

NOTE: “Substantial rewording. See Governing Documents for current text.”

**SECOND AMENDED AND RESTATED BYLAWS
OF
NAPLES RESERVE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
IDENTITY**

1.1 General These are the Bylaws of the Naples Reserve Homeowners Association, Inc., a Florida Chapter 617 corporation not for profit, hereinafter referred to as the “Association,” organized for the purpose of operating a residential homeowners association pursuant to Florida Statute Chapter 720, The Homeowners’ Association Act.

1.2 Principal Office The principal office of the Association is 14885 Naples Reserve Circle, Naples, Florida 34114, or at such other place as may be established by resolution of the Board.

1.3 Definitions All terms used in these Bylaws have the same meaning, unless otherwise defined, as set forth in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Naples Reserve, and any amendments thereto, hereinafter referred to as the “Declaration,” and the Florida Homeowners’ Association Act, Chapter 720 of the Florida Statutes, both as amended from time to time.

**ARTICLE II
POWERS AND DUTIES OF THE ASSOCIATION
AND THE EXERCISE THEREOF**

The Association has all powers granted to it by Florida law, the Declaration, the Articles of Incorporation, and these Bylaws. All granted powers may be exercised by the Board of Directors unless the exercise thereof is otherwise restricted in the Declaration, the Articles of Incorporation, these Bylaws or by applicable law.

**ARTICLE III
MEMBERSHIP**

3.1 Membership. All Members, per the Declaration’s definitions, must be an individual(s), corporation, limited liability company, trust(s) or other legal entity that is a deeded record Owner of fee simple title to one or more Lots.

3.2 Voting Rights. Members in good standing may exercise voting rights in person, by paper ballots, by proxy forms (not valid for Board of Directors elections), and by electronic voting (e-voting). A Member is in good standing if current in the payment of all Assessments and all other financial obligations due to the Association, and membership has not been suspended.

Members are entitled to one (1) vote for each Lot they own.

(a) In a situation where there is only one individual who owns a Lot, the vote for such Lot may be exercised by that individual.

(b) In a situation where a married couple owns a Lot, the vote for such Lot may be exercised by either Member. However, if there is more than one vote for the Lot in any given Association matter, such Lot's vote will not be counted for any purpose except for quorum.

(c) In a situation where more than one individual owns a Lot and the individuals are not a married couple, the vote for such Lot may be exercised by any one of the Members. However, if there is more than one vote for the Lot in any given Association matter, such Lot's vote will not be counted for any purpose except for quorum.

(d) Corporations, limited liability companies, trust(s) or other legal entities must complete a Voting Certificate indicating the individual authorized to cast the vote. The Voting Certificate must be filed with the Management Office and may be changed from time to time. The vote for each Lot may be exercised by the individual designated on the current Voting Certificate associated with that Lot otherwise the Lot's vote will not be counted for any purpose except for quorum.

3.3 Rights and Privileges of Members. Each Member in good standing is encouraged to take an active interest in Association affairs and has the right and privilege to:

(a) Cast a vote at meetings of the Members per Section 3.2 above.

(b) Serve on the Board of Directors, if eligible and duly elected or duly appointed.

(c) Serve on Committees, if duly appointed.

(d) Attend membership meetings.

(e) Use the Common Areas subject to the Association's Declaration, Articles of Incorporation, Bylaws, Rules & Regulations, and Policies subject to the right of the Association to charge admission and other fees for the use of Common Areas from time to time.

(f) Access the resident lane of the entrance gate, unless such right has been suspended pursuant to the Governing Documents or relevant Florida Statutes, as amended from time to time.

3.4 Suspension of Membership Rights and Privileges. Membership rights and privileges may be suspended for violating the Association's Declaration, Articles of Incorporation, Bylaws, Rules & Regulations, and Policies. The Member is ultimately responsible for any non-compliance by the Member's family, tenant, tenant's family, guest, or invitee. Membership rights and privileges may be suspended for the following reasons, including, but not limited to:

(a) Nonpayment of any assessment or any other monetary obligation to the Association for more than ninety (90) calendar days after the due date(s).

(b) Failure of the Member, the Member's Family, tenant, tenant's family, guest or invitee to comply with any provision of the Declaration, the Articles of Incorporation, the Bylaws, or the Rules & Regulations and Policies.

3.5 Delegation of Rights and Privileges to Use of the Common Areas and Exclusive Common Areas.

(a) A Member in good standing may delegate privileges to use the Common Areas and Exclusive Common Areas to Member's Family, tenant, tenant's family, guest, or invitee, as applicable. Such delegated privileges will be deemed limited, temporary, and subject to the Association's Declaration, Articles of Incorporation, Bylaws, Rules & Regulations, and Policies.

