

## **I. Name, Purpose, and Principal Office**

**A.** These are the Bylaws of the Lake Down Homeowners' Association, Inc., herein called "The Association," a nonprofit Florida corporation.

**B.** The Purpose of The Association is to maintain and preserve the values and the amenities of the residential community and to maintain the Common Property of "The Lakes," according to the plat thereof as recorded in Plat Book 11, Pages 12 through 13, Public Records of Orange County, Florida.

**C.** The Principal office shall be located at "The Lakes" subdivision or at such other places as may be designated by the Board of Directors.

## **II. Membership of The Association**

**A. Definition.** A Member of The Association is every person or entity who is an owner of record of a Lot in "The Lakes" subdivision (except for a person or entity that holds title of a fee or undivided fee interest in any Lot merely as security for the performance of an obligation), provided that such rights have not been suspended or withdrawn by the Board of Directors under the provisions of Article II Section C.

**B. Member Rights and Privileges.** Each Member shall be entitled to use the Common Property and facilities of "The Lakes" subdivision. These rights and privileges apply only to Members and the family of Members who reside in "The Lakes." Where a Member Lot is occupied under a lease or rental agreement, the occupants allowed as set forth in the recorded Declaration of Covenants and Restrictions of "The Lakes," as amended (the "Covenants"), shall have the rights and privileges of the Member to use the Common Property and facilities. However, these rights and privileges are subject to suspension or withdrawal as outlined under Article II, Section C.

**C. Suspension of Member Rights.** If a Member of The Association fails to meet their financial obligations to The Association as specified in Article VIII, jeopardizes the safety and security of the community, or violates the Covenants, the rights and privileges of Membership in The Association, excluding the right to vote, may be suspended provided that conditions precedent by the Covenants or Statute are satisfied. Except as limited by applicable Statute, the Board of Directors may suspend the rights and privileges of any Member, excluding the right to vote, for any period during which any assessment remains unpaid for ninety (90) days or more, and for any period not to exceed thirty (30) days for any infraction of the Covenants or published Rules.

**D. Member Voting Rights.** Members are entitled to cast one vote for each Lot owned. No tenant or lessee of a residence in "The Lakes" shall be entitled to any voting or inspection rights in The Association. In the case of multiple co-owners of a Lot, all co-owners shall have the rights and privileges of Membership, except that only a single notice shall be required for any purpose to such co-owners, and they collectively shall cast only one vote for each Lot owned as they among themselves determine. If the co-owners are unable to agree on a vote, their vote shall not be counted except for the purpose of establishing a quorum. Fractional and cumulative voting shall not be permitted.

### **E. Member Meetings**

**1. Place of meetings.** Meetings of Members of The Association shall be held at places convenient to the Members, as designated by the Board of Directors.

**2. Parliamentary Procedure.** Member meetings shall be conducted in accordance with Roberts Rules of Order and shall include a roll call, if needed, to establish a quorum. In addition, the agenda for all General meetings of the Members shall provide for approval of the minutes from the previous General or Special Member meeting, a Treasurer's report, and unfinished and new business.

**3. General Member Meetings.** At least one General Member meeting shall be held annually each November. The November meeting shall: (a) review the current year and its projected results; (b) present for discussion a proposed budget for the following calendar year; (c) elect the Board of Directors for the following calendar year; and (d) conduct any other business necessary, or convenient, to operate The Association's affairs.

**4. Special Member Meetings.** Except as otherwise set forth in Statute, Special Member meetings may be called by a majority of the Board of Directors or by the Secretary upon the written agreement of twenty (20) Members, which agreement shall set forth with specificity the

business to be conducted at such meeting.

**5. Notice of Member Meetings.** Advance written notice of not less than thirty (30) days stating the time, date, place, and agenda of any General or Special Member meeting shall be provided to each Member.

**6. Quorum.** Except as otherwise required by the Covenants, the attendance and/or valid proxies of Members, representing at least twenty (20) Lots shall constitute a quorum at all Member meetings. If a quorum is not present, no official business may be transacted. Another meeting may be called, subject to the notice requirement set forth in Section 5 of this Article, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

**7. Proxies.** A Member may grant a voting proxy, in writing, duly signed and dated. Such proxies are valid no more than ninety (90) days from the date of the meeting and may either be a general or limited proxy. All proxies must be delivered to the Secretary before the meeting for use in establishing a quorum.

### **III. Offices—The Board of Directors of The Association**

**A. Composition.** The Board of Directors of “The Lakes” shall be composed of seven directors, consisting of five officers: President, Vice President, Secretary, Treasurer, A.R.B. Director; and two Directors at Large, representing seven independent voting entities.

