

Bylaws
Parador Condominium Association Inc.

NOTE: SUBSTANTIAL AMENDMENT OF ENTIRE BYLAWS. FOR PRESENT TEXT SEE EXISTING BYLAWS.

**AMENDED AND RESTATED BYLAWS
OF
PARADOR CONDOMINIUM ASSOCIATION, INC.**

1. GENERAL. These are the Amended and Restated Bylaws of Parador Condominium Association, Inc., hereinafter the "Association", a corporation not for profit organized under the laws of Florida for the purpose of operating a condominium pursuant to the Florida Condominium Act. All prior Bylaws are hereby revoked and superseded in their entirety.

1.1 Principal Office. The principal office of the Association shall be such location within Collier County, Florida as may be determined from time to time by the Board of Directors.

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

1.3 Definitions. The definitions set forth in Section 4 of the Declaration of Condominium shall also apply to terms used in these Bylaws.

2. MEMBERS.

2.1 Qualifications. Membership in the Association is an appurtenance to each Unit. The members of the Association shall be the record owners of legal title to the Units. In the case of a Unit subject to an agreement for deed (a.k.a. Land Contract), the purchaser in possession shall be deemed the owner of the Unit for purposes of determining voting and use rights. Membership shall become effective upon the last to occur of the following events.

- (A) Recording in the Public Records of a deed or other instrument evidencing legal title to the Unit in the member and delivery to the Association a recorded copy of such deed or other instrument.
- (B) Approval by the Association as provided for in Section 14 of the Declaration of Condominium.
- (C) Delivery to the Association, if required, of a written designation of a primary occupant.

2.2 Voting Interests. The members of the Association are entitled to one (1) vote for each Unit owned by them. The total number of possible votes (the "voting interests") is equal to the total number of Units. The vote of a Unit is not divisible. The right to vote may not be denied because of delinquent assessments. The right to vote shall be established as follows:

- (A) If a Unit is owned by one natural person, his right to vote shall be established by the record title to the Unit.
- (B) If a Unit is owned jointly by two or more natural persons, that Unit's vote may be cast by any one of the record owners. If two or more owners of a Unit do not agree among themselves how their one vote shall be cast, that vote shall not be counted for any purpose.
- (C) If the owner of a Unit is not a natural person, the vote of that Unit shall be cast by the Unit's primary occupant designated as set forth in Section 14.1 of the Declaration of Condominium.
- (D) If the Unit is subject to an agreement for deed, the purchaser in possession shall have the right to vote as provided for in this section 2.2 (A) - (C) as may apply.
- (E) If the unit is owned by the Association, no voting interest or consent right allocated to that unit shall be exercised or considered for any purpose, whether for a quorum, and election or otherwise.

2.3 Approval or Disapproval of Matters. Whenever the vote of the membership is required upon any matter, whether or not the subject of an Association meeting, the manner in which the vote may be cast shall be determined by the person authorized to vote in Section 2.2 above, unless the joinder of all record owners is specifically required.

2.4 Change of Membership. Upon a new Unit owner's membership becoming effective as provided in 2.1 above, the prior owner's membership shall automatically terminate.

2.5 Termination of Membership. Any liability or obligation of a member which arose out of or was in any way connected with ownership of a Unit or membership in the Association shall survive termination of such ownership and membership.

3. MEMBERS' MEETINGS; VOTING.

3.1 Annual Meeting. There shall be an annual meeting of the members in each calendar year. The annual meeting shall be held within forty-five (45) miles of the condominium property each year during the month of February or March at a day, place and time designated by the Board of Directors, for the purpose of transacting any business duly authorized to be transacted by the members.

3.2 Special Members' Meetings. Special members' meetings must be held whenever called by the President or by a majority of the Directors, and may also be called by members having at least a majority of the voting interests. A meeting is called when the person or persons calling the meeting have noticed the meeting as set forth in Section 3.3 below. The business at any special meeting shall be limited to the items specified in the notice of meeting.

