

BY-LAWS
OF
VILLAGE PLACE CONDOMINIUMS OWNERS' ASSOCIATION, INC.
A Corporation Not-For-Profit

I. THE ASSOCIATION.

1.1 General. These are the By-Laws of **VILLAGE PLACE CONDOMINIUMS OWNERS' ASSOCIATION, INC.**, (the "Association"), a Florida corporation not-for-profit, formed by the filing of Articles of Incorporation (the "Articles") in the office of the Secretary of State of Florida. The Association has been organized for the purpose of administering the maintenance, operation and management of **VILLAGE PLACE CONDOMINIUMS OWNERS' ASSOCIATION, INC.**, (the "Condominium"), established or to be established in accordance with the Florida Condominium Act (the "Act") upon land, situated in Walton County, Florida, described in the Declaration of Condominium.

1.2 Applicability/Conflict. The provisions of these By-Laws are applicable to the Condominium and are subject to the provisions of the Articles. A copy of the Articles and a copy of these By-Laws will be annexed, as Exhibits, to the Declaration of Condominium for Village Place Condominiums, a Condominium, (the "Declaration") which will be recorded in the Public Records of Walton County, Florida. The terms and provisions of the Articles and Declaration shall control wherever the same may conflict herewith. All terms defined in the Declaration or Articles shall have the same meaning herein.

1.3 Persons Subject. All Members of the Association and their invitees, including, without limitation, all present or future owners and tenants of units in the Condominium ("Units") and other persons using the Condominium or any of the facilities thereof in any manner, are subject to these By-Laws, the Articles and the Declaration.

1.4 Office. The office of the Association shall be at 164 Blue Lupine Way, Santa Rosa Beach, Florida 32459, or at such other place as may be established by resolution of the Board of Directors.

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

1.6 Seal. The seal of the Association shall bear the name of the Association, the word "Florida," the words, "Corporation Not For Profit," and the year of incorporation.

II. MEMBERSHIP, VOTING, QUORUM, AND PROXIES.

2.1 Qualification. The qualification of members of the Association (the "Members), the manner



of their admission to membership and termination of such membership, and voting by Members, shall be as set forth in Article IV of the Articles, the provisions of which are incorporated herein by reference.

2.2 Quorum. A quorum at meetings of Members shall consist of persons entitled to cast one-third (1/3) of the votes of the entire membership.

2.3 Voting. The vote of the owner(s) of a Unit owned by more than one natural person, as tenants in common, joint tenants (including a husband and wife as tenants by the entirety), a partnership, or any other association of natural persons, or by a corporation, a trust, or any other entity shall be cast or otherwise exercised, at all meetings at which members of the Association are entitled to vote or otherwise act, by one natural person designated in writing by the owner(s) of such Unit as the "Voting Representative" thereof. In each instance where title to a Unit is proposed to be conveyed or is otherwise to become vested in more than one natural person (excluding a husband and wife), a partnership, or any association of natural persons, or a corporation, a trust, or any other entity, the prospective owner(s) shall designate one natural person as the Voting Representative, whose name shall be included in the Registry of Owners under the Declaration. The written instrument designating the Voting Representative shall be filed with the Association, and the person so designated shall be and remain the Voting Representative until such designation has been revoked by written instrument executed by the owner(s) of the Unit or by conveyance of the Unit. The Voting Representative shall be the only person entitled to cast or exercise, in person or by proxy, the vote of the owner(s) of such Unit at any meeting of members or in connection with any action concerning which members of the Association shall be required or allowed to vote or otherwise act. In the case of a Unit, title to which is held by a husband and wife, each of them shall be the Voting Representative but only one may cast the vote.

2.4 Written Approval. Evidence of the approval or disapproval of the owner(s) of a Unit upon any matter, whether or not the subject of an Association meeting, shall be given to the Association in writing by the same person who would cast the vote of such owner if in an Association meeting.

2.5 Majority Binding. Except where otherwise required under the provisions of the Articles, these By-Laws or the Declaration, or where the same may otherwise be required by law, the affirmative vote of the persons holding a majority of the votes represented at any meeting of the Members duly called and at which a quorum is present, shall be binding upon the Members.