(b) A Member in good standing must give prior written notice to the Association of such delegation. The written notification must state the name, age, permanent address, intended length of time and such other information of each individual as the Board requires.

(c) A Member who has delegated privileges to a tenant and is not in residence in Naples Reserve, may not use the Common Areas or Exclusive Common Areas during the period of delegation, except as a guest of another Member. A Member may not be the guest of a tenant.

(d) Members are responsible for keeping the Association informed as to the identity and relationship of any individual or individuals who normally reside with the Member and intend to utilize the Common Areas or Exclusive Common Areas.

(e) The Board may limit the number of guests, frequency, or duration of any Member's delegation of use rights, and may impose fees for the delegation of such rights for use by Member's Family, tenant, tenant's family, guest, or invitee, which fees may be different from fees charged to Members for use.

(f) The Member is ultimately responsible for any non-compliance sanctions and fees incurred by the Member's family, tenant, tenant's family, guest, or invitee.

**ARTICLE IV
MEMBERS' MEETINGS**

4.1 Date, Time and Place of Meetings. Meetings of the Members must be held in Naples Reserve or such other place in Collier County, Florida, on a date and time as designated by the Board of Directors.

4.2 Annual Meetings. Each year an annual meeting must be held for the purpose of receiving reports of officers, committees, and others, to elect members of the Board of Directors, and to conduct such other business as may be properly brought before the Members. The annual meeting will occur on the third Tuesday in March of each year.

4.3 Special Meetings. The President of the Association may call special meetings of the Members. It is the duty of the President to call a special meeting if directed by resolution of a majority of a quorum of the Board or upon a petition signed by ten percent (10%) of the total voting Members. The notice of any special meeting must state the date, time, and place of such meeting and the purpose. No business will be transacted at a special meeting except as stated in the notice.

4.4 Notice of Meetings. Not less than fourteen (14) days before the date of such meeting, written notice stating the place, date, and time of any meeting of the Members must be mailed or delivered to the address as it appears on the Association's official records, or electronically transmitted in a manner authorized by the Association if the Member has consented to receive notice by electronic transmission. If mailed, the notice of such meeting will be deemed to be delivered when deposited in the United States mail.

4.5 Waiver of Notice of Meetings. Waiver of notice of a meeting of the Members is deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members either before or after such meeting. Attendance at a meeting by a Member, either in person or by proxy, is deemed a waiver of notice of the time, date, place, and purpose, unless such Member or proxy specifically objects to the lack of proper notice at the time the meeting is called to order.

4.6 Quorum. The presence in person or by proxy of thirty percent (30%) of the votes eligible to be cast by Members will constitute a quorum at any meeting of the Members in compliance with Florida Statute 720.306(1)(a) as may be amended from time to time.

4.7 Adjournment of Meetings. If any meeting of the Members cannot be held because a quorum is not present, a majority of the Members entitled to vote who are present at such meeting may adjourn the meeting to a date not less than five (5) nor more than ninety (90) days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the date, time and place for reconvening the meeting must be given to Members in the manner prescribed in Section 4.4 above.

4.8 Vote Required. When a quorum is present at any meeting, a majority of the votes present, whether in person or by proxy, will decide any question brought before the Members unless the Declaration, Articles of Incorporation, these Bylaws, or any applicable law provides otherwise.

4.9 Proxies. Members may vote by proxy on all questions brought before the Members, except for the election of Board of Directors, as provided in Article V, Section 5.2 of these Bylaws. Proxies must be in writing, dated, signed, and filed with the Secretary of the Board or the Board's designee at the time of or before the appointed time of a meeting of the Members. Every proxy will be revocable and will automatically cease upon the following:

- (a) conveyance of the voting Member's Lot,
- (b) receipt by the Secretary or the Board's designee of notice of death or judicially declared incompetence of a voting Member,
- (c) written revocation by the voting Member, or
- (d) the expiration of ninety (90) days from the date of the meeting of Members.

4.10 Conduct of Meetings. The President will preside over all meetings of the Members. The Secretary or the Board's designee must keep the minutes of the meeting and record all transactions and proceedings occurring at the meeting.

4.11 Action Without a Meeting. Any action that may be taken at a meeting of the Members may be taken without a meeting if written consent setting forth the action to be taken is signed by a majority of the voting Members on the subject matter, unless the Declaration, Articles of Incorporation, these Bylaws, or any applicable law provides otherwise.

ARTICLE V BOARD OF DIRECTORS

5.1 Number of Directors. The governance and administration of the affairs of the Association are vested in a Board of Directors. The number of directors of the Association will be not less than five (5) nor more than nine (9). When the Board determines there is a need to increase or decrease the number of directors, the number of directors will be determined by a simple majority of the Members present and voting in person, by proxy, or electronically at a Members Meeting where a quorum has been obtained.