3.3 Notice of Members' Meetings; Waiver of Notice. Notice of all members' meetings must state the time, date, and place of the meeting, and include an agenda for the meeting. The written notice must be given to each owner by mail at the address which appears in the official records of the Association, by electronic transmission by the means in which the owner has consented to receive notice, or by hand delivery. The member is responsible for informing the Association of any change of address. The notice of all members' meetings must be mailed, delivered or electronically transmitted at least fourteen (14) days prior to the meeting. If ownership of a Unit is transferred after notice has been mailed, no separate notice to the new owner is required. Attendance at any meeting by a member constitutes waiver of notice by that member unless the member objects to the lack of notice at the beginning of the meeting. A person entitled to receive such notice may waive notice of any meeting at any time, but only by written waiver. Notice of any meeting at which non-emergency special assessments may be considered shall disclose that fact and describe the nature of the proposed special assessment.

3.4 Notice of Annual Meeting; Special Requirements. Notice of the annual meeting together with an agenda shall be posted in a conspicuous place on the condominium property or association property for at least fourteen (14) continuous days prior to the annual meeting. The notice and agenda for the annual meeting shall also be mailed, hand delivered or electronically transmitted to each owner regardless of whether the second notice of election described in Section 4.3(B) below is required, and an affidavit of the officer or other person making such mailing shall be retained in the Association records as proof of mailing.

3.5 Quorum. A quorum at members' meeting shall be attained by the presence, either in person or by proxy, of persons entitled to cast at least a majority of the voting interests.

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

3.7 Proxy Voting. Except as otherwise provided by law, any person entitled to attend and vote at a members' meeting may establish his presence and cast his vote by proxy. Proxies may not be used to elect Directors. Limited and general proxies may be used to establish a quorum. Limited proxies shall be used for votes taken to waive or reduce reserves, to waive financial statement requirements, to amend the condominium documents, and for any other matters for which the Condominium Act requires or permits a vote of the members. Limited proxy questions relating to waiving or reducing the funding of reserves or using existing reserve funds for purposes other than purposes for which the reserves were intended shall contain the following statement in capitalized, bold letters in a font size larger than any other used in the face of the proxy: **WAIVING OF RESERVES IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.** General proxies may be used to establish a quorum, for procedural votes, and for non-substantive amendments to proposals for

which a limited proxy is being used. A proxy may be given by any person entitled to vote, but shall be valid only for the meeting for which it was originally given and any lawful adjournment of that meeting. No proxy is valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy is revocable at any time at the pleasure of the person executing it. To be valid, a proxy must be in writing, dated, signed by the person authorized to vote for the Unit, specify the date, time and place of the meeting for which it is given, and must be delivered to the Association at or before the appointed time of the meeting or lawfully adjourned and reconvened meeting thereof. Proxyholders must be members. No proxy shall be valid if it names more than one proxyholder, but the proxyholder shall have the right, if the proxy so provides, to substitute another person to hold the proxy.

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

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

- (A) Call for ballots not yet cast in the Election of Directors (if necessary).
- (B) Election of Directors (if necessary).
- (C) Call of the roll and determination of quorum.
- (D) Reading or disposal of minutes of previous members' meeting
- (E) Reports of Officers
- (F) Reports of Committees
- (G) Unfinished Business
- (H) New Business
- (I) Adjournment

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

3.11 Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the law, with the Declaration, or with these Bylaws. The presiding officer may appoint a Parliamentarian whose decision on questions of parliamentary procedure shall be final. Any question or point of order not raised at the meeting to which it relates shall be deemed waived.