2.6 Proxies. Votes may be cast in person or by proxy pursuant to terms of the Act. Proxies may be made by the Voting Representative and shall be effective only for the specific meeting for which given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than 90 days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time by written notice from the Voting Representative.

III. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP.

3.1 Annual Meeting. The annual meeting of Members shall be held on a Saturday in April at the offices of the Association or such other place in Walton County, Florida as may be determined by

the Board of Directors. The date, time and place of the annual meeting shall be specified in the notice of the meeting. The annual meeting shall be held for the purpose of electing Directors and transacting any other business authorized to be transacted by the Members.

3.2 Special Meetings. Special meetings of Members shall be held whenever called by the President or Vice president or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request for a special meeting from Members owning a majority of the Units or as otherwise required herein or by law. If the Board of Directors adopts a budget which requires assessments against unit owners in any fiscal or calendar year which exceed 115 percent of the assessments for the preceding year, upon written request to the Board of Directors by unit owners holding 10 percent or more of the votes in the Association, the Board shall call a special meeting for the enactment of a budget by the unit owners. Subject to the rights of the Declarant to maintain control of the Association pursuant to Florida law, a special meeting of the unit owners to recall a member or members of the Board of Directors may also be called by unit owners holding 10 percent or more of the votes in the Association.

3.3 Notice. Notice of all meetings of Members shall be given by the Secretary or, in the absence of the Secretary, another officer of the Association, to each Member (unless waived in writing). Each notice shall be in writing and shall state the time and place of and purpose for which the meeting is called. The notice of any meeting to consider assessments shall specifically state that fact and the nature of the assessment. Each notice shall be given to each Member not less than fourteen (14) days nor more than sixty (60) days prior to the date set for the meeting, and shall be mailed or delivered personally to each Member. If delivered personally, receipt of the notice shall be signed by the Member, indicating the date received. If mailed, such notice shall be mailed via first class United States mail, certified, return receipt requested, addressed to the Member at the Member's post office address as it appears on the records of the Association, with postage thereon prepaid. The post office certificate of mailing shall be retained as proof of such mailing; provided, however, that if Florida law is subsequently changed to eliminate the requirement for a post office certificate of mailing, such notice shall be deemed properly given when deposited in the United States Mail, postage prepaid, addressed as hereinabove described, to the Member, and proof of such mailing shall be given by the affidavit of the person giving the notice. Any Member may, in writing signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether before, at or after the holding of the meeting, shall be deemed equivalent to the filing of such notice to such Member. Each notice shall in addition be posted in a conspicuous place in the Condominium at least fourteen (14) continuous days prior to said meeting. The Secretary of the Association shall provide an affidavit to be included in the official records of the Association affirming that notices of such Association meeting were mailed or hand-delivered in accordance with the By-Laws of the Association and applicable law, to each member at the address last furnished to the Association. If any meeting of Members cannot be held because a quorum is not present, or because a greater percentage of the membership required to constitute a quorum for particular purposes is not present, whenever the latter percentage of attendance may be required as set forth in the Articles, the By-Laws or the Declaration, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance is present.

3.4 Presiding Officer. At meetings of Members, the President of the Association, or in his or her

absence, the Vice- President, shall preside. or in the absence of both, the Members present shall select a chairman of the meeting.

3.5 Order of Business. The order of business at annual meetings of Members, and, as far as practical, at other meetings of Members, shall be:

- (1) Calling the roll and certifying of proxies
- (2) Proof of notice of meeting or waiver of notice
- (3) Reading or waiver of reading of minutes of previous meeting of Members
- (4) Reports of officers
- (5) Reports of committees
- (6) Appointment by Chairman of Inspectors of Election
- (7) Election of Directors
- (8) Unfinished business
- (9) New business
- (10) Adjournment

IV. BOARD OF DIRECTORS.

4.1 Number. The initial Board of Directors shall consist of three (3) persons, appointed by Declarant, who need not be members of Association, and who are identified in the Articles; succeeding Boards of Directors shall consist of not less than three (3), nor more than seven (7), persons who are members of the Association, and shall be elected and composed as provided in the Articles and these By-Laws. Should any member of the first Board be unable to serve for any reason, the Declarant shall have the right to select and designate a successor to act and serve for the unexpired term of the Director who is unable to serve.

