

AMENDED AND RESTATED

BY-LAWS

-of-

CASTLE REEF CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

GENERAL

Section 1. Name. The name of the corporation shall be CASTLE REEF CONDOMINIUM ASSOCIATION, INC. ("Association").

Section 2. Principal Office. The principal office of the Association shall be at 4175 South Atlantic Avenue, New Smyrna Beach, Florida, or at such location as may be designated by the Association's Board of Administration. All books and records of the Association shall be kept at its principal office.

Section 3. Definitions. As used herein, the term corporation shall be synonymous with "Association" as defined in the Declaration of Condominium ("Declaration") of CASTLE REEF, a Condominium ("Condominium"), and the words "Condominium Property", "Unit", "Unit Owner", "Assessment", "Condominium Parcel", "Common Elements", and "Condominium" are defined as set forth in the Declaration. "Condominium Act" shall mean and refer to Chapter 718, Florida Statutes, 1976, as amended.

ARTICLE II

DIRECTORS

Section 1. Number and Term. The number of Directors ("Directors") which shall constitute the Association's Board of Administration shall be five (5). All Directors shall be members of the Association. At the annual meeting of the Association in 1989, two (2) Directors shall be elected for a term of two (2) years, and three (3) Directors shall be elected for a term of one (1) year. At each annual meeting of the Association thereafter, the then available Director's seats shall be filled by election of two (2) Directors for a term of two (2) years and election of one (1) Director for a term of one (1) year. No Director may serve for more than three (3) consecutive terms not to exceed five (5) consecutive years.

Section 2. Candidates and Election.

A. Candidates. The Board of Administration shall appoint a Search Committee of not more than five (5) members of the Association at least ninety (90) days in advance of the Association annual meeting. The Search Committee shall not have authority to nominate any candidate. The Search Committee shall submit to the Board of Administration within thirty (30) days of their appointment a list of any unit owners they have found that are willing to serve as candidates for election to the Board of Administration. Any

Unit Owner or other eligible person desiring to be a candidate for the Board of Administration shall give written notice to the Secretary of the Association not less than forty (40) days before a scheduled election. Accompanying the written notice shall be a candidate information sheet if desired by the candidate. Upon receipt of the written notice, the Secretary shall issue a written receipt acknowledging delivery of the written notice.

B. Election. Not less than sixty (60) days before a scheduled election, a first notice of the date and time of the election shall be mailed or delivered to all members of the Association. The notice must contain the name and correct mailing address of the Secretary, President and Vice President of the Association and shall invite any unit owner desiring to be a candidate for the election to send in written notice to the Secretary not less than forty (40) days prior to the election date along with a candidate information sheet if desired by the candidate. Not less than thirty (30) days before the scheduled election, the Association shall mail or deliver to all members of the Association a second notice of the election, together with a ballot and any candidate information sheets timely submitted by the candidates. Instructions for completing and returning the ballots shall conform to the rules established by the Florida Bureau of Condominium to insure secrecy of the ballot. Instructions shall provide that election ballots, which may be either mailed or hand delivered, must be received by the Board of Administration by the date and time of the scheduled election in order to be counted. Procedures for validating and counting the ballots shall conform to the rules established by the Florida Bureau of Condominium. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement necessary for election of members of the Board of Administration but at least twenty percent (20%) of eligible voters must cast a ballot in order to have a valid election. No unit owner shall permit any other person to vote his or her ballot, and any such ballot improperly cast shall be deemed invalid. Candidates receiving the highest number of votes shall be elected to fill the vacancies on the Board of Administration. In case of a tied vote, the candidate with the longest record of ownership in the Association shall be elected.

Section 3. Vacancy and Replacement. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, but at least a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor or successors who shall hold office for the unexpired portion of the term of the vacated office. If the remaining Directors shall be less than a quorum, a special meeting of the Association shall be called as provided for in ARTICLE V Section 4 of these By-Laws for election of the Directors to fill the unexpired portion of the terms of the vacated offices. Any member of the Board of Administration who vacates his office for any reason shall transfer to the Board of Administration within seventy two (72) hours of vacating his office any records of the Association which are in his possession.

Section 4. Removal. Subject to the provisions of Section 718.301, Florida Statutes, as it now exists or as hereafter amended, any member of the Board of Administration may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of all Unit Owners. A special meeting of the Unit Owners to recall a member or members of the Board of Administration may be called by ten percent (10%) of the Unit Owners giving notice of the meeting as required for a meeting of Unit Owners and the notice shall state the purpose of the meeting. No Director shall continue to serve on the Board if, during his term of office, his membership in the Association shall be terminated for any reason whatsoever. If any Director fails to pay any Assessment levied by the Board of Administration, whether regular or special Assessment, within thirty (30) days after its due date, he shall automatically be removed as a Director and the remaining Directors shall select a successor to serve the unexpired portion of the term of said removed Director.