3.12 Action by Members Without Meeting. Except for the holding of the annual meeting, any action required or permitted to be taken at a members' meeting may be taken by mail without a meeting if written consents or other instruments indicating approval of the proposed action are dated, signed and returned by members having not less than the minimum number of votes that would be necessary to take such action at a meeting, or majority voting interests, whichever is greater, unless a lesser vote is sufficient by law. If the requisite number of written consents is received by the Association within sixty (60) days after mailing notice of the proposed action to the members, a resolution passed by the Board of Directors on the action so authorized shall be of full

force and effect as if the action had been approved by the vote of the members at a members' meeting held on the date of the Board meeting. Within ten (10) days after adopting the resolution, the Board shall send written notice of the action taken to all members who have not consented in writing. Nothing in this paragraph shall be construed in derogation of members' rights to call a special meeting of the membership, as provided in Section 3.2 above. If the vote is taken by the method described in this Section, the list of Unit owners on record with the Secretary at the time of mailing the voting material shall be the list of qualified voters.

4. BOARD OF DIRECTORS. The affairs of the Association shall be administered by a Board of Directors. All powers and duties granted to the Association by law, together with the condominium documents, shall be exercised by the Board, subject to approval or consent of the members only when such is specifically required.

4.1 Number and Terms of Service. The number of Directors which shall constitute the whole Board of Directors shall be five (5). All Directors shall be elected for two (2) year terms. A Director's term will end at the annual election at which his successor is to be duly elected, unless he sooner resigns or is recalled as provided in 4.5 below. Directors shall be elected by the members as described in Section 4.3 below, or in the case of a vacancy, as provided in 4.4 below.

4.2 Qualifications. Each Director must be a member, the spouse of a member, a primary occupant or the spouse of a primary occupant. No more than one person may represent each Unit as a Director at the same time. A person who has been suspended or removed as a Director by the Division under The Act or who is delinquent in the payment of any fee or assessment as provided in Section 718.112(2)(n), Florida Statutes is not eligible for Board membership. A person who has been convicted of a felony in the State of Florida or in a United States District or Territorial Court, or who has been convicted of any offense in another jurisdiction that would be considered a felony if committed in Florida is not eligible for Board membership, unless such felon's civil rights have been restored for a period of no less than five (5) years as of the date on which such person seeks election to the board. The validity of an action by the Board is not affected if it is later determined that the member of the Board is ineligible for Board membership due to having been convicted of a felony. Each Director must be a member, the spouse of a member, a primary occupant or the spouse of a primary occupant. No more than one person may represent each Unit as a Director at the same time. A person who has been convicted of a felony by any court of record in the United States and who has not had his or her right to vote restored pursuant to law in the jurisdiction of his or her residence is not eligible for Board membership.

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

- (A) **First Notice; Candidates.** Not less than sixty (60) days before the election, the Association shall mail, electronically transmit or hand deliver, whether by separate Association mailing or included in another Association mailing or delivery including regularly published newsletters, to each member entitled to vote, a first notice of the date of the election. Any member or other eligible person desiring to be a candidate may qualify as such by giving written notice to the Association not less than forty (40) days prior to the annual election. The first notice shall include a certification form

provided by the Division attesting that he or she has read and understands, to the best of his or her ability, the governing documents of the association and the provisions of the Act and any applicable rules.

- (B) Second Notice; Candidate Information Sheets. If there is more than one candidate for any seat, at least fourteen (14) days before the election, the Association shall mail, electronically transmit or hand deliver a second notice of election to all members entitled to vote in the contested election, together with a ballot which shall list all qualified candidates. Upon request of a candidate, the Association shall include an information sheet, no larger than 8 1/2 inches by 11 inches, which must be furnished by the candidate not less than 35 days before the election, along with the signed certification form provided for (A) above, shall be included with the mailing, delivery or transmission of the ballot, with the costs of mailing, delivery or electronic transmission and copying being borne by the Association. This notice shall be mailed together with the written notice and agenda required by Section 3.4 above.
- (C) Balloting. Where balloting is required, Directors shall be elected by a plurality of the votes cast, provided that at least twenty percent (20%) of the eligible voters cast ballots. Proxies may not be used in the election. In the election of Directors, there shall be appurtenant to each Unit as many votes for Directors as there are Directors to be elected, but no Unit may cast more than one vote for any candidate, it being the intent hereof that voting for Directors shall be non-cumulative. Tie votes shall be broken by agreement among the candidates who are tied, or if there is no agreement, by lot, or by any other method allowed by law.