4.2 Election. Directors shall be elected in the following manner:

(a) Until such time as Members other than the Declarant own 15% or more of the Units, Declarant shall be entitled to elect all members of the Board. At such time as Members other than Declarant own 15% or more of the Units, Members other than the Declarant shall be entitled to elect no less than one-third of the members of the Board. Members other than Declarant shall be entitled to elect a majority of the members of the Board upon the first of the following occur: (i) three years after 50% of the Units have been conveyed to purchasers; (ii) three months after 90% of the Units have been conveyed to purchasers; (iii) when all of the Units have been completed, some of which have been conveyed to purchasers, and none of the others of which are being offered for sale by Declarant in the ordinary course of business; (iv) at such time as some of the Units have been conveyed to purchasers and none of the others are being constructed or offered for sale by Declarant in the ordinary course of business; or (v) seven years after recordation of the Declaration of Condominium. 'Units' as used herein shall mean all Units in all plans of the Condominium that will be operated ultimately by the Association.

Declarant shall be entitled to elect at least one member of the Board for so long as Declarant holds for sale in the ordinary course of business at least 5% of all Units operated by the

Association. At such time as the Declarant fully relinquishes control of the Board, Declarant may exercise the right to vote any Declarant owned Units in the same manner as any other Member, except for purposes of re-acquiring control of the Association or selecting the majority members of the Board.

(b) All members of the Board whom Declarant shall not be entitled to designate under these By-Laws or under the Florida Condominium Act, shall be elected by written ballot or voting machine. Proxies shall in no event be used in electing the Board, either in general elections or elections to fill vacancies caused by resignation or otherwise, except that limited proxies may be used to fill a vacancy resulting from recall of a Board member elected by Unit Owners other than Declarant. Not less than sixty (60) days before a scheduled election, the Association shall mail or deliver, whether by separate Association mailing or inclusion in another Association mailing or delivery including regularly published newsletters, to each unit owner entitled to vote, a first notice of the date of election. Any unit owner or other eligible person desiring to be a candidate for the Board of Directors must give written notice to the Association not less than forty (40) days before a scheduled election. Together with the written notice and agenda for the meeting, the Association shall mail or deliver a second notice of the election to all Unit Owners entitled to vote therein, together with a ballot which shall list all candidates. Upon request of the Candidate, the Association shall include an information sheet, no larger than 8 1/2" by 11", which must be furnished by the Candidate not less than thirty-five (35) days before the election, to be included with the mailing of the ballot, with the costs of mailing and copying to be borne by the Association. However, the Association has no liability for the contents of the information sheets prepared by the candidates. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement; however, at least twenty (20%) percent of the eligible voters must cast a ballot in order to have a valid election of members of the Board. No unit owner shall permit any other person to cast the unit owner's ballot, and any such ballots improperly cast shall be deemed invalid. The regular election shall occur on the date of the annual meeting. Notwithstanding the provisions of this Section, election and balloting are not required unless more candidates file notices of intent to run or are nominated than vacancies exist on the Board. Upon election of the first unit owner other than the Declarant, the Declarant shall forward to the Division of Florida Land Sales, Condominiums and Mobile Homes the name and mailing address of the Unit Owner Director.

(c) Vacancies on the Board may be filled, to expire on the date of the next annual meeting, by the remaining Directors; except that (i) should any vacancy in the Board be created in any directorship previously filled by any person designated by Declarant, such vacancy shall be filled by Declarant designating, by written instrument delivered to any officer of the Association, the successor Director and (ii) should any vacancy in the Board be created in any directorship previously filled by any person elected by members other than Declarant, such vacancy shall be filled by the remaining Directors who were elected by such members, and if there are no such remaining Directors, such vacancy shall be filled by a majority vote of the members other than Declarant, present in person at a special meeting called for such purpose. The Board shall call such special meeting when required for filling such vacancy. Directors appointed or elected to fill vacancies shall fill the vacated directorship for the unexpired term thereof.

