

AMENDED AND RESTATED

BYLAWS

OF

**SOUTHPORT HOMEOWNERS ASSOCIATION, INC.,
a Florida corporation not-for-profit**

1. General.

1.1 Identity. These are the Bylaws of **SOUTHPORT HOMEOWNERS ASSOCIATION, INC.** (the "Association"), a corporation not-for-profit formed under the laws of the State of Florida. The Association has been organized for the purposes stated in the Amended and Restated Articles of Incorporation (the "Articles"), and the Declaration of Covenants, Conditions, Restrictions and Easements for The Villages of Southport (the "Declaration"). The Association shall have all of the powers provided in these Bylaws, the Articles, the Declaration (collectively, the "Governing Documents"), and any other statute or law of the State of Florida or any other power incident to any of the above powers.

1.2 Principal Office. The Principal office of the Association shall be at such place as the Board may determine from time to time.

1.3 Fiscal Year. The fiscal year of the Association shall be the calendar year.

1.4 Seal. The seal of the Association shall have inscribed upon it **SOUTHPORT HOMEOWNERS ASSOCIATION, INC.**, the year of its incorporation and the words "Corporation Not-For-Profit". The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed or otherwise reproduced upon any instrument or document executed in the name of the Association.

1.5 Books and Records.

1.5.1 Official Records. The Association shall maintain each of the following items, when applicable, which constitute the official records of the Association:

(a) Copies of any plans, specifications, permits, and warranties related to improvements constructed on the Common Property or other property that the Association is obligated to maintain, repair, or replace.

(b) A copy of the Bylaws of the Association and of each amendment to the Bylaws.

(c) A copy of the Articles of Incorporation of the Association and of each amendment thereto.

(d) A copy of the Declaration of Covenants and a copy of each amendment thereto.

(e) A copy of the current Rules and Regulations of the Association.

(f) The minutes of all meetings of the Board of Directors and of the Members, which minutes must be retained for at least 7 years.

(g) A current roster of all members and their mailing addresses and parcel identifications.

(h) All of the Association's insurance policies or a copy thereof, which policies must be retained for at least 7 years.

(i) A current copy of all contracts to which the Association is a party, including, without limitation, any management agreement, lease, or other contract under which the Association has any obligation or responsibility. Bids received by the Association for work to be performed must also be considered official records and must be kept for a period of one (1) year.

(j) The financial and accounting records of the Association, kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least seven (7) years. The financial and accounting records must include:

1. Accurate, itemized, and detailed records of all receipts and expenditures.
2. A current account and a periodic statement of the account for each Member, designating the name and current address of each Member who is obligated to pay Assessments, the due date and amount of each Assessment or other charge against the Member, the date and amount of each payment on the account, and the balance due.
3. All tax returns, financial statements, and financial reports of the Association.
4. The Investment Policy Statement, and all amendments thereto.

1.5.2 **Inspection and Copying of Books and Records.** The records of the Association shall be open to inspection and available for photocopying by any Member of the Association, upon request, during normal business hours or under other reasonable circumstances, within ten (10) business days after receipt of a written request for access. The Association shall be required to make available to prospective purchasers of any Lot, current

copies of the Governing Documents and the most recent annual financial statement of the Association.

1.5.3 Rules Concerning Official Records. The Association may adopt reasonable written rules governing the frequency, time, location, notice, and manner of inspections, and may impose fees to cover the costs of providing copies of the official records, including, without limitation, the costs of copying. The Association shall maintain an adequate number of copies of the recorded governing documents, to ensure their availability to Members and prospective Members, and may charge only its actual costs for reproducing and furnishing these documents to those persons who are entitled to receive them.

1.6 Definitions. Unless the context otherwise requires, all terms used in these Bylaws shall have the same meaning as are attributed to them in the Declaration and/or the Articles.

2. Membership in General.

2.1 Qualification. The qualification of Members, the manner of their admission to membership, changes in membership, and the termination of such membership, shall be as set forth in the Declaration and the Articles.

2.2 Member Register. The Secretary of the Association shall maintain a register in the office of the Association showing the names and addresses of the Members of the Association. Each Member shall at all times advise the Secretary of any change of address, of any change of ownership of the Member's Lot, and of any change in the number of Lots owned. The Association shall not be responsible for reflecting any changes in its records until notified of such change in writing.