4.4 Vacancies on the Board. If the office of any Director becomes vacant for any reason, a successor or successors to fill the remaining unexpired term or terms shall be appointed or elected as follows:

- (A) If a vacancy is caused by the death, disqualification or resignation of a Director, a majority of the remaining Directors, though less than a quorum, shall appoint a successor, who shall hold office for the remaining unexpired term. In the alternative, the Board may choose to hold an election to fill the vacancy for the unexpired term, which election shall be held in accordance with Section 4.3 above.
- (B) A vacancy occurring as a result of a recall in which less than a majority of the Directors are recalled and removed, the vacancy(ies) may be filled by the affirmative vote of a majority of the remaining Directors, even if the remaining Directors constitute less than a quorum. No recalled Director shall be appointed by the Board to fill a vacancy. Alternatively, the Board may, by affirmative vote of a majority of the remaining Directors, even if the remaining Directors constitute less than a quorum, call and conduct an election in the manner prescribed by law to fill the vacancy(ies). Vacancies occurring as a result of a recall in which a majority or more of the Directors are recalled and removed, shall be filled by an election conducted at the special members' recall meeting in the manner prescribed by law.

- (C) If for any reason the entire Board is vacant, a special election held in accordance with Section 4.3 above shall be held with at least ten (10) days notice to the owners at which the members shall elect the successors to serve only until the next annual meeting.

4.5 Recall and Removal of Directors. Involuntary removal of Directors shall be governed as follows:

(A) Removal by Operation of Law.

- (1) A Director or officer more than ninety (90) days delinquent in the payment of regular assessments shall be deemed to have abandoned the office, creating a vacancy in the office to be filled according to law.
- (2) A Director or officer charged with a felony theft or embezzlement offense involving the Association's funds or property shall be removed from office, creating a vacancy in the office to be filled according to law. While such Director or officer has such criminal charge pending, he or she may not be appointed or elected to a position as a Director or officer. However, should the charges be resolved without a finding of guilt, the Director or officer shall be reinstated for the remainder of his term or office, if any.

- (B) Removal by vote of the Members. Any or all Directors may be recalled and removed from the Board by the Unit owners, with or without cause, by affirmative vote of a majority of all the voting interests, either at a special members' recall meeting or by written agreement. If more than one Director is sought to be recalled, the recall shall be voted upon separately for each Director. A special members' recall meeting may be called by ten percent (10%) or more of the voting interests and notice thereof shall be mailed or hand delivered to each Unit owner and delivered to the Board at least fourteen (14) days prior to the scheduled meeting. Electronic transmission may not be used as a method of giving notice of a meeting called in whole or in part for this purpose. The notice shall state that the purpose of the meeting is to recall one or more Directors, shall contain the information required by law and shall be accompanied by a signature list of at least ten percent (10%) of the voting interests seeking the recall. The special members' meeting must be held not more than sixty (60) days from the date that notice of the meeting is given and shall be conducted in the manner provided by law. If a written agreement is utilized to recall one or more Directors, said agreement shall be served on the Board by certified mail or by personal service in the manner authorized by chapter 48, Florida Statutes, and the Florida Rules of Civil Procedure. Within five (5) full business days after adjournment of the special members' recall meeting or receipt of the written agreement, the Board shall call a meeting of the Board at which it will decide whether to certify (accept) or reject the recall. The Board's course of action following its decision to certify or reject the recall shall be in accordance with governing law.

4.6 Organizational Meeting. The organizational meeting of a new Board of Directors shall be held within ten (10) days after every election by the members of one or more Directors and must be noticed in accordance with Sections 4.7 and 4.8 below.

4.7 Other Board Meetings. Meetings of the Board may be held at such time and place in Collier County, Florida, as shall be determined from time to time by the President or a majority of the Directors. Notice of meetings shall be given to each Director, personally or by mail, telephone, facsimile, electronic mail or telegram at least forty-eight (48) hours prior to the day named for such meeting. If twenty percent (20%) of the voting interests petition the board to address an item of business, the Board shall at its next regular board meeting or at a special meeting of the Board, but not later than sixty (60) days after the receipt of the petition, place the item on the agenda.