(d) After the Members are entitled to elect a majority of the members of the Board, as

specified in Section 4.2 (a) above, the Board shall be divided into three (3) classes, of equal number insofar as possible, by vote of the membership at the first election of Directors by the Members, and Directors shall be elected and classified with respect to the terms for which they hold office by dividing them into said three (3) classes, with the term of each class to expire at the annual meeting of the Association in a different year, so that the term of one class of Directors shall expire each year. Successors to the class of Directors whose terms expire as set forth above shall be elected to hold office for a term of three (3) years or until their successors are duly elected and qualified, or until any of said Directors shall be removed in a manner herein provided. To the extent Declarant is entitled to select any person to serve as a Director on the Board, such Director shall be included in the classification of Directors as set forth above, but the term of such Director may be renewed upon expiration of his term by the Declarant for such time as Declarant is entitled to appoint a member of the Board. Directors shall hold office for the terms to which elected or designated, and thereafter until their successors are duly elected, or designated by Declarant, and qualified or until removed in the manner elsewhere herein provided or as provided by law.

(e) In the election of Directors, each Unit shall have as many votes as are appurtenant to such Unit as there are Directors to be elected; provided, however, that no member or owner of any Unit may cast more than one vote for any person nominated as a Director; it being the intent hereof that voting for Directors shall be non-cumulative.

(f) In the event that Declarant selects any person or persons to serve on any Board, Declarant shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or other persons to serve on the Board. Replacement of any person or persons designated by Declarant to serve on any Board shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name or names of the person or persons designated as successor or successors to the persons so removed from the Board. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Declarant to any officer of the Association.

4.3 Organizational Meeting. The organizational meeting of a newly elected or designated Board shall be held within fifteen (15) days of their election or designation, at such time and place as shall be fixed at the meeting at which they were elected.

4.4 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors, and shall be open to all members of the Association. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least seven (7) days prior to the day named for such meeting, unless notice is waived; notice shall also be posted in a conspicuous place in the Condominium at least forty-eight (48) continuous hours prior to said meeting. The notice of any Board meeting at which assessments to be made against Unit owners are to be considered shall so state and shall also set forth the nature of the assessment.

4.5 Special Meetings. Special meetings of the Board may be called by the President, and must be called by the Secretary at the written request of one of the Directors. Not less than three (3) days

notice of a special meeting shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting. Such notice shall also be posted in a conspicuous place in the Condominium at least forty-eight (48) continuous hours prior to said meeting.

4.6 Waiver of Notice. Any Director may waive notice of a meeting before, at or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

4.7 Quorum. A quorum at meetings of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as may be specifically otherwise provided in the Articles, these By-Laws or the Declaration. If any meeting of the Board cannot be held because a quorum is not present, or because a greater percentage of the Directors required to constitute a quorum for particular purposes is not present, wherever the latter percentage of attendance may be required as set forth in the Articles, these By-Laws or the Declaration, the Directors who are present may adjourn the meeting from time to time until a quorum or the required percentage of attendance if greater than a quorum, is present. Upon adjournment, the Board shall state the time and date the adjourned meeting is to be reconvened, and shall post a notice of such meeting in a conspicuous place in the Condominium at least forty-eight (48) continuous hours prior to said meeting. At any re-convened meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.8 Presiding Officer. The presiding officer at meetings of the Board shall be the President of the Association. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

4.9 Powers. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the law of Florida, the Articles, these By-Laws and the Declaration. Such powers and duties shall be exercised in accordance with the Articles, these By-Laws and the Declaration, and shall include, without limitation, the right, power and authority to:

(a) Make, levy and collect assessments against Members and Members Units to defray the expenses of the Condominium and the payment of other obligations of the Members to be collected by the Association, and to use the proceeds of assessments in the exercise of the powers and duties of the Association;

(b) Maintain, repair, replace, operate and manage the Condominium and Condominium Property as the same is required to be done and accomplished by the Association for the benefit of Members;