5.2 Election of Directors. Each Member in good standing has the right to cast one (1) vote for each vacancy on the Board. However, only one vote per Lot may be cast. Cumulative voting is not permitted (only one vote may be cast for each candidate). The following procedures apply to the regular election of directors at each Annual Membership Meeting:
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(a) At least sixty (60) calendar days before a scheduled election, the Association must transmit to each Member, the first notice of election. Notice may be sent alone or as part of another Association mailing by mail, personal delivery, or electronic transmission.

(b) Any Member desiring to be a candidate for the Board of Directors must give written notice of intent to be a candidate to the Board's designee at least forty (40) calendar days before a scheduled election. No nominations for director(s) position(s) will be accepted from the floor at the Annual Membership Meeting. There will not be a nominating committee for Board of Directors' positions at any time.

All candidates must be verified as eligible by the property manager and Board of Directors based on Florida Statute 720.306(9)(b), as may be amended from time to time. This Statute covers delinquency of financial obligations to the Association and felony convictions. All Directors must be Lot Owners. If the Lot is owned by a trust, partnership, corporation, limited liability company, or other entity, the Director must be a trustee or beneficiary of the trust, a partner of the partnership, an officer of the corporation, or a manager of the limited liability company.

(c) No later than thirty-five (35) calendar days before a scheduled election, a candidate may submit an information sheet no larger than 8-½ inches by 11 inches, on one (1) side only, to the Board's designee. To reduce costs, the Association may print or duplicate the

information sheets on both sides of the paper. The Association is not liable for the contents of the information sheets prepared by the candidates.

(d) No later than fourteen (14) calendar days before a scheduled election, the following must be sent by the Association via mail, personal delivery, or electronic transmission:

- Second notice of election,
- Notice of Annual Meeting with Agenda, which may be combined with the Second notice of election,
- Ballot that lists all candidates,
- Candidate information sheets, and
- Instructions for casting a ballot.

(e) Elections are decided by a plurality of votes cast. Members may not authorize anyone to vote on their behalf in Board of Director elections. The use of proxies to allow someone else to vote on behalf of the Member is not allowed in Board of Director elections. Any ballots improperly cast are invalid. Election of Directors will utilize secret ballots.

(f) Any Member who needs assistance in casting a ballot for the reasons stated in the Florida Statutes, Title IX, Electors & Elections, Section 101.051, as may be amended from time to time, may obtain such assistance.

(g) The regular election must occur on the date of the Association's Annual Membership Meeting. Notwithstanding the foregoing, an election is not required unless more candidates file notice of intent to run than Board vacancies exist.

5.3 Term of Office.

(a) Beginning with the next Annual Membership Meeting, the three (3) candidates receiving the most votes will serve a two (2) year term. The term for the remaining directors will be a one (1) year term. This will begin the staggered terms for directors, ensuring continuity of the Board of Directors.

(b) Subsequently all directors elected will serve two (2) year terms.

(c) All directors may serve a maximum of four (4) consecutive two (2) year terms, unless the number of candidates is less than the number of vacancies. After serving four (4) consecutive two (2) year terms a director must take a hiatus of at least one (1) year before being eligible to be elected or appointed to the Board again.

5.4 Removal of Directors.

1) Any director elected by the Membership or appointed by the Board may be removed for the following reasons:

- (a) having three (3) unexcused absences from Board meetings in any term year, or

(b) failure to comply with Florida Statute 720.3033, as it may be amended from time to time.

2) Any director elected by the Membership or appointed by the Board will be removed automatically for the following reasons:

(a) being delinquent for more than ninety (90) days in the payment of any Assessment or other charges due the Association as stipulated in Florida Statute 720.306 (9)(b), as it may be amended from time to time, or

(b) being convicted of any felony in any jurisdiction, unless such felon's civil rights have been restored for at least five (5) years as of the date on which such person seeks election to the Board per Florida Statute 720.306 (9)(b), as it may be amended from time to time.

3) The property manager must monitor compliance of the aforementioned reasons and report any violations or non-compliance to the Board of Directors at a regular or special Board Meeting.

4) A Director who was appointed by the Board may be removed by a vote of the majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the remaining Directors.

5) Any director elected by the Membership may be recalled or removed by a vote of the Members taken at a special meeting or Annual Membership Meeting or as otherwise provided in Florida Statute 720, as it may be amended from time to time. A special meeting of the Members to recall a director or directors may be called by a petition signed by Members representing ten percent (10%) of the Lots – one signature per Lot. A notice of the meeting, as required for a meeting of the Members will be issued, stating the purpose of the meeting.

5.5 Resignations and Vacancies. A Director may resign at any time by giving written notice to the Board and the resignation will take effect upon receipt of said notice unless another effective date is provided in the notice.