4.8 Notice to Owners. All meetings of the Board of Directors shall be open to members, except those meetings between the Board and the Association's attorney, with respect to proposed or pending litigation, when the purpose of the meeting is to seek or render legal advice. A notice and agenda for each Board meeting shall be posted conspicuously on the condominium property or association property for at least forty-eight (48) continuous hours in advance of each Board meeting, except in an emergency. Except that notice of any Board meeting at which a non-emergency special assessment or an amendment of a rule regarding the use of Units is to be considered for any reason shall be mailed, delivered or electronically transmitted to each owner and conspicuously posted at least fourteen (14) days before the meeting, and an affidavit of mailing shall be retained as proof of mailing. Notice of any Board meeting at which a budget will be adopted or amended shall be given as stated in Section 6.2 below. The right of owners to attend Board meetings includes the right to speak on designated agenda items, subject to reasonable rules of the Association governing the manner, duration and frequency of doing so.

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

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

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

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

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

4.14 Compensation of Directors and Officers. Neither Directors nor officers shall receive compensation for their services as such, unless such compensation is approved by at least a majority of the voting interests of the Association. Directors and officers may be reimbursed for all actual and proper out-of-pocket expenses relating to the proper discharge of their respective duties.

4.15 Committees. The Board of Directors may appoint from time to time such standing or temporary committees as the Board may deem necessary and convenient for the efficient and effective operation of the Condominium. Any such committee shall have the powers and duties assigned to it in the resolution creating the committee. If a committee has delegated to it the authority to bind the Association or act for and in the place of the Board, including the power to authorize the expenditure of funds, the committee shall hold its meetings and give notice of such meetings with the same formalities as required for Board meetings.

5. OFFICERS.

5.1 Officers and Elections. The executive officers of the Association shall be a President, and a Vice-President, who must be Directors, a Treasurer and a Secretary, all of whom shall be elected annually by a majority of the Board of Directors. Any officer may be removed with or without cause by vote of a majority of all Directors present at any meeting. Any person except the President may hold two or more offices. The Board may, from time to time, appoint such other officers, and designate their powers and duties, as the Board shall find to be required to manage the affairs of the Association.

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

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

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

5.5 Treasurer. The Treasurer shall be responsible for Association funds and securities, the keeping of full and accurate accounts of receipts and disbursements in books belonging to the Association, and the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall oversee the disbursement of the funds of the Association, keeping proper vouchers for such disbursements, and shall render to the President and Directors, at the meetings of the Board, or whenever they may require it, an accounting of all transactions and of the financial condition of the Association. Any of the foregoing duties may be performed by an Assistant Treasurer, if any has been designated.

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

6.1 Depository. The Association shall maintain its funds in federally insured accounts in financial institutions authorized to do business in the State of Florida as designated by the Board. Withdrawal of monies from such accounts shall be only by such persons as are authorized by the Board. The Board may invest Association funds in interest-bearing accounts, money market funds, certificates of deposit, U.S. Government securities, and other similar investments that may be chosen by the Board in the prudent exercise of its good business judgment and fiduciary duties.

6.2 Budget. The Board of Directors shall adopt a budget of estimated revenues and common expenses for each fiscal year. A copy of the proposed budget and a notice stating the time, date and place of the meeting of the Board at which the budget will be adopted shall be mailed, electronically transmitted or hand delivered to the owner of each Unit not less than fourteen (14) days prior to that meeting. The person providing notice of that meeting shall execute an affidavit evidencing compliance with such notice requirement and such affidavit shall be filed among the official records of the Association. The proposed budget shall be detailed and shall show the amounts budgeted by income and expense classifications. The Board may amend the budget during the fiscal year, provided it does so at a properly noticed meeting.