**B. Powers and Duties of the Board of Directors.** Except as limited by the Covenants, Bylaws, or applicable law, all matters pertaining to the business and affairs of The Association shall be managed by, or under the direction of, the Board of Directors. All powers and duties of The Association existing under the Covenants, Articles of Incorporation, Statute, and these Bylaws shall be exercised exclusively by the Board of Directors, subject only to approval by the Members when such approval is specifically required by the Covenants, Bylaws, or Statute. Such powers and duties of the Directors shall include but not be limited to the following:

1. The irrevocable right to make and collect assessments against Members to defray costs, expenses, and losses of The Association; to enforce by legal means, consistent with Statute, any liens or judicial action necessary to collect assessments; and enforce compliance of the Covenants, Bylaws, published Rules, or A.R.B. criteria (as defined below).

2. The right to use the proceeds of assessments in the exercise of its powers and duties.

3. The right to maintain, replace, repair, and operate the property covered by the Covenants which shall include the irrevocable right to assess each Lot for such maintenance, repair, or replacement of any facilities located on the Common Property or making emergency repairs therein necessary to prevent damage to the Common Property.

4. The right to prepare an annual operating budget sufficient to pay for all Association expenses, including a mandatory pooled capital asset reserve as set forth in the Covenants, Bylaws, and the 2010 Resolution of the Members approving Capital Asset Reserves. The annual budget shall be presented to the Members prior to its approval by the Board of Directors. If, for any reason, a new annual budget is not completed, the prior year’s budget shall remain in effect until a new budget is approved and adopted by the Board of Directors.

5. The right to purchase insurance with respect to the Common Property and business affairs or operations of The Association.

6. To determine the depository of Association funds.

7. To reconstruct improvements after casualty and to further improve the property.

8. Subject to the approval of not less than thirty (30) Members, to make and amend reasonable A.R.B. criteria and other Rules respecting the use of the Common Property and the Lots.

9. Except as limited by the Covenants and Statute, to enforce by legal means the Covenants, Articles, Bylaws, and Rules for the use of the Common Property and Lots, including A.R.B. criteria.

10. To contract for the maintenance, management, restoration, improvement, or operation of the Common Property.

11. To pay taxes and assessments which are liens against any part of the Common Property.

12. To pay the cost of all power, water, sewer, trash, garbage, or other utility services rendered to the Common Property.

13. To reallocate or reassign budgeted expense items as required or needed as circumstances warrant as long as total expenditures remain within the annual budget.

**C. Duties of Each Officer:**

1. **President.** The President shall be the principal executive officer of The Association and shall supervise and coordinate all the business and affairs of The Association. The President shall preside at all meetings of the Members and Board of Directors.

2. **Vice President.** In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties of the President, and as such, shall have the powers and responsibilities of the President. The Vice President shall also act as Parliamentarian.

3. **Secretary.** The Secretary shall keep the minutes of all meetings of the Members and Board of Directors. Official records, including minutes, shall be made available for inspection by any Member upon request in accordance with Statute. The Secretary shall make reasonable efforts to complete minutes within two (2) weeks following any meeting. The Secretary shall provide Board members, at each succeeding meeting, a copy of the minutes of each meeting. The Secretary shall record attendance at, and as required by Statute, retain voting records from all meetings. The Secretary shall distribute all meeting notices as required by these Bylaws and Statute. The Secretary shall maintain a file of all documents pertaining to The Association such as Covenants, Articles, and Bylaws. The Secretary shall maintain previous files of Association activities and shall pass all of the files and records of The Association to the next elected Secretary, enabling the historical data of The Association to be used for future reference.

4. **Treasurer.** The Treasurer shall have charge of and be responsible for the funds and securities of The Association, shall receive and give receipts for monies due and payable to The Association from any source whatsoever, and shall deposit all such monies in the name of The Association in such banks as shall be selected by the Board of Directors. The Treasurer shall keep complete and accurate records of all financial transactions of The Association, as well as current Member lists. The Treasurer is authorized to pay bills for taxes, maintenance, utilities, insurance, and other expenditures as provided in the annual budget and such other expenditures as may be properly approved by the Board of Directors. The Treasurer shall keep the books of The Association in accordance with good accounting practices and shall prepare a proposed annual budget for presentation to the Members and approval by the Board of Directors. The Treasurer shall prepare financial reports for each Board and General Member meeting and provide quarterly reports, and an annual financial report as provided by applicable law, to Members and the Board.