In the event of death, incapacity that does not allow the Director to continue to serve, removal, or resignation of a director, the Board will elect a successor to fill the vacancy for the remainder of such director's term.

5.6 Compensation. No Director will receive a salary or any other compensation whatsoever from the Association for acting as such. Directors are entitled to be reimbursed for expenses incurred on behalf of the Association and duly accounted for. The accounting must include the following components:

(a) All expenses subject to reimbursement must be approved in advance by the Treasurer and one additional director. Directors may not approve their own expenses.

(b) All expenses subject to reimbursement to the Treasurer must be approved in advance by the President and one additional director. Directors may not approve their own expenses.

(c) All requests for reimbursement must be accompanied by a detailed receipt.

(d) An accounting of all expenses reimbursed must be included with the Treasurer's Report sent to the Members. This accounting must show the name of the director, the amount reimbursed, and the item(s) purchased or purpose of the expenditure.

5.7 Fiduciary Duty. The directors must act in good faith in a manner they reasonably believe to be in the best interests of the Naples Reserve Homeowners Association, Inc., its Members, and property.

5.8 Powers and Duties. The Board of Directors is responsible and has all of the powers and duties necessary for the governance and administration of the affairs of the Association. As provided by law, the Board of Directors may do all acts other than those acts which may be done and exercised exclusively by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be duly adopted, the Board has the power to and is responsible for the following, in way of explanation, but not limitation:

(a) Preparing and adopting an annual budget in which there must be established the contribution of the Owner(s) of each Lot to the Common Expenses.

(b) Making Assessments to defray the Common Expenses and other Assessments authorized by the Declaration, establishing the means and methods of collecting such Assessments, and establishing the period of payment for Assessments.

(c) Providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association as determined by the Board. This includes maintenance or provision of services that are generally provided by a municipality, such as maintenance of grassed or landscaped areas along dedicated rights-of-way, maintenance of street lights and community signage, garbage pick-up and maintenance of roadways within the Community.

(d) Designating, hiring, monitoring, evaluating, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation and administration of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties on-site.

(e) Opening bank accounts on behalf of the Association and duly designating the signatories required.

(f) Collecting Assessments, depositing and monitoring the proceeds thereof in an interest-bearing account in a bank depository that the Board has approved, and using the proceeds to administer the Association.

(g) Making and amending from time to time use restrictions, Association Rules & Regulations, and Association design guidelines.

(h) Enforcing by legal means the provisions of the Declaration, Articles of Incorporation, Bylaws, Association Rules & Regulations, and Association design guidelines adopted pursuant to any of the foregoing, and bringing any proceedings that may be instituted on behalf of or against the Members, Member's Family, tenants, tenant's family, guests or invitees concerning the Association.

(i) Obtaining and carrying the required insurance coverage as provided in the Declaration and paying the applicable premiums.

(j) Providing services to all areas for which the Association is obligated to provide such services.

(k) Paying the cost of all services, if any, rendered to the Association or its Members that are not directly chargeable to Owners of particular Lots.

(l) Approving all non-budgeted expenses at a duly held meeting of the Board of Directors,

(m) Maintaining financial records per generally accepted accounting principles (GAAP) with detailed accounts of the receipts and expenditures of the operation and administration of the Association, and specifying all expenses incurred and reimbursed.

(n) Contracting with any professional such as accountants, attorneys, and landscapers for the performance of obligated duties and functions with the approval of a majority of the Board of Directors.

The Board has the power to enter into common management agreements and other agreements with such other persons as it determines appropriate from time to time. All functions of the Association may be fully transferable by the Board, in whole or in part, to any other legal entity. To the extent permitted by law, the Board has the power to partially delegate its functions to designated representatives of the Board, such as, without limitation, a DBPR-licensed management agent, committees duly established by the Board, and employees and independent licensed and insured contractors of the Association.

ARTICLE VI MEETINGS OF THE BOARD OF DIRECTORS

6.1 Organizational Meetings. An organizational meeting must be held within ten (10) days after the Annual Members' Meeting at which directors are elected or continue to serve their respective terms. The date, time, and place of the organizational meeting must be fixed by the Board of Directors and the election of officers must be noted in the minutes of the organizational meeting. The organizational meeting is in addition to the required quarterly Board meeting.

6.2 Regular Board Meetings. Regular meetings of the Board of Directors may be held at such date, time, and place as determined by a majority of the Board Members. At least four (4) regular Board meetings must be held during each fiscal year with at least one (1) meeting per quarter. The notice of the date, time, and place of any Board meeting must be communicated to the directors not less than forty-eight (48) days prior to the meeting.