3. Membership Voting.

3.1 Majority Vote. All acts or decisions that require a vote of the Members must be made by the concurrence or approval of a majority of the votes present in person or by proxy at a meeting at which a quorum is present, and/or by written consent, and all matters so approved shall be binding upon all Members for all purposes, except where otherwise provided by law or in the Governing Documents. Provided, in the event the Declaration or the Articles require a greater percentage for approval of particular items or matters, the greater requirement shall control and apply.

3.2 Determination of Voting Rights. The total number of Lots and Owners is governed by the Development Plan for The Villages of Southport. Members voting rights shall be determined as follows:

3.2.1 Voting Rights. The Association shall have two (2) classes of voting membership:

(a) Class "A". Class "A" Members shall be all Owners of Lots, with the exception of the Developer. Class "A" Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one person holds an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class "B". The Class "B" Member shall be the Developer and any successor of the Developer. Upon the execution of the Declaration, the Class "B" Member shall be entitled to three (3) votes for each Lot owned by the Class "B" Member, or an aggregate of 1,959 votes based upon 653 permitted Lots pursuant to the Development Plan (which shall be adjusted at any time the Development Plan is amended to change the number of Lots). The Class "B" Membership shall terminate and become converted to Class "A" Membership at such time as the Members other than the Developer are entitled to elect a majority of the members of the Board of Directors, as provided in Fla. Stat. Sect. 617.307 (1997), and herein.

3.2.2 Transition of Control of Association.

(a) Members other than the Developer are entitled to elect at least a majority of the members of the Board of Directors of the Association when the earlier of the following events occurs

(i) Three months after seventy-five percent (75%) of the Lots in all phases of the community that will ultimately be operated by the Association have been conveyed to Members; or

(ii) On August 10, 2003; or

(iii) At such time as the Developer shall determine to convert the Class "B" membership to Class "A" by written notice to the Association.

(iv) For purposes of this section, the term "members other than the developer" shall not include builders, contractors, or others who purchase a parcel for the purpose of constructing improvements thereon for resale.

(v) The Developer is entitled to elect at least one member of the Board of Directors of the Association as long as the Developer holds for sale in the ordinary course of business at least 5 percent of the Lots in all phases of the Community. After the Developer relinquishes control of the Association, the Developer may exercise the right to vote any Developer-owned voting interests in the same manner as any other Member, except for purposes of reacquiring control of the Association or selecting the majority of the members of the Board of Directors.

Upon the happening of any one of these events, the Developer shall call a special meeting to elect a new Board of Directors for the Association, but in no event later than three (3) months after the happening of such event.

3.2.3 Multiple Owners. Each vote in the Association must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint or multiple owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote on behalf of a particular Lot, it shall thereafter be conclusively presumed for all purposes that he was or they were acting with the authority and consent of all Owners thereof. In the event more than the appropriate number of votes are cast for a particular Lot, none of said votes shall be counted and said votes shall be deemed void.

3.3 Proxies. Every Member entitled to vote at a meeting of the Members, or to express consent or dissent without a meeting, may authorize another person to act on the Member's behalf by a proxy signed by such Member. Any proxy shall be delivered to the Secretary of the Association or the person acting as Secretary at the meeting, at or prior to the time designated in the order of business for so delivering such proxies. No proxy shall be valid after the expiration of eleven (11) months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at any time at the pleasure of the Member executing it.

3.4 Calculation of Votes. Any question concerning the number of votes which may be cast by a Member shall be decided by the Board.

4. Membership Meetings.

4.1 Who May Attend. As to any Member, any person entitled to cast the vote(s) of the Member, and in the event any Lot is owned by more than one person, all co-owners of the Lot, may attend any meeting of the Members. However, the votes of any Member shall be cast in accordance with the provisions of Subsection 3.2.3 above. Any person not expressly authorized to attend a meeting of the Members, as set forth above, may be excluded from any meeting of the Members by the presiding officer of the meeting.

4.2 Place. All meetings of the Members shall be held at the principal office of the Association or at any other location as designated by the Board and stated in the notice of meeting.