6.3 Statutory Reserves for Capital Expenditures and Deferred Maintenance. In addition to annual operating expenses, the proposed budget must include reserve accounts for capital expenditures and deferred maintenance as required by law. These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing. The amount to be reserved shall be computed by a formula based upon estimated remaining useful life and replacement cost or deferred maintenance expense or replacement cost of each reserve item. These reserves shall be funded unless it is subsequently determined by a majority of the voting

interests voting in person or by limited proxy at a duly called members' meeting to fund no reserves or less than adequate reserves for a fiscal year. The vote to waive or reduce reserves, if any is taken, may be taken only after the proposed budget has been mailed to the members as required in 6.2 above. Reserves funded under this paragraph, and all interest earned on such reserves, shall be used only for the purposes for which they were reserved, unless their use for other purposes is approved in advance by a majority vote at a duly called members' meeting called for the purpose.

6.4 Other Reserves. In addition to the statutory reserves provided in Section 6.3 above, or in place of them if the members so vote, the Board may establish one or more additional reserve accounts for contingencies, operating expenses, repairs, minor improvements or deferred maintenance. The purpose of these reserves is to provide financial stability and to avoid the need for special assessments on a frequent basis. The amounts proposed to be so reserved shall be shown in the proposed annual budget each year. These funds may be spent for any purpose approved by the Board.

6.5 Regular Assessments. Regular annual assessments based on the adopted budget shall be paid in quarterly installments, in advance, due on the first day of January, April, July and October of each year. Written notice of each quarterly installment need not be sent to the members. Failure to send or receive such notice shall not excuse the obligation to pay. If an annual budget has not been adopted at the time the first quarterly installment for a fiscal year is due, it shall be presumed that the amount of such installment is the same as the last quarterly payment, and shall be continued at such rate until a budget is adopted and pro rata assessments are calculated, at which time any overage or shortage calculated shall be added or subtracted from each Unit's next due quarterly installment.

6.6 Special Assessments. Special assessments may be imposed by the Board of Directors when necessary to meet unusual, unexpected, unbudgeted, or non-recurring expenses. Special assessments are due on the day specified in the resolution of the Board approving such assessments. The total of all special assessments coming due in any fiscal year shall not exceed fifteen percent (15%) of the total annual budget for that year, including reserves, unless a majority of the voting interests first consent. The notice of any Board meeting at which a special assessment will be considered shall be given as provided in Section 4.8 above; and the notice to the owners that the assessment has been levied must state that the assessments will be considered and the nature, estimated cost, and description of the purposes for such assessments. The funds collected pursuant to a special assessment shall be used only for the specific purpose or purposes set forth in such notice. However, upon completion of such specific purpose or purposes, any excess funds will be considered common surplus, and may, at the discretion of the board, either be returned to the unit owners or applied as a credit toward future assessments.

6.7 Fidelity Bonds. The President, Secretary and Treasurer, and all persons who have access and control of Association funds, including those persons who are authorized to sign checks, shall be bonded in such amounts as may be required by law or otherwise determined by the Board of Directors. The premiums on such bonds shall be a common expense.

6.8 Financial Reports. The Unit owners shall be provided with annual financial reports in accordance with the Condominium Act. Such financial reports shall include a report of cash receipts and expenditures and show in reasonable detail the financial condition of the Association as of the close of its fiscal year.

6.9 Audits. A formal, certified audit of the accounts of the Association, if required by law, by vote of a majority of the voting interests, or by a majority of the Board of Directors, shall be made by a certified public accountant, and a copy of the audit report shall be available to all members.

6.10 Fiscal Year. The fiscal year for the Association shall begin on the first day of January of each calendar year. The Board of Directors may change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed in the Internal Revenue Code of the United States of America.

7. RULES AND REGULATIONS. The Board of Directors may, from time to time, adopt and amend administrative rules and regulations governing the use, maintenance, management and control of the common elements and the operation of the Association. Copies of such rules and regulations shall be furnished to each Unit owner. Any rule or regulation created and imposed by the Board must be reasonably related to the promotion of health, happiness and peace of mind of the Unit owners and uniformly applied and enforced.