6.3 Special Board Meetings. Special meetings of the Board of Directors must be held when called by written notice signed by the President or by a majority of directors. The notice must specify the date, time, and place of the meeting and the specific nature of any special business to be considered. The notice must be given to each Board member by mail, personal delivery, or electronic transmission at least forty-eight (48) hours prior to the date of the meeting, unless the special business is of a nature which requires more immediate action, and then a minimum of twenty-four (24) hours notice is deemed sufficient.

6.4 Waiver of Notice. Waiver of notice of a meeting of the Board of Directors will be deemed the equivalent of proper notice. Any officer or director may, in writing, waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by an officer or director will be deemed a waiver of notice of the time, date, place, and purpose, unless such officer or director specifically objects to the lack of proper notice at the time the meeting is called to order.

6.5 Quorum of Board of Directors and Required Vote. At all meetings of the Board of Directors a majority of the directors constitutes a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present constitutes the decision of the Board of Directors except as otherwise provided in the Declaration, Articles of Incorporation, or these Bylaws, as may be amended from time to time. Directors may not vote by proxy or by secret ballot at Board meetings, except that secret ballots may be used for the election of officers.

6.6 Conduct of Meetings. The President will preside over all meetings of the Board of Directors and the Secretary must keep Minutes of the meetings of the Board of Directors, recording all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

6.7 Open Meetings. All meetings of the Board of Directors must be open to all Members, except for meetings between the Board and the Association's attorney with respect to proposed pending litigation, meetings held for the purpose of discussing personnel matters of the Association's employees, or other circumstances permitted to be closed to Members by provisions of the Florida Statutes, as may be amended from time to time. Subject to reasonable written rules adopted by the Board of Directors concerning the frequency, duration, and other matters of statement, Members other than Board Members will be given an opportunity to speak to agenda items at a meeting of the Board of Directors.

6.8 Notice to Members of Board Meetings. Notices of all Board meetings must be posted in a conspicuous place in the community and emailed to the Members at least forty-eight (48) hours in advance of the meeting, except in an emergency.

6.9 Electronic Meetings. Any regular or special meetings of the Board of Directors may be held electronically provided that each participating director can hear and be heard by all the other participating Board Members and attendees.

6.10 Action Without A Meeting. The Board may act without a meeting with the signed, written consent of every member of the Board. Such consents will be effective when all Board Members have signed. To the extent recognized by applicable law, the Association will recognize the electronic signature of a Board Member. Any such action must be declared at the next Regular Board Meeting and included in the minutes.

ARTICLE VII OFFICERS

7.1 Officers. The officers of the Association will be a President, Vice President, Secretary, and Treasurer to be elected from among the members of the Board. The Board of Directors may appoint other officers, including one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, as it deems desirable. These appointed officers will have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary or President and Treasurer may not be held by the same person.

7.2 Appointment, Term of Office, and Vacancies. The officers of the Association are appointed annually by the Board of Directors at the organizational meeting. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

7.3 Removal. Any officer may be removed from an officer position by a majority vote of the Board of Directors at the sole discretion of the Board. Removal by the Board from an officer position does not constitute removal from the Board.

7.4 Resignation. Any officer may resign as an officer at any time by giving written notice to the Board and the resignation will take effect upon receipt of said notice unless another effective date is provided in the notice. The acceptance of the resignation will not be necessary to make it effective.

ARTICLE VIII DUTIES OF OFFICERS

8.1 General. The officers of the Association will each have such powers and duties as generally pertain to their respective offices as well as such powers and duties as are from time to time specifically conferred or imposed by the Board of Directors. Any duties delegated to non-Board persons must be overseen by the officer responsible for such duties. The officer is ultimately responsible for such duties.

8.2 President. The President is the chief executive officer of the Association and will:

- (a) preside at all meetings of the Members and the Board of Directors;
- (b) call special meetings of the Members and the Board of Directors;

(c) sign, with one other board member, all checks, contracts, promissory notes, leases, subleases and other instruments on behalf of the Association, except those that the Board of Directors authorizes be signed by other persons;

(d) perform all acts and duties usually required of a chief executive officer to ensure that all orders and resolutions of the Board of Directors are carried out;

(e) be a non-voting ex-officio member of all committees; and

(f) deliver an annual report at the annual meeting of the Members.

8.3 Vice President. The Vice President, in the absence or disability of the President, exercises the powers and performs the duties of the President. The Vice President assists the President generally and exercises other powers and performs other duties as may be authorized by the Board.

8.4 Secretary. The Secretary has the following duties and responsibilities:

(a) attend all regular and special meetings of the Members and the Board of Directors and keep all records and minutes of proceedings or cause the same to be done;

(b) attend to all correspondence on behalf of the Board of Directors, prepare and serve notice of meetings and keep membership records or cause the same to be done;

(c) have custody of the minutes of meetings of the Board of Directors and the meetings of the Members and act as agent for the transfer of the official records; and

(d) is ultimately responsible for all official records.