4.3 Quorum Requirements. Except as set forth hereinafter or unless otherwise so provided, at any regular or special meeting of the Members, the presence in person or by proxy of Members entitled to cast thirty percent (30%) of the total voting interests of the entire membership at the time of such vote shall constitute a quorum. If any meeting of the Members cannot be conducted because a quorum is not present, a majority of the votes of the Members present, either in person or by proxy, may adjourn the meeting to a time not less than ten (10) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of Members holding at least fifteen percent (15%) of the total voting interests of the entire membership. Such an adjourned meeting may be held without notice thereof as provided in subsection 4.4, provided that notice is given by announcement at the meeting at which such adjournment is taken. If, however, such an adjourned meeting is actually attended, in person or by proxy, by Members

entitled to cast less than thirty percent (30%) of the total voting interests of the entire membership, notwithstanding the presence of a quorum, no matter may be voted upon except such matters for which notice of the general nature of which was given pursuant to subsection 4.4 and 4.7 hereof. If a meeting of Members is adjourned for more than thirty (30) days from the originally scheduled meeting date, or if the Members adjourn a meeting without specifying a date for holding the adjourned meeting, the quorum and notice requirements for the holding of such adjourned meeting shall then be the same as the notice and quorum requirements prescribed for special meetings.

4.4 Notices. Written notice stating the location, day and hour of any meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each Member not less than five (5) nor more than sixty (60) days before the date of the meeting, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice of any meeting at which members of the Board are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Member at the Member's address as it appears on the records of the Association, unless such Member shall have filed a written request with the Secretary of the Association stating that notices to him be mailed to some other address. All notices shall be dated and shall be mailed to the Members as soon after the date of the notice as is practical. The date of the notice shall be the date used for the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Members of the Association, or in order to make a determination of the Members for any other purpose. The Board shall not be required to take into account any changes in membership occurring after that date but may, in their sole and absolute discretion, do so.

4.5 Organization. At each meeting of the Members, the President, or in his absence, the Vice President shall act as chairman of the meeting. The Secretary, or in his absence or inability to act, any person appointed by the chairman of the meeting shall act as Secretary of the meeting.

4.6 Minutes. The minutes of all meeting of the Members shall be kept in a book available for inspection by the Members or their authorized representatives, and the Members of the Board, at any reasonable time.

4.7 Actions Without a Meeting. Any action required or permitted to be taken at any annual or special meeting of the Members may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action to be taken, shall be signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Within ten (10) days after obtaining such authorization by written consent, notice shall be given to those Members who have not consented in writing. The notice shall fairly summarize the material details of the authorized action.

5. Board of Directors.

5.1 Members of the Board of Directors.

5.1.1 The affairs of the Association shall be managed by the Board comprised of not less than three (3) nor more than nine (9) members. So long as the Developer shall hold the Class "B" membership in the Association, the number of members shall be determined and changed from time to time by the Board. In the absence of such action, there shall be three (3) members of the Board.

5.1.2 When the Class "B" membership of the Developer ceases and is converted to Class "A" membership, the number of members of the Board shall be increased to nine (9) members.

5.1.3 Notwithstanding the foregoing, in no event shall there ever be less than three (3) members of the Board, and the number of members of the Board shall always be an odd number.

5.1.4 Upon Transfer of Control. At such time as the Class B membership shall terminate and be converted to Class A membership, the number of directors shall be expanded (if necessary) to nine (9) people. Thereafter, the Members shall elect the directors for staggered terms of three (3) years each. To create the staggered terms at the initial election of directors after the Class "B" membership is converted to Class "A", nine (9) directors shall be elected, of which three (3) positions shall be designated to expire in one (1) year; three (3) positions shall be designated to expire at the end of the second year; and three (3) positions shall be designated to expire at the end of the third year. All successor directors shall serve for terms of three (3) years each. Of the nine (9) directors, five (5) of such directors shall each be elected from a single village, of which they are a resident, being one (1) director from each of the five (5) villages which comprise The Villages of Southport (a "Village Director"); the remaining four (4) directors shall be elected at large from the entire development comprising The Villages of Southport (a "Community Director"). In the event that the number of people comprising the Board of Directors is changed, such change in number shall be implemented in such a manner as to have as nearly equal in number of directors as possible whose terms expire in any given year.