(c) Repair and reconstruct improvement after casualty;

(d) Make and amend regulations governing the use of the Condominium Property, real and personal; provided that such regulations or amendments thereto shall not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of

the Articles and Declaration;

(e) Acquire, own, hold, operate, lease, encumber, convey, exchange, manage, and otherwise trade and deal with property, real and personal, including Units, of and in the Condominium, as may be necessary or convenient in the operation and management of the Condominium, and in accomplishing the purposes set forth in the Declaration, including to grant easements for the benefit of others on, over, or across the Condominium Property and to accept easements for the use and benefit of the Condominium;

(f) Contract for the management of the Condominium and in connection therewith to delegate such of the powers and duties of the Association as may be deemed appropriate, except those which may be required by the Declaration to have approval by the Board or Members of the Association, or which may not be delegated by law;

(g) Enforce by legal means the provisions of the Articles, these By-Laws, the Declaration and all regulations governing use of property of and in the Condominium hereafter adopted;

(h) Pay all taxes and assessments which are liens against any part of the Condominium other than Units and the appurtenances thereto, and to assess the same against the members and their respective Units subject to such liens;

(i) Carry insurance for the protection of the members and the Association against casualty and liability;

(j) Pay all costs of power, water, sewer and other utility services rendered to the Condominium and not billed to the owners of the separate Units;

(k) Employ personnel for reasonable compensation to perform the services required to properly accomplish the purposes of the Association;

(l) Maintain, operate and manage any facilities created for the use of the members of the Association, including to employ personnel and enter into contracts for such management and to assess members for costs associated with such recreation facilities.

(m) Make arrangements and enter into contracts to purchase any services for which a budget exists and which the law permits the Association to provide.

4.10 Removal. Directors may be removed from office in the manner provided by applicable Florida law.

V. ADDITIONAL PROVISIONS - MEETINGS OF MEMBERS AND DIRECTORS.

5.1 Place of Meetings. Notwithstanding anything contained in these By-Laws to the contrary, any meeting of Members or the Board may be held at any place within Walton County, in the State of Florida, designated in the notice of any such meeting, or notice of which is waived.

5.2 Written Consent. To the extent now or from time to time hereafter permitted by the laws of Florida, Unit Owners may take any action which they might take at a meeting of the Members of the Association by written consent without a meeting; provided, however, that any approval of Unit Owners to be made only at a meeting, called for by the laws of Florida, as from time to time amended, the Declaration or these By-Laws, shall only be made at a duly noticed meeting of Unit Owners.

5.3 Minutes. Minutes of all Board and membership meetings shall be retained in a secure place, available for review by the membership, for a period of at least ten (10) years from the date of the meeting.

VI. OFFICERS.

6.1 Generally. The Board shall elect a President, Secretary, Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall deem advisable from time to time. All officers must be members of the Association, except those officers appointed by Declarant. The President shall be elected from the membership of the Board, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person. The Board may from time to time elect such other officers, and designate their powers and duties, as the Board may deem necessary to properly manage the affairs of the Association. Officers may be removed from office by the Board.

6.2 President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President of a corporation not for profit, including but not limited to the power to appoint committees from among the Members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association. He shall preside at all meetings of the Board and the Members at which he is present. He shall have such additional powers as the Board may designate.

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

6.4 Secretary. The Secretary shall keep the minutes of all proceedings of the Board and the Members. He shall attend to the giving and serving of all notices to the Members and Board, and such other notices as may be required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of a corporation not for profit and as may be required by the Board and the President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

6.5 Treasurer. The Treasurer shall have custody of all of the monetary properties of the Association, including funds, bank accounts, check books, securities and evidences of indebtedness.

He shall keep the assessment rolls and accounts of the Members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties customarily incident to the office of Treasurer.

VII. FISCAL MANAGEMENT.

The provisions for fiscal management of the Association set forth in the Declaration and Articles shall be supplemented by the following provisions:

7.1 Accounts. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and mailing address of the owner(s) and mortgagee(s) of each Unit, the amount of each assessment against the owner(s) of each Unit, the amount of each assessment and due date thereof, and all amounts paid, and the balance due upon each assessment.