8.5 Treasurer. The Treasurer will:

(a) oversee the Association's financial assets, maintain the Budget and other financial records, including monies paid for the accounts of the Association and ensuring proper receipts for disbursements;

(b) meet with the Property Manager at least monthly to review all financial transactions;

(c) prepare and present to all Board Members at least once per quarter, a summary of the financial transactions and condition of the Association;

(d) prepare and present to all Board Members prior to each annual meeting, and whenever else required, a summary of the financial transactions and condition of the Association from the preceding fiscal year;

(e) prepare and present a full and accurate report of the financial transactions and condition of the Association to the Members at the annual meeting;

(f) prepare and file all reports required by law; and

(g) act as the liaison to the Finance Committee.

The Treasurer may have the assistance of an accountant who is employed by the Association. Whenever the Association enters into a management agreement, it is proper to delegate some of the Treasurer's functions to a qualified management agent as is deemed appropriate by the Board

of Directors. The Treasurer is ultimately responsible for all financial records in accordance with GAAP.

ARTICLE IX COMMITTEES

9.1 General. Each committee must have at least three (3) Members in good standing (a chair, a secretary and at least one other member). The Board of Directors approves all members of each committee. Each committee will be assigned a liaison who is a member of the Board of Directors. The Board has the authority to create or disband committees from time to time to fulfill the Association's responsibilities and be in compliance with the governing documents.

9.2 Types of Committees.

(a) Standing Committees. These committees function on a continuing basis. Standing Committees recommend actions to the Board or may be empowered/authorized to make decisions on behalf of the Board or the Association. Some examples of those committees are: Finance, Design Review, and Landscaping.

(b) Ad Hoc Committees. These committees are created to study specific issues and develop recommendations for the Board. These committees exist only until that specific issue is completed.

9.3 Requirements of Committees.

(a) Must have a Board approved charter (see Section 9.5 below).

(b) Act only as advisory, unless otherwise empowered/authorized as specified in its Charter.

(c) Committees that make decisions regarding the expenditure of Association funds, the Design Review Committee, and the Fining Review Committee must produce Minutes as official records that must be kept with the property manager for at least seven (7) years as required by Florida Statute 720 as may be amended from time to time.

9.4 Members of Committees.

(a) Have no power or authority to act unilaterally on behalf of the committee or the Board.

(b) Must sign and abide by the committee's Charter that must be kept with the property manager for at least seven (7) years.

(c) May resign at any time by providing written notice to the committee's Chair and Board appointed liaison.

(d) May be removed with or without cause at a meeting of the Board of Directors. Written notification must be given to the committee member via mail, personal delivery, or electronic transmission forty-eight (48) hours prior to the Board meeting.

9.5 Charters. Each committee's Charter must include specific information developed for that committee, and information common to all committees.

(a) Specific information describing the committee's mission statement or purpose, responsibilities or goals and tasks, the committee's authority (if any), relevant procedures that the committee will follow, and frequency and types of meetings. This information may be modified by the Board for Ad Hoc committees as appropriate.

(b) Common information includes language regarding appointment, removal, term of service, code of conduct, reporting obligations, insurance coverage, and role of the Board appointed liaison.

ARTICLE X VIOLATIONS

10.1 General. The obligation of Owners, as Members of the Association, and the Member's family, tenants, tenant's family, guests, and invitees, is to follow the Articles of Incorporation, Bylaws, Declaration, and the Association's Rules & Regulations, and Association's Policies, as each may be amended from time to time. The Board of Directors has the power to impose reasonable fines and suspend for a reasonable time the use of Common Areas and facilities for violations. To remediate violations and properly levy and impose fines and suspend the use of Common Areas and facilities, the Association's Policies and statutory processes will be followed. Fining for violations and suspension of the use of Common Areas and facilities are per the Association's Governing Documents, Fining and Suspension Policy, and Florida Statute 720.305, as each may be amended from time to time.

10.2 Process. All enforcement necessary will include the elements outlined below.

(a) Investigate potential violations.

(b) If a violation is determined to exist, notification is sent to the Member and any other affected individual (Member's family, tenant, tenant's family, guest, or invitee).

(c) The Member and any other affected individual may appeal the violation to the Board of Directors any time after receipt of notification. If the appeal is not successful, the process continues.

(d) If the violation continues, the Board of Directors will hold a duly noticed meeting to vote whether to levy a fine or suspension. A fine may not exceed \$100.00 per violation but may continue for each day of a continuing violation, that is, a maximum of \$100.00 per day for each day of a continuing violation. Fines for a continuing violation may not exceed \$5,000 in the aggregate. Fines of less than \$1,000 may not become a lien against a parcel.