5.2 Election of Members of the Board. The members of the Board shall be elected by the Members of the Association, which election shall be conducted in the following manner:

5.2.1 At the first election after the Class "B" membership shall be converted to Class "A" membership, the number of directors shall be increased to nine (9), including five (5) directors to be elected only by the village in which they reside (referred to herein as "Village Directors"), and four (4) directors to be elected at large from the entire community comprising The Villages of Southport (referred to herein as "Community Directors"). Prior to the meeting at which the directors are to be elected, the existing Board shall appoint a nominating committee composed of Members. The Board shall send a notice to all members advising of the impending election of members to the Board, the names and addresses of Members of the nominating Committee, and the date the committee will make decisions concerning nominations for election

to the Board, which date shall be no less than fifteen (15) days after the date of the notice. The notice shall describe in reasonable detail the manner in which the director positions are to be elected (i.e. one (1) Village Director from each of the five (5) villages comprising The Villages of Southport, and four (4) Community Directors to be elected by the entire community comprising The Villages of Southport). Members may then submit names in writing of proposed candidates for the Board to the nominating committee.

5.2.2 Thereafter, prior to each annual meeting of the Association, the existing Board shall appoint a nominating committee composed of Members. The Board shall send a notice to all members advising of the impending election of members to the Board, the names and addresses of Members of the nominating committee, and the date the committee will make decisions concerning nominations for election to the Board, which date shall be no less than fifteen (15) days after the date of the notice. The notice shall specify the offices which are to be filled, as to whether the open-positions are Village Directors (i.e. to be elected by a particular village), or Community Directors (i.e. to be elected from the community at large). Members may then submit names in writing of proposed candidates for the Board to the nominating committee.

5.2.3 The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All such nominations shall be made from among Members. The nominating committee shall use its best efforts to insure that the nominations for at large election to the Board include Members from each of the villages of The Villages of Southport. Each nominee must agree in writing to his nomination and the placement of his name on the ballot. Nominations shall be placed on a written ballot as provided in subsection 5.2.4 for the mailing of such ballots to the Members.

5.2.4 All elections to the Board shall be made by written ballot which shall:

(a) indicate the number of vacancies to be filled and shall specify which of the vacancies are for a Village Director, which will only be voted on by Members from that Village, and which are for Community Directors, who will be voted on by all of the Members of the Community;

(b) set forth the names of those nominated by the nominating committee for each vacancy, and clearly separate the names of nominees for Village Director positions, and nominees for Community Director positions.

(c) contain a space for write-in votes by the Members; and

(d) contain a requirement that the Member must cast the same number of votes as the number of vacancies on the Board for Community Directors. For example, if the Member has one (1) vote, and there are five (5) nominees and two (2) Community Director vacancies, the Member must vote for no more and no less than two (2) nominees for Community Director or the ballot will not be counted. In addition, if a Village Director is to be elected from the village in which the Member resides, and there are three (3) nominees for the one (1)

vacancy, each Member from that village must vote for no more and no less than one (1) nominee, or the ballot will not be counted.

Such ballots shall be prepared and mailed by the Secretary to the Members at least fourteen (14) days in advance of the date set forth therein for a return (which shall be a date not later than the day before the annual meeting). The Secretary shall include with the ballot a brief summary and description of each person nominated by the Board.

5.2.5 The completed ballot shall be returned as follows:

(a) Each ballot shall be placed in a sealed envelope which shall bear on its face the name and signature of the Member or his proxy, the number of votes of that Member, and such other information as the Board may determine will serve to establish his right to cast the vote or votes presented in the ballot or ballots contained therein. The ballots shall be returned to the Secretary at the address of the Association.

5.2.6 Upon receipt of each return, the Secretary shall immediately place it in a safe or other locked place until the day set for the return of all ballots. On that day the envelopes containing the ballot(s) shall be turned over, unopened, to a separate Election Committee which shall consist of five (5) persons appointed by the Board, which shall not include any of the Members who are nominees. The Election Committee shall then adopt a procedure which shall:

(a) establish that the number of votes set forth on the envelope and on the ballot corresponds to the number of votes allowed to the Member or his proxy; and

(b) that the signature of the Member or his proxy on the outside envelope is genuine; and

(c) if the vote is by proxy, that a proxy has been filed with the Secretary as provided herein, and that such proxy is valid.

The Election Committee shall proceed to the opening of the envelopes and the counting of the votes. The Election Committee shall immediately announce the results of the election and shall send written notice to all Members advising of the results of the election. The ballots and the outside envelopes shall be returned to the Secretary to be kept in a safe or other locked place for a minimum of thirty (30) days. If no Member requests a review of the procedures and vote within said thirty (30) days, the ballots and outside envelopes shall be destroyed.