7.2 Budget. The Board shall adopt for, and in advance of, each calendar year, a budget showing the estimated costs of performing all of the functions of the Association for the year. Each budget shall show the total estimated expenses of the Association for that year and shall contain an itemized breakdown of the Common Expenses, which shall include, without limitation, the costs of operating and maintaining the Common Elements, wages and salaries of Association employees, management, legal and accounting fees, office supplies, payments and dues to be collected from the Members by the Association, public utility services not metered or charged separately to Units, premiums for insurance carried by the Association and any reserve accounts and/or funds which may be established from time to time by the Board. The budget shall be prepared in the form and contain categories, including reserves, as required from time to time by the Florida Condominium Act. Each budget shall also show the proportionate share of the total estimated expenses to be assessed against and collected from the owner(s) of each Unit and the due date(s) and amounts of installments thereof. Nothing herein contained shall be construed as a limitation upon any additional assessment in the event that any budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

7.3 Review. A copy of the proposed annual budget of the Association shall be mailed to the Unit owners not less than fourteen (14) days prior to the meeting of the Board at which the budget will be considered, together with a notice of the time and place of the meeting. Such meeting of the Board shall be open to Unit owners. If a budget is adopted by the Board which requires aggregate assessments of the Unit owners in any budget year exceeding 115% of such assessments for the preceding budget year, upon written application of persons holding ten percent (10%) of the votes in the Association, a special meeting of the Unit owners shall be held upon not less than ten (10) days written notice to each Unit owner, but within thirty (30) days of the delivery of such application of the Board or any member thereof, at which special meeting Unit owners may consider only and enact only a revision of the budget. Any such revision of the budget shall require a vote of persons holding not less than two-thirds (2/3) of the votes in the Association; provided, however, that the annual budget and assessments may not be revised downward to a point lower than the average total budget for the preceding two years, and provided further, that if a budget and assessments have not been established and made for any preceding two years, the budget and assessments may not be

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revised downward until two years of experience exist. The Board may in any event first propose a budget to the Unit owners at any such meeting of members or by writing, and if such budget or proposed budget be approved by persons holding a majority of the votes in the Association at such meeting or in writing, such budget may not thereafter be reexamined by the Unit owners in the manner hereinabove set forth. If a meeting of Unit Owners has been called and a quorum is not attained or a substituted budget is not adopted by the Unit Owners, the budget adopted by the Board of Directors shall become effective as scheduled.

In determining whether assessments exceed 115% of assessments in the prior budget year, there shall be excluded in the computation any provision for reasonable reserves made by the Board in respect of repair and replacement of the Condominium Property, or in respect of anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis; and there shall be excluded from such computation, assessments or betterments to the Condominium Property. Provided, however, that so long as Declarant is in control of the Board of Directors the Board shall not impose an assessment for a budget year greater than 115% of the prior budget year's assessment without approval of persons, other than the Declarant, holding two-thirds (2/3) of the votes in the Association.

7.4 Assessments. Upon adoption of budgets, the Board shall cause a written copy thereof to be delivered to each Unit owner. Assessments shall be made against Unit owners pursuant to procedures established by the Board, and in accordance with terms of the Declaration and the Articles. The payments and assessments collected by the Association hereunder shall include those of the Master Association and dues to The Blue Mountain Beach Club pursuant to Article XI of these By-Laws. Assessments shall be levied on an annual basis and installments shall be due and payable not more frequently than monthly. Provided, however, that the lien or lien rights of the Association as to assessments shall not be impaired by failure to comply with procedures established pursuant to these By-Laws.

7.5 Depository. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board, in which all monies of the Association shall be deposited. Withdrawal of monies from such bank(s) shall be only by check signed by such persons as are designated by the Board.

7.6 Reports. A review and written report of the accounts of the Association shall be made annually by a Certified Public Accountant, and a copy of the report together with a financial report in the form required by law shall be furnished to each Member not later than sixty (60) days following the year for which the report is made.

7.7 Bonds. Fidelity bonds shall be required by the Board as to all officers, employees and/or agents of the Association handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors, but shall be at least the amount required by law. The premiums on such bonds shall be paid by the Association.