Section 5. Powers. The property and business of the Association shall be managed by the Board of Administration, which may exercise all corporate powers not specifically prohibited by statute, the Articles of Incorporation or the Declaration. The powers of the Board of Administration shall specifically include, but not be limited to, the following:

A. To levy and collect regular and special Assessments. However, any Assessment which exceeds ~~two~~ three hundred dollars (~~200~~ \$300.00) per unit must be submitted to the membership to be voted on at a duly noticed meeting of the Association. This special Assessment limit shall not apply in the event of dire emergency when the Board of Administration has reason to believe that a quorum of owners is not available to attend such a meeting either in person or by proxy and if the special Assessment is made for items of necessary maintenance, repair or replacement.

B. To use and expend the Assessments collected to maintain, care for and preserve the Units and Condominium Property, except those portions thereof which are required to be maintained, cared for and preserved by the Unit Owners.

C. To purchase the necessary equipment required in the maintenance, care and preservation referred to above.

D. To enter into and upon the Units when necessary, with as little inconvenience to the Unit Owners as possible, in connection with said maintenance, care and preservation.

E. To insure and keep insured said Condominium Property in the manner set forth in the Declaration against loss from fire and/or other casualty and the Unit Owners against public liability, and to purchase such other insurance as the Board of Administration may deem advisable.

F. To collect delinquent Assessments by suit or otherwise,

abate nuisances and enjoin or seek damages from the Unit Owners for violations of these By-Laws, the Articles of Incorporation, the Declaration, and the rules and regulations promulgated by the Board of Administration.

G. To employ and compensate such personnel as may be required for the maintenance and preservation of the Condominium Property.

H. To make reasonable rules and regulations for the occupancy of the Units and the use of the Common Elements.

I. To acquire, rent or lease Units in the name of the Association or a designee.

J. To contract for management of the Condominium and to delegate to such other party all powers and duties of the Association except those specifically required by the Declaration to have the specific approval of the Board of Administration or Membership.

K. To carry out the obligations of the Association under any easements, restrictions or covenants running with any land submitted to Condominium ownership.

Section 6. Compensation. Upon approval of the majority of Unit Owners, Directors and officers may receive compensation for their services, in an amount determined by said Unit Owners.

Section 7. Meetings.

A. The first meeting of each Board of Administration newly elected by the Members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Administration shall be held at the same place as the Members' meeting and immediately after the adjournment of the same.

B. Special meetings of the Board of Administration shall be held whenever called by the president or a majority of the Board. The Secretary shall give notice of each special meeting to each member of the Board of Administration either personally or by mail or telegram, at least three (3) days before the date of such meeting, but the Directors may waive such notice to themselves of the calling of the meeting.

C. All meetings of the Board of Administration and any committee thereof at which a quorum of the members of that committee are present shall be open to all Unit Owners and, except in cases of emergency, notices of such meetings shall be posted conspicuously on the Condominium Property at least forty-eight (48) hours in advance of such meetings. The Board of Administration shall adopt a rule which designates a specific location on the Condominium Property upon which all notices of Board meetings shall be posted. All Unit Owners shall have the

right to voice opinions on business conducted at Board Meetings in accordance with parliamentary procedure, Robert's Rules of Order.

D. A majority of the Board shall be necessary at all meetings to constitute a quorum for the transaction of business and the act of a majority present at any meeting at which there is a quorum shall be the act of the Board. If a Quorum shall not be present at the meeting, the Directors then present shall adjourn the meeting until a quorum shall be present. A Director of the Association who is present at a meeting of the Board of Administration at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest. Directors may not vote by proxy or by secret ballot at Board meetings except that the Board may elect its officers by secret ballot. A vote or abstention for each Director present shall be recorded in the minutes of the meeting.

Section 8. Order of Business. The order of business at all meetings of the Board shall be as follows:

- A. Roll call.
- B. Reading of minutes of the last meeting.
- C. Consideration of communications.
- D. Resignations and elections.
- E. Reports of officers and employees.
- F. Reports of committees.
- G. Unfinished business.
- H. Original resolutions and unfinished business.
- I. Adjournment.

Section 9. Accounting Records. The Association shall maintain accounting records according to generally accepted principles of accounting, consistently applied, which shall be open to inspection by Unit Owners or their authorized representatives at a reasonable time and written summaries of which shall be supplied at least annually to Unit Owners or their authorized representatives. Such records shall include, but are not limited to, a record of all receipts and expenditures and an account for each Unit which shall designate the name and address of the Unit Owner, the amount of each Assessment, the dates and amounts in which the Assessments come due, the amounts paid upon the account and the balance due.