5.3 Term of Office.

5.3.1 For so long as the Class "B" membership exists, the term of office for all directors shall be one (1) year;

5.3.2 At the first election after the Class "B" membership ceases and is converted to Class "A" membership, the Members shall have the opportunity to elect nine (9) members of the Board, which shall include five (5) directors, each of whom shall be elected by

the Members of one of the five (5) villages in which such director resides ("Village Directors"), and four (4) directors who shall be elected at large by the entire membership of the Association ("Community Directors"). The term of office of three (3) members of the Board shall be three (3) years; the term of office of three (3) members of the Board shall be two (2) years; and the term of office of the remaining three (3) members of the Board shall be one (1) year. Prior to such election the existing Board shall determine by lot which of the Director positions shall be for three (3) years, two (2) years and one (1) year, respectively, at this first election. Thereafter, three (3) members of the Board shall be elected each year, and all successor directors shall serve for terms of three (3) years.

It is the intention of this provision to create staggered terms so that one-third (1/3) of the members of the Board shall be elected each year. The term of office of each member of the Board elected to fill a vacancy created by the expiration of the term of office of the respective past member of the Board shall be three (3) years. The term of office of each member of the Board elected or appointed to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved term of his predecessor. Any person serving as a member of the Board may be re-elected, and there shall be no limitation on the number of terms during which he may serve.

5.4 Organizational Meeting. The newly elected Board shall meet for the purposes of organization, the election of officers and the transaction of other business immediately after their election or within ten (10) days of same at such place and time as shall be fixed by the members of the Board at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

5.5 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the members of the Board.

5.6 Special Meetings. Special meetings of the Board may be called by any member of the Board, or by the President if not otherwise a member of the Board, at any time.

5.7 Board Action Without a Meeting. Any action required to be taken at a meeting of the members of the Board, or any action which may be taken at a meeting of the members of the Board, may be taken without a meeting if a consent in writing setting forth the action so to be taken is signed by all members of the Board and is filed in the minutes of the proceedings of the Board. Such consent shall have the same effect as a unanimous vote.

5.8 Notice of Meetings. Notice of each meeting of the Board shall be given by the Secretary, or by any other officer or member of the Board, stating the day, location and time of the meeting. Notice of such meeting shall be delivered to each member of the Board either personally or by telephone, facsimile or telegraph, at least twenty-four (24) hours before the time at which such meeting is to be held, or by first class mail, postage prepaid, at least three (3) days before the day on which such meeting is to be held. Notice of a meeting of the Board need not be given to any member of the Board who signs a waiver of notice either before or after the meeting. Attendance of a member of the Board at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place, the time or the manner in

which the meeting has been called or convened except when a member of the Board states, at the beginning of the meeting, an objection to the transaction of any business because the meeting is not lawfully called or convened.

5.9 Attendance at Board Meetings. All meetings of the Board shall be open to all Members, except for meetings between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege.

5.10 Place. All meetings of the Board shall be held at the principal office of the Association or at any other location as designated in the Notice of Meeting.

5.11 Quorum Requirements. Except as set forth hereinafter or unless otherwise so provided by the Declaration, at any regular or special meeting of the Board, the presence of Board members entitled to cast a majority of the votes of the entire Board at the time of such vote shall constitute a quorum. If any meeting of the Board cannot be organized because a quorum is not present, a majority of the votes of the Board members present may adjourn the meeting to a time not less than five (5) days and no more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence of members of the Board holding at least twenty-five percent (25%) of the votes of the entire Board.

5.12 [RESERVED]

5.13 [RESERVED]

5.14 [RESERVED]

5.15 [RESERVED]

5.16 Removal of Members of the Board. Members of the Board may be removed as follows:

5.16.1 Any member of the Board may be removed by majority vote of the remaining members of the Board if such member has been absent for the last three consecutive Board meetings, and/or adjournments and continuances of such meetings.

5.16.2 Any member of the Board may be removed with or without cause by a majority of the votes the Members cast at a special meeting of the Members called by Members having not less than twenty-five percent (25%) of the votes of the entire membership expressly for that purpose. The vacancy on the Board caused by any such removal may be filled by the Members at such meeting or, if the Members shall fail to fill such vacancy, by the Board as in the case of any other vacancy on the Board.