7.8 Other Collections. In addition to assessments, the Association shall have the power to collect all additional sums due from Unit owners, including but not limited to working capital contributions

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and payments, assessments, and dues to the Master Association and The Blue Mountain Beach Club in accordance with terms of the Declaration, the Articles, or governing documents of Blue Mountain Beach Development.

7.9 Compensation. No Director or Officer of the Association shall receive any fee or other compensation for services rendered to the Association, except by specific resolution of the Membership adopted at a meeting of the Association, and reimbursement of expenses by resolution of the Board prior to expenditure. The compensation of all employees of the Association shall be fixed by the Board at rates competitive with or exceeding those standard in the surrounding geographic area. This provision shall not preclude the Board from employing a Director or Officer as an employee of the Association.

VIII. PARLIAMENTARY RULES.

Roberts' Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles, these By-Laws or the laws of Florida.

IX. AMENDMENTS TO BY-LAWS.

Amendments to these by-Laws shall be proposed and adopted in the following manner:

9.1 Proposal. Amendments to these By-Laws may be proposed by the Board, acting upon vote of a majority of the Directors, or by persons holding a majority of the votes in the Association whether meeting as members or by instntment in writing signed by them.

9.2 Meeting and Notice. Upon any amendment or amendments to these By-Laws being proposed by the Board or Members, such proposed amendment or amendments shall be transmitted to the President of the Association, or acting chief executive officer in the absence of the President, who shall thereupon call a special meeting of the members for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members is required as herein set forth; provided, that proposed amendments to the By-Laws may be considered and voted upon at annual meetings of the members.

9.3 Approval. In order for such amendment or amendments to become effective, the same must be approved by an affirmmative vote of persons holding not less than eighty percent (80%) of the voting interest in the Association, and a copy of such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and recorded in the Public Records of Walton County, Florida, within fifteen (15) days from the date on which any amendment or amendments have been affinnatively approved by the Members.

9.4 Voting. At any meeting held to consider such amendment or amendments to these By-Laws, the written vote of a Voting Representative shall be recognized if such person is not present at such

to such meeting.

9.5 Declarant Consent. Notwithstanding the foregoing provisions of this Article IX, no amendment to these By-Laws which shall alter the right of Declarant to designate members of each Board of Directors of the Association, as provided in Article IV hereof, or otherwise abrogate, amend or alter any rights of Declarant, may be adopted or become effective without the prior written consent of Declarant.

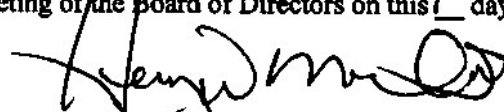
X. LITIGATION: MANDATORY MEDIATION.

10.1 Member Disputes. In the event of a dispute between one or more Unit owners and the Association arising from the operation of the Condominium, the parties shall submit the dispute to the Alternative Dispute Resolution methods set forth in Section 718.1255, Florida Statutes.

XI. BLUE MOUNTAIN BEACH MASTER OWNERS ASSOCIATION

Recognizing that the Association is a member of the Blue Mountain Beach Master Owners Association, Inc., ("Master Association"), and the Condominium Property is subject to the provisions of the Declaration of Restrictive Covenants and Easements for Blue Mountain Beach recorded in Official Records Book 2095, Page 311 of the Public Records of Walton County, Florida, as amended, the Association shall include in its budget the amount of the periodic and special assessments due to the Master Association and collect same from its Members, including dues and payments to The Blue Mountain Beach Club. in addition, as to matters involving the Members of the Master Association which require a vote, the Association, acting through its President, shall and is hereby' empowered to act and vote in respect to such matters, as provided in the Master Association Declaration described above.

WE HEREBY CERTIFY that the foregoing were adopted as the By-Laws of **VILLAGE PLACE CONDOMINIUMS OWNERS' ASSOCIATION, INC.**, a Corporation Not-For-Profit under the laws of the State of Florida, at the first meeting of the Board of Directors on this 1st day of June, 2005.


Henry MacLin, III

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