8. COMPLIANCE AND DEFAULT; REMEDIES. In addition to the remedies provided in Section 19 of the Declaration of Condominium, the following provisions shall apply:

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

- (A) **Notice.** The Association shall notify the owner or person sought to be fined with notice of the fine and notice of the opportunity for an appeals hearing. The notice shall include:
 - (1) A specific designation of the provisions of the Declaration, Bylaws or rules which are alleged to have been violated;
 - (2) A short and plain statement of the specific facts giving rise to the alleged violation(s); and
 - (3) The amount of any proposed fine.
- (B) **Appeals Hearing.** A hearing, if requested by the Owner or person sought to be fined, shall be held after providing the owner with at least fourteen (14) days notice of the hearing date, time and place. The hearing shall be held before a committee of at least three (3) Unit owners appointed by the Board, who are not officers, directors or employees of the Association, or the spouse, parent, child, brother, sister or a member of the household of any of the above. The committee, by majority vote, may recommend approval of the fine, dismissal of the fine, or a change in the

amount of the fine. At the hearing the party against whom the fine may be levied shall have a reasonable opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved, and to review, challenge, and respond to any evidence or testimony by the Association.

- (C) **Amount Of Fine.** The Board of Directors may impose fines in amounts reasonably related to the severity of the offense and deemed adequate to deter future offences, not to exceed \$100 per violation, or such other maximum amount permitted by law. A fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, and thus may exceed in the aggregate, \$1,000 per violation, or such other maximum amount permitted by law.
- (D) **Collection Of Fines.** Fines shall be due to the Association ten (10) days after written notice to the Owner of the imposition of the fine, as provided above. The filing of an appeal as provided above shall postpone the due date until three (3) days after the written decision of the appeals committee is served on the Owner. Outstanding fines, if unpaid after thirty (30) days from the date due, shall bear interest at the highest rate allowed by law. The owner shall also be responsible for the costs of collection of the fine, including but not limited to reasonable attorneys' fees.
- (E) **Application.** All monies received from fines shall become part of the common surplus.
- (F) **Nonexclusive Remedy.** Fines shall not be construed to be an exclusive remedy, and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled.

8.2 Mandatory Non-Binding Arbitration and Mediation. In the event of any "dispute" as defined in Section 718.1255(1) of the Condominium Act, between a Unit owner and the Association arising from the operation of the Condominium, the parties must submit the dispute to mandatory non-binding arbitration and mediation under the rules of the Division of Florida Land Sales, Condominiums and Mobile Homes prior to filing any lawsuit over the disputed matters. Nothing herein shall be construed to require arbitration and mediation of disputes related to the levy or collection of fees or assessments, the eviction or other removal of a tenant from a Unit, alleged breaches of fiduciary duty by one or more directors, or claims for damages to a Unit based upon the alleged failure of the Association to maintain the common elements or the condominium property.

8.3 Availability of Remedies. Each member, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default and abatement of violations regardless of the harshness of the remedy utilized by the Association and regardless of the availability of other legal remedies. It is the intent of all members to give the Association methods and procedures which will enable it to operate on a businesslike basis, to collect those monies due it and to preserve the majority's right to enjoy the condominium property free from unreasonable restraint and annoyance.

8.4 Certificate of Compliance. A certificate of compliance from a licensed electrical contractor or electrician may be accepted by the association's board as evidence of compliance of the condominium Units to the applicable fire and life safety code.

9. AMENDMENT OF BYLAWS. Amendments to these Bylaws shall be proposed and adopted in the following manner:

9.1 Proposal. Amendments to these Bylaws may be proposed by a majority of the Board or upon written petition signed by at least a majority of the voting interests.

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

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

9.4 Recording; Effective Date. A copy of each amendment shall be attached to a certificate that the amendment was duly adopted, which certificate shall be executed by officers of the Association with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the Public Records of Collier County, Florida. The certificate must identify the book and page of the Public Records where the Declaration of Condominium was originally recorded.

10. MISCELLANEOUS.

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

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

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