5.17 Vacancies. Unless the vacancy is filled by the Members in accordance with subsection 5.16.2, vacancies on the Board of any member of the Board may be filled by a majority vote of the members of the Board then in office, though less than a quorum, or by a sole

remaining member of the Board. If there are no members of the Board in office, then a special meeting election of the Members shall be called to elect the members of the Board to fill the vacancies.

5.18 Compensation. The Board shall not be entitled to any compensation unless the Members elect to pay them compensation and set the amount of such compensation, at any meeting of the Members.

5.19 Power and Duties. The Board shall have the right to exercise all of the powers and duties of the Association, express or implied, existing under these Bylaws, the Articles, the Declaration, or as otherwise provided by statute or law. Such powers and duties of the Board shall include without limitation (except as limited elsewhere herein), the following:

5.19.1 The operation, care, upkeep and maintenance of the Common Property, and any other portion of The Villages of Southport required to be maintained by the Association.

5.19.2 The determination of the expenses required for the operation of the Association.

5.19.3 The collection of Assessments for Common Expenses from Members required to pay same.

5.19.4 The employment of a professional investment manager to manage the Capital Fund of the Association, and the promulgation of an Investment Policy Statement which shall govern and control the manner in which the Capital Fund is to be invested.

5.19.5 The employment and dismissal of personnel.

5.19.6 The adoption and amendment of Rules and Regulations covering the details of the operation and use of property owned and/or maintained by the Association.

5.19.7 Maintaining bank accounts on behalf of the Association and designating signatories required therefor.

5.19.8 Obtaining and reviewing insurance for property owned and/or maintained by the Association.

5.19.9 The making of repairs, additions and improvements to, or alterations of, property owned and/or maintained by the Association.

5.19.10 Purchasing or leasing a Lot for use by a resident manager.

5.19.11 Borrowing money on behalf of the Association provided however, that the consent of the Members having at least two-thirds (2/3) of the votes of the entire membership, obtained at a meeting duly called and held for such purpose in accordance with the

provisions of these Bylaws, shall be required for the borrowing of any sum in excess of \$25,000.00.

5.19.12 Contracting for the management and maintenance of property owned and/or maintained by the Association. Authorizing a management agent or company to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of rules, and maintenance, repair and replacement of the Common Property with such funds as shall be made available by the Association for such purposes. The Association and its officers shall, however, retain at all times the powers and duties granted by all Governing Documents, including but not limited to, the making of Assessments, promulgation of rules, and execution of contracts on behalf of the Association.

5.19.13 Exercising all powers specifically set forth in the Governing Documents, and as otherwise provided by statute or law, and all powers incidental thereto or implied therefrom.

5.19.14 Entering into and upon any portion of the Property including Residential Property, when necessary to maintain, care and preserve any property in the event the Owner fails to do so.

5.19.15 Collecting delinquent Assessments by suit or otherwise, abating nuisances, and enjoining or seeking damages from the Members and/or Owners for violations of these Bylaws and the terms and conditions of the Declaration or of the Rules and Regulations of the Association.

5.19.16 Acquiring and entering into agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities, whether or not contiguous to the lands operated by the Association, intended to provide for the enjoyment recreation, or other use and benefit of the Members and/or owners and declaring expenses in connection therewith to be Common Expenses; all in such form and in such manner as may be deemed by the Board to be in the best interest of the Association; and the participation in the acquisition of any interest in lands or facilities for the foregoing purposes may be direct or indirect, meaning, without limiting the generality of the foregoing, by direct ownership of land or acquisition of stock in a corporation owning land.

6. Officers.

6.1 Positions and Qualifications. The Officers of the Association shall include a President, a Vice President, a Treasurer and a Secretary, all of whom shall be elected by the Board, from the membership of the Board of Directors, and may be preemptively removed from office with or without cause by vote of the Board at any meeting by concurrence of a majority of the members of the Board. Any person may hold two or more offices except that the President shall not also be the Secretary. The Board may, from time to time, elect such other officers and designate their powers and duties as the Board shall find to be appropriate to manage the affairs

of the Association. Each officer shall hold office until his successor shall have been elected, qualified, or until his death, resignation, or removal.

6.2 Resignation. Any officer of the Association may resign at any time by giving written notice of his resignation to any member of the Board, the President or the Secretary. Any resignation shall take effect at the time specified therein, or if there is no time specified therein, immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make such resignation effective.