5. **The A.R.B. Director.** To the extent provided in the Covenants and A.R.B. Planning Criteria, consistent with Statutory requirements, the A.R.B. Director, with the A.R.B. Committee, shall be responsible for review and approval of all plans and specifications for and construction and landscaping of new residences as well as any additions or changes to existing residences or Lots before any work begins. The A.R.B. Committee will monitor all construction for compliance with the Covenants and A.R.B. Planning Criteria and may recommend to the Board the placing of a lien or other legal measures to enforce the Covenants and Rules.

6. **Directors at Large.** The Directors at Large shall assist the other officers with their duties and responsibilities as needed.

**D. Committees**

1. Two (2) Standing Committees shall be established each year by the Board: (a) Architectural Review Board (A.R.B.) which, absent additional volunteers from the Membership, may consist solely of members of the Board of Directors; and (b) Nominating Committee (as set forth in Article IV).

2. The Board of Directors may, from time to time, by a majority vote of Directors comprising a quorum, create additional Committees, or dissolve any Committee, at its discretion.

3. Each Committee may have one Director on it, who shall sit in on each Committee meeting, not as its chair, but to advise the Committee of the needs, intents, and recommendations of the Board; act as a liaison between the Board and Committee; and to submit a summary of Committee deliberations and actions to the Board. If a Director is not appointed to the Committee, the chair of the Committee shall consult with the Board and submit a summary of Committee

deliberations and actions following each Committee meeting to the Board. By the end of the fiscal year, unless the Committee's appointment or work shall be of a lesser duration, each Committee chair shall submit to the Board, to be retained by the Secretary, a complete written report of the Committee's work. Committee members may be removed and replaced by the Board at its discretion as it shall deem necessary.

#### **IV. Nominations and Election of the Board of Directors**

**A.** A Nominating Committee of three (3) Members shall be appointed by the Board of Directors no later than August 1 each year. No more than one member of the Nominating Committee shall be a current member of the Board of Directors.

**B.** The Nominating Committee shall submit a slate of at least one candidate for each of the seven positions on the Board of Directors to the Board of Directors on or before October 1. This slate of candidates shall be distributed to Members at least thirty (30) days before the November Member meeting. Additional nominations from the floor may be made at the meeting, provided the nominee(s) have given their approval to serve in the nominated position in person at the meeting or in prior writing if absent from the meeting.

**C.** The Nominating Committee shall conduct the election. Members shall vote by ballot at the November Member meeting, or by proxy. The Nominating Committee shall distribute and collect proxies and ballots, verify one vote per Lot owned and certify proxy votes, tally all proxies and ballots, and announce the election results. The Secretary shall retain the ballots, proxies, and results in The Association files for not less than one (1) year unless a longer period is required by Statute.

**D.** The newly elected Board of Directors shall take office January 1. Each outgoing Board member shall turn over all files, records, and reports to the succeeding Board member(s) on or before January 1.

#### **V. Directors' Terms, Vacancies, Removal**

**A.** Directors shall serve a one-year term, beginning January 1, or until such Director(s) resign(s), has/have been removed from office, re-elected for the coming year, or replaced by the succeeding Director(s) elected in the November elections.

**B.** A vacancy in the Board of Directors shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected, or named, and takes office, unless they resign or are removed.

**C. Removal of Directors.** In accordance with the requirements of Statute, any one or more Directors may be removed with or without cause by written agreement or by a majority vote at a properly called meeting of the Members. If a Director misses one-third or more of the Board meetings in a six month period, this shall operate as a resignation. When a Director is removed, they shall be duly notified if not present, and their successor elected, or named, to fill the vacancy thus created.

#### **VI. Board Meetings**

**A.** Regular meetings of the Board of Directors shall be held at such time and place as determined by the majority of the Directors. Meetings of the Board of Directors shall be open to Members. Notice of all non-emergency meetings of the Board of Directors shall be posted in a conspicuous location within the community designated by the Board at least two (2) days in advance of the meeting unless notice has been provided in a notice or via an annual calendar.

**B.** Special meetings of the Board of Directors may be called by the President or by three (3) other Directors by giving advance notice of not less than two (2) days to each Director stating the purpose, time, and place of the meeting.

**C.** At all Board meetings, a majority (four) shall constitute a quorum for the transaction of business; the acts of a simple majority of a quorum present at a duly called meeting shall be the acts of the Board of Directors.

#### **VII. Indemnification of Directors and Officers**

Every Director and officer of The Association shall be indemnified by The Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon them in connection with any proceeding to which they may be a party or in which they may become

involved by reason of being or having been a Director or officer of The Association, whether or not they are a Director at the time such expenses are incurred, except in such cases wherein the Director is adjudged guilty of willful misfeasance or malfeasance in the performance of duties, provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of The Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. The Association shall insure its Directors and officers under a typical D&O policy and, subject to applicable law, shall, unless waived in accordance with applicable law, purchase fidelity bond or crime coverage.

