordance with Section 720.303(5)(c), Florida Statutes, Board may establish reasonable rules with respect to: (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; (iii) payment of the cost of reproducing documents requested; and (iv) such other matters as Board deems appropriate. Records shall be made available within 10 business days after the receipt of a written request by an Owner or Owner's authorized agent, or as otherwise required by law.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties Association owns or controls. The Director's right of inspection includes the right to make a copy of relevant documents at Association's expense. Board shall provide for such inspection to take place at Association's office, the managing agent's office, or at a place within the Community as Board shall designate.

#### 6.5 Notices.

(a) Form of Notice and Method of Delivery. Except as otherwise provided in the Declaration or these Bylaws or by applicable law, all notices, demands, bills, statements, or other communications under the Declaration or these Bylaws shall be in writing and may be delivered in person, by United States mail, by private carrier, by facsimile, electronic mail, or other electronic communication device with written confirmation of transmission.

(b) Delivery Address. Notices shall be delivered or sent to the intended recipient as follows:

(i) if to a Member, at the address, facsimile number, or e-mail address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member;

(ii) if to Association, Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of Association or its managing agent, or at such other address as Association shall designate by notice in writing to the Members pursuant to this Section; or

(iii) if to Developer, at the principal address of Developer as it appears on the Secretary of State's records, or at such other address as the Developer shall designate by notice in writing to Association pursuant to this Section.

(c) Effective Date. Notice sent in accordance with subsections (a) and (b) shall be deemed to have been duly given and effective:

(i) if sent by United States mail, when deposited with the U. S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; however, if such delivery is refused or if the intended recipient has contracted with the private carrier to leave any deliveries without obtaining a signature evidencing receipt, the notice shall be deemed duly given and effective if the attempt to deliver was timely made;

(iii) if sent by facsimile or electronic mail, on transmission, as evidenced by a printed confirmation of transmission.

#### 6.6 Amendment.

(a) By Class "B" Member. During the Class "B" Control Period, the Class "B" Member may amend these Bylaws unilaterally, subject to the approval requirements in the Declaration, if applicable.

(b) By the Membership. Except as provided above, these Bylaws may be amended only by the affirmative

vote or written consent of Members representing at least 67% of the total Class “A” votes in Association, and the consent of the Class “B” Member, if such exists. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. The approval requirements set forth in the Declaration also shall be met, if applicable.

(c) Validity and Effective Date of Amendments. Amendments to these Bylaws shall become effective on recordation unless a later effective date is specified therein. In no event shall a change of conditions or circumstances operate to amend these Bylaws.

No amendment may remove, revoke, or modify any right or privilege of Developer or the Class “B” Member without the written consent of Developer, the Class “B” Member, or the assignee of such right or privilege.

Certification

I, the undersigned, do hereby certify:

I am the duly elected and acting Secretary of Association;

The foregoing Bylaws constitute the original Bylaws, as duly adopted at a meeting of Board of held on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

In witness whereof, I have subscribed my name and affixed the seal of Association this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
[SEAL]

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