6.3 Vacancies. A vacancy in any office, whether arising from death, resignation, removal or any other cause may be filled for the unexpired portion of the term of the office which shall be vacant in the manner prescribed in these Bylaws for the regular election or appointment of such office.

6.4 The President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association or corporation including, but not limited to, the power of appointment of committees to assist in the conduct of the affairs of the Association. The President shall appoint an investment committee, as provided hereinbelow, which shall be a standing committee solely for the purpose of assisting and reporting to the Board with respect to management of the Capital Fund.

6.5 The Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President, and shall be the chairman of the Investment Committee. He shall also assist the President generally and exercise such other powers and perform such other duties as may be prescribed by the Board.

6.5.1 Assistant Vice-Presidents for Financial Affairs. The Board shall appoint and elect three (3) Members as Assistant Vice-Presidents For Financial Affairs, who shall serve as members of the Investment Committee, together with two (2) members of the Board as provided in subsection 6.9 herein.

6.6 The Secretary. The Secretary shall be responsible for preparing and keeping the minutes of all proceedings of the Board and the Members. He shall be responsible for attending to the giving and serving of all notices to the Members and the members of the Board and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal. He shall keep the records of the Association, except those of the Treasurer, and shall perform or direct performance of all other duties incident to the office of Secretary of the Association, and as may be required by the Board or the President.

6.7 The Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall oversee the keeping of books of account for the Association in accordance with good accounting practices, which, together with substantiating papers, shall be made available to the Board for examination at any reasonable time. He shall cause a Treasurer's Report to be submitted to the Board at reasonable intervals and shall perform or cause to be performed all other duties incident to the

office of Treasurer. He shall collect, or direct collection of, all Assessments and shall report promptly to the Board the status of collection.

6.8 **Compensation.** The officers of the Association shall not be entitled to compensation unless the Board specifically votes to compensate them. However, neither this provision, nor the provision that members of the Board will not be compensated unless otherwise determined by the Members, shall preclude the Board from employing a member of the Board or an officer as an employee of the Association and compensating such employee, nor shall they preclude the Association from contracting with a member of the Board for the management of the Common Property or any portion thereof, or for the provision of services to the Association, including, but not limited to, engineering, architectural, planning, landscape planning, accounting or legal services, and in either such event to pay such member of the Board a reasonable fee for such management or provision of services.

6.9 **Investment Committee.** The Investment Committee shall be a standing committee of the Association, for the purpose of assisting the Board with respect to the management of the Capital Fund. The Investment Committee shall consist of five (5) Members of the Association, which shall include two (2) members of the Board, including the Vice-President, and three (3) other Members who shall be appointed as Assistant Vice-Presidents For Financial Affairs, as provided herein. The Vice-President shall be the chairman of the Investment Committee, and the other Board member shall be the Vice-Chairman. The duties and responsibilities of the Investment Committee shall include, without limitation, to communicate and consult with the Investment Manager retained by the Association, to monitor the results from the investment of the Capital Fund, to monitor the compliance by the Investment Manager with the Investment Policy Statement adopted by the Board, and to report to the Board at least on a quarterly basis. The Committee shall make recommendations to the Board from time to time, as the Board may request, and/or as the Committee may deem appropriate, with respect to suggested revisions to the Investment Policy Statement, the retention or removal of the Investment Manager, and any other matters relating to the Capital Fund, and the management thereof. Provided, the Committee may only make recommendations to the Board, and all decisions to be made with respect to the Capital Fund, and investment of same, including any amendment to the Investment Policy Statement must be approved by a seventy-five percent (75%) majority of the entire Board.

7. Finances and Assessments.

7.1 Adoption of the Budget.

7.1.1 By October 31st of each year, or as soon thereafter as is reasonably possible, the Board shall adopt a budget for the next fiscal year, necessary to defray the Common Expenses of the Association for such fiscal year as set out in the Declaration. The Common Expenses of the Association shall include all expenses of any kind or nature whatsoever anticipated to be incurred by the Association for the next fiscal year. In the event the Board fails to adopt an annual budget for any year, the prior year's budget shall remain in effect until a new budget is adopted or the existing budget is amended or revised.

7.1.2 If, after the adoption of any budget, it shall appear that the adopted budget is insufficient to provide adequate funds to defray the Common Expenses of the Association for the fiscal year in which the adopted budget applies, the Board may adopt an amended budget to provide such funds. All of the above provisions shall apply to the adoption of an amended budget.