10.3 Hearings.

(a) Once the Board has voted to levy a fine or suspension, the Member or any other affected individual has an opportunity to be heard regarding the fine or suspension at a Fining Review Committee hearing. The Association must serve the Member or any other affected individual with a 14-day notice describing (a) the nature of the alleged violation, (b) the proposed sanction to be imposed, and (c) the opportunity for a hearing before the Fining Review Committee.

(b) The Fining Review Committee is expressly limited to either confirming or rejecting the fine levied by the Board. A majority of the Fining Review Committee must approve the fine levied by the Board, or the fine may not be imposed.

(c) If the Fining Review Committee votes to confirm the fine, then the fine payment is due as provided in the Fining and Suspension Policy and Florida Statute 720.305 as each may be amended from time to time.

10.4 Additional Enforcement Rights.

(a) If any Member's family, tenant, tenant's family, guest or invitee violates the Articles of Incorporation; Bylaws; Declaration of Covenants, Conditions and Restrictions; and the Association's Rules & Regulations and policies approved by the Board of Directors, and a fine is imposed the fine will first be assessed against the Member's family, tenant, tenant's family, guest or invitee provided, however, that if the fine is not paid by the Member's family, tenant, tenant's family, guest, or invitee within the time set by the Board of Directors, the Member must pay the fine upon notice from the Association.

(b) Upon non-payment of the fine for 90 days or more, the Association may move to suspend a Member's right or any other affected individual's right to use the Common Area, and to preclude contractors, subcontractors and agents from using the Common Areas provided, however, that nothing herein will authorize the Association or Board of Directors to limit a Member's or other affected individual's ingress to and egress from the affected Member's Lot.

(c) The failure of the Board of Directors to enforce any provision of the Declaration; Articles of Incorporation; Bylaws; and the Association's Rules & Regulations and policies approved by the Board of Directors, will not be deemed a waiver of the right of the Board of Directors to do so hereafter.

(d) Notwithstanding anything to the contrary herein contained, the Association may elect to enforce any provision of the Declaration; Articles of Incorporation; Bylaws; and the Association's Rules & Regulations and policies approved by the Board of Directors by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Member or any other affected individual responsible for the violation of which abatement is sought must pay all costs, including reasonable attorneys' fees actually incurred.

(e) The Member is ultimately responsible for any non-compliance.

ARTICLE XI FISCAL MANAGEMENT

11.1 Fiscal year. The fiscal year of the Association shall commence upon the first (1st) day of January and conclude on the thirty-first (31st) day of December.

11.2 Depositories. All funds of the Association must be deposited in such accounts as may be selected by the Board of Directors, including checking and savings accounts in one (1) or more banks and/or savings and loan associations, Certificates of Deposit, U.S. Treasury Bills and money market accounts with an investment firm or firms, all in accordance with resolutions approved by the Board of Directors. The funds must be used only for lawful purposes of the Association.

11.3 Expenses. The receipts and expenditures of the Association may be credited and charged to accounts as the Board of Directors may determine, in accordance with generally accepted accounting principles ("GAAP") as set forth in Section 11.7 below.

11.4 Reserve Accounts. The Association must establish and maintain adequate reserve accounts for the periodic maintenance, repair, and replacement of Common Areas. Additionally, a separate reserve account must be established and maintained as specified in the Supplemental Declaration for Coral Harbor for Roof Replacement and Exterior Painting.

11.5 Budget. The Board of Directors must adopt a budget for each fiscal year that must include sufficient funds required to defray the expenses of the Association for the fiscal year and to provide and maintain funds for the accounts established by the Board of Directors including a capital replacement reserve, in accordance with generally accepted accounting principles (GAAP) as set forth in Section 11.7 below.

Any material alteration expenditure proposed by the Board of more than \$200,000 requires the approval of sixty-seven percent (67%) of the votes cast by Members by voting in person, by proxy, or electronically at a Members Meeting where a quorum has been obtained. Any such expenditure must first be drawn from available funds in the Working Capital Account before consideration of a Special Assessment.

11.6 Fidelity Bonds. The Association must purchase blanket fidelity bonds for all persons who control or disburse funds of the Association, including but not limited to Board Members, employees of the Association, and employees of any management company. The following provisions must govern the Association's purchase of the bonds:

- (a) Each fidelity bond purchased by the Association must name the Association as an obligee of the bond.
- (b) The premium for bonds must be paid by the Association.
- (c) The fidelity bonds must be in the amount to cover the maximum funds that are controlled or disbursed on behalf of the Association as specified in Florida Statute 720.303 (5), as may be amended from time to time.

(d) Each bond must include a provision requiring ten (10) calendar days' written notice to the Association before the bond can be cancelled or substantially modified for any reason.