#### **VIII. Financial Policies**

**A. Fiscal year.** The fiscal year of the corporation shall be the calendar year beginning 1 January and ending 31 December.

##### **B. Assessments:**

**1. Initial Assessment.** A one-time initial assessment fee of \$250.00 shall be paid to The Association at the time of closing on each transfer of ownership of a Lot within The Association to a new owner. However, such fee shall not be due from the existing owner of a Lot upon the lease or rental of such Lot, or upon the transfer of such Lot when transferred, typically for nominal consideration, to the spouse or children of the owner(s) or to a family trust. The initial assessment shall be treated in all respects as an assessment against the Lot due from the new owner and may be the subject of a lien and foreclosure action in the same manner provided for collection of other assessments. The initial assessment shall be deemed delinquent if not received by The Association within twenty (20) days after the date of transfer of the Lot.

**2. Annual Assessments.** Annual assessments shall be due and payable to The Association semi-annually on April 1 and October 1 of each year. The annual assessment may be increased annually by not more than fifteen percent (15%) unless a larger increase is approved by the Members in accordance with the Covenants. Subject to the need for Member approval for an increase in excess of 15%, the budget shall be approved by the Board of Directors.

**3. Special Assessments.** Special assessments for purposes permitted in the Covenants may be established by the Board of Directors as required after identification of the specific use for the funds, the amount due, and due date of the assessment. These assessments require presentation to all Members for approval as required by the Covenants and in accordance with Statute.

**4. Collection and Enforceability.** All annual and/or special assessments not paid to The Association within thirty (30) days following the due date shall be declared in arrears and the delinquency shall be reported to the Board of Directors and collection procedures, as provided in Statute, may commence. The annual and special assessments, and any fees, fines, or monetary obligations imposed, or reasonable attorney fees and costs paid, by The Association, together with such interest thereon and cost of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment, together with such late charges and interest thereon and cost of collection thereof shall also be the personal obligation of the person who was the owner of such property at the time when the assessment became due. The interest rate accruing on unpaid balances shall be an annual percentage rate (APR) of eighteen percent (18%). The Association shall, at the written request of a mortgagee, report any unpaid assessment due from the owner of such Lot; however, any lien resulting from such unpaid assessment shall always be inferior and subordinate to the lien of a first mortgagee.

**5. Annual Budget.** An annual operating budget shall be prepared by the Treasurer, provided to Members for review and comment prior to its adoption, and approved by the Board of Directors. The budget shall contain sufficient reserves to provide for mandatory pooled capital asset reserves as set forth in the 2010 Resolution of the Members.

**6. Annual Financial Review.** The financial records to The Association shall be subject to annual review as provided by Statute. The level of review shall also be as set forth by Statute.

**7. Financial Reporting.** The Treasurer shall prepare periodic financial reports for the Board of Directors. An annual financial report, and quarterly financial reports will be prepared and provided to the Board and Members.

**IX. Roberts' Rules**

All meetings of Members, the Board of Directors, and Committees shall be conducted according to Roberts' Rules of Order when not in conflict with the Covenants or Bylaws. The Vice President shall be responsible for clarifying such rules or procedures.

**X. Amendments to the Bylaws**

These Bylaws may be amended, altered, or repealed, and new bylaws adopted by not less than thirty (30) Members (including proxies), at a properly called Member meeting or by written consent of not less than thirty (30) Members. Any proposed change in these Bylaws must be submitted in writing to the Board of Directors at least sixty (60) days prior to a Board meeting specifically called, or noticed, for the purpose of amending or repealing the Bylaws. Prior to the meeting, an advance written notice of thirty (30) days must be given to Members stating the proposed bylaw change. The Board of Directors will discuss, refine and, if deemed necessary, secure a legal opinion on the bylaw change(s), after which it may be presented to Members for a vote.

**XI. Dissolution of the Lake Down Homeowners' Association, Inc.**

At a meeting noticed not less than ninety (90) days in advance, called by a majority of the Board of Directors or by sixty-seven percent (67%) of the Member Lots, The Association may be dissolved by a vote of ninety-five percent (95%) of all Member Lots (for clarity, not Member Lots at the meeting), including legally dated and signed proxies. At this meeting, disposition of funds, The Association's Common Property, and any and all other matters relating to dissolution shall be decided by simple majority vote of the Member Lots represented at the meeting. The then Board of Directors shall make any legal notification to the State or other interested parties concerning the dissolution of The Association.