7.2 Assessments and Assessment Role.

7.2.1 Pursuant to the terms of the Declaration, the Board shall fix and determine the amount and frequency of the Members' Assessments for Common Expenses. Such Assessments shall be due not more frequently than monthly, and shall each be in an amount no less than required to provide funds in advance for payment of all of the anticipated current operating expenses for all of the unpaid operating expenses previously incurred. Any periodic Assessments for Common Expenses, whether quarterly, monthly, or otherwise, shall be equal unless the Board determines unequal Assessments are required to provide funds in advance for the expenses of the Association. As soon as practicable after the determination of the Assessments for Common Expenses, the Association shall notify each Member, in writing, of the amount, frequency and due date of such Members' Assessments, provided, however, that no Assessment shall be due in less than ten (10) days from the date of such notification.

7.2.2 In the event the expenditure of funds by the Association is required that cannot be paid from the Assessments for Common Expenses, the Board may make Special Assessments in the manner as set out in the Declaration.

7.2.3 The Association shall maintain an Assessment roll for each Member, designating the name and current mailing address of the member, the amount of each Assessment payable by such Member, the dates and amounts in which the Assessments come due, the amounts paid upon the account of the Member, and the balance due.

7.3 Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined and approved by appropriate resolutions of the Board from time to time. Funds shall be withdrawn only upon checks and demands for money signed by such officers, members of the Board or other persons as may be designated by the Board.

7.4 Application of Payments and Commingling of Funds. All sums collected by the Association from Assessments may be commingled in a single fund or divided into more than one fund, as determined by the Board. Reserve Funds shall be deposited in separate interest bearing accounts.

8. Parliamentary Rules.

8.1 Roberts' Rules of Order (latest edition) shall govern the conduct of the meetings of Members when not in conflict with the Governing Documents.

9. Amendments.

9.1 Initiation. A resolution to amend these Bylaws may be proposed by any member of the Board, or by Members holding not less than ten percent (10%) of the votes of the entire membership of the Association.

9.2 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

9.3 Adoption of Amendments.

9.3.1 A resolution for the adoption of the proposed amendment shall be adopted by Members having not less than a majority of the votes of the entire membership of the Association.

9.3.2 If the required number of Members eligible to vote sign a written consent statement showing their intention that an amendment to these Bylaws be adopted, then the amendment shall thereby be adopted as though subsections 9.1 through 9.3.1 had been satisfied.

9.4 No amendment shall make any change in the qualification for membership nor in the voting rights or property rights of Members without approval by all of the Members. So long as the Developer owns any portion of the Property, no amendment shall make any changes which would in any way effect any of the rights, privileges, powers or options herein provided in favor of or reserved to the Developer, unless the Developer shall join in the execution of the amendment.

9.5 HUD/VA shall have the right to veto any amendment so long as there is a Class B Membership.

10. Rules and Regulations. The Board may, from time to time, adopt or ratify previously adopted Rules and Regulations concerning the use of the Common Property and concerning the use, operation and maintenance of other portions of the Subject Property in order to further implement and carry out the intent of the Governing Documents. The Board shall make available to any Member, upon request, a copy of the Rules and Regulations adopted from time to time by the Board.

11. Miscellaneous.

11.1 Tenses and Genders. The use of any gender or of any tense in these Bylaws shall refer to all genders or to all tenses, wherever the context so requires.

11.2 Partial Invalidity. Should any of the provisions hereof be void or become unenforceable at law or in equity, the remaining provisions shall, nevertheless, be and remain in full force and effect.

11.3 **Conflicts.** In the event of any conflict, any applicable Florida statute, the Declaration, Articles, and Bylaws, and the Rules and Regulations of the Association shall govern, in that order of priority.

11.4 **Captions.** Captions are inserted herein only as a matter of convenience and for reference, and in no way are intended to or shall define, limit or describe the scope of these Bylaws or the intent of any provisions hereof.

11.5 **Waiver of Objections.** The failure of the Board or any officers of the Association to comply with any terms and provisions of the Governing Documents which relate to time limitations shall not, in and of itself, invalidate the act done or performed. Any such defect shall be waived if it is not objected to by a Member within thirty (30) days after the Member is notified, or becomes aware of the defect. Furthermore, if such defect occurs at a general or special meeting, the defect shall be waived as to all Members who received notice of the meeting and failed to object to such defect at the meeting.