11.7 Accounts and Reports. The following standards of performance must be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles (GAAP), must be employed;

(b) accounting and controls must conform to generally accepted accounting principles;

(c) cash accounts of the Association must not be commingled with any other accounts;

(d) Board Members, officers, and employees of the Association must not accept any remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise. Anything of value received must be returned and declared at the next Regular Board Meeting;

(e) any financial or other interest which any Board Member or employee of the Association has in any firm providing goods and services to the Association must be disclosed promptly to the Board of Directors. Such disclosure must be presented at the next Regular Board Meeting and included in the minutes; and

(f) an annual financial report consisting of a complete set of financial statements in accordance with generally accepted accounting principles must be completed within ninety (90) calendar days after the end of the fiscal year and distributed to all Members within twenty-one (21) days after being completed.

The annual report referred to above must be prepared on an audited basis by a Certified Public Accountant selected by the Board of Directors, unless a majority of the voting interests present at a Members' meeting approve, in lieu of an audited statement, a report of cash receipts and expenditures, a compiled financial statement or a reviewed financial statement as provided in Florida Statute 720.303 (7)(d).

11.8 Agreements, Contracts, Deeds, Leases, Checks, etc. In general, all agreements, contracts, deeds, leases, checks, and other instruments of the Association must be executed by the President and one other member of the Board or as otherwise specified in a separate policy of the Board.

11.9 Official Records: Inspection and Copying. The Declaration, Articles of Incorporation, Bylaws, Association Rules & Regulations and Policies, insurance policies, financial statements, copies of contracts to which the Association is a party, Association tax returns, membership register, books of account, written records of the Association relating to its operation, and minutes of meetings of the Members, the Board, and committees must be made available for inspection and copying by any mortgagee, Member or by his or her duly-appointed representative at any reasonable time.

Such official records must include a record of receipts and expenditures and accounts for each Member, which accounts shall designate the names and addresses of the Members, the due

dates and amounts of each Member's Assessment, the amounts paid upon the account and the balance due. Accounts of Members will only be available for inspection by the Board, the officers and the Member or such Member's mortgagee. Books and official records of the Association may be kept at the Association office on-site, or off-site at an office designated by the Board of Directors.

Official records not accessible for inspection and copying include all those where access is prohibited by applicable Florida Statutes, as amended from time to time, which presently include, without limitation, personnel records, medical records, social security numbers, driver's license numbers, credit card numbers, certain contact and personal identifying information, electronic security codes and measures to protect Association data, and the software and operating systems used by the Association.

The Board of Directors may establish reasonable written rules with respect to governing the frequency, time, location, notice, records to be inspected, and manner of inspections and costs as provided in Florida Statute 720.303 (5)(c).

Each director has the absolute right at any reasonable time to inspect all records and documents of the Association and the physical properties owned and/or controlled by the Association. The right of inspection by a director includes the right to make copies of relevant documents at the expense of the Association.

11.10 Insurance. The Association must secure, maintain, and keep in full force and effect insurance as required by the Declaration, as may be amended from time to time, to protect the interests of the Association and the Members.

ARTICLE XII MISCELLANEOUS

12.1 Parliamentary Rules. The most current edition of Robert's Rules of Order governs the conduct of Association proceedings unless there is a conflict with applicable Florida law, the Declaration, the Articles of Incorporation, or these Bylaws.

12.2 Order of Governance. If there are conflicts between the provisions of Florida law, the Articles of Incorporation, the Declaration or these Bylaws, the provisions of Florida law, the Declaration, the Articles of Incorporation and these Bylaws, in that order, will prevail.

12.3. Validity. If any portion of these Bylaws is adjudicated to be invalid or unenforceable, it will not affect the validity or enforceability of any other portion of these Bylaws: those will remain in full force and effect.

12.4 Communications. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws must be in writing and are deemed to be given if delivered by mail, personal delivery, or electronic transmission.

(a) any communication to a Member must be to the mailing address or email address filed with the Association. If no mailing address has been filed with the Association, then it must be delivered to the address of the Member's Lot.

(b) any communication to the Association or Board of Directors must be delivered to the principal office of the Association, or at such other address as designated by the Board of Directors.

12.5 Amendments. These Bylaws may be amended from time to time. Any amendment necessary to these Bylaws must:

(a) bring any provisions into compliance with any applicable government statute, rule or regulation, or judicial determination;

(b) not materially and adversely alter the voting interest connected to a parcel or increase the proportion or percentage by which a parcel shares in the common expenses of the Association unless the record parcel Owner and all record Owners of liens on the parcels join in the execution of the amendment;

(c) require the affirmative vote of Members representing seventy-five percent (75%) of the Members present and voting, in person, by proxy, or electronically at a Members Meeting where a quorum has been obtained. Any amendment by written consent will require the approval of the Members representing a majority of the total votes in the Association. However, the percentage of votes necessary to amend a specific clause must not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.