ARTICLE III

OFFICERS

Section 1. Executive Officers. The executive officers of the Association shall be a President, Vice President, Treasurer and Secretary, all of whom shall be elected annually by the Board of Administration.

Section 2. Subordinate Officers. The Board of Administration may appoint such other officers and agents as it may deem necessary, who shall hold office at the pleasure of the Board of Administration and who shall have such authority and perform such duties as from time to time may be prescribed by the Board.

Section 3. Tenure of Officers; Removal. All officers and agents shall be subject to removal, with or without cause, at any time by action of the Board of Administration, which may delegate such powers to any officer. In the event that any officer fails to pay any Assessment levied by the Board of Administration, whether regular or special Assessment, within thirty (30) days of its due date, said officer shall automatically be removed from office and the Board of Administration shall appoint a successor.

Section 4. The President.

A. The President shall be chairman of, and shall preside at, all meetings of the Members and Directors, shall have general and active management authority over the business of the Association except that which is delegated, shall see that all orders and resolutions of the Board are carried into effect, and shall execute bonds, mortgages and other contracts requiring a seal of the Association. The seal, when affixed, shall be attested by the signature of the Secretary.

B. He shall supervise and direct all other officers of the Association and shall see that their duties are performed properly.

C. He shall submit a report of the operations of the Association for the fiscal year to the Directors (whenever called for by them) and to the Members at their annual meeting, and from time to time shall report to the Board all matters within his knowledge which the best interests of the Association may require be brought to its notice.

D. He shall be permitted to appoint committees and to assign members of the Board of Administration to be an ex-officio member of a committee.

E. He shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation.

Section 5. The Vice President.

A. In the absence of the President, the Vice President shall carry out all duties normally assigned to the President.

B. He shall perform any special duties which may be assigned by the President.

Section 6. The Secretary.

A. The Secretary shall keep the minutes of meetings of the Members and of the Board of Administration in one (1) or more books provided for that purpose. The minute book shall be available for inspection by all Members, or their authorized representatives, and by the Board of Administration, which minutes shall be retained for a period of not less than seven (7) years.

B. He shall see that all notices are duly given in accordance with the provisions of these By-Laws or as otherwise required by law.

C. He shall be the custodian of the corporate records and of the seal of the Association and shall see that the seal of the Association is affixed to all documents, the execution of which, on behalf of the Association, under its seal, is duly authorized in accordance with the provisions of these By-Laws.

D. He shall keep a register of the post office address of each Member, which shall be furnished to the Secretary by such Member.

E. In general, he shall perform all duties incident to the office of the Secretary and other duties as from time to time may be assigned to him by the President or by the Board of Administration.

Section 7. The Treasurer.

A. The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Administration.

B. He shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursement, and shall render to the President and the Directors, at the regular meeting of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association.

C. He may be required to give the Association a bond in a sum and with one (1) or more sureties satisfactory to the Board

for the faithful performance of the duties of his office and the restoration to the Association, in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association. If required to give bond, the cost for the bond shall be borne by the Association.

Section 8. Vacancies. If the office of the President, Vice President, Secretary, Treasurer or any other office established by the Board of Administration becomes vacant by reason of death, resignation, disqualification or otherwise, the Directors, by a majority vote of the Board of Administration, may choose a successor or successors who shall hold office for the unexpired portion of the term of the vacated office.

Section 9. Resignations. Any Director or officer may resign his office at any time, in writing, which resignation shall take effect from time of its receipt by the Association, unless some later time be fixed in the resignation, and then from that date. The acceptance of a resignation shall not be required to make it effective.

ARTICLE IV

THE ASSOCIATION

Section 1. Membership. Each Unit Owner (including a corporate owner) shall be a Member of the Association and membership in the Association shall be limited to Unit Owners.

Section 2. Powers and Duties. The powers and duties of the Association shall include those set forth in the Articles, the Declaration, the Condominium Act, and these By-Laws and shall include the following:

A. The irrevocable right of access to each Unit at reasonable hours as may be necessary for the maintenance, repair or replacement of any Common Elements or Limited Common Elements therein or accessible therefrom or another Unit to prevent damage to the Common Elements, Limited Common Elements, or to another Unit.

B. The irrevocable right of access to each Unit at any hour for the purpose of making emergency repairs necessary to prevent additional damage to the Common Elements, Limited Common Elements, or to another Unit.

C. The power to levy and collect Assessments and to lease, maintain, repair and replace the Common Elements.

D. The keeping of accounting records in accordance with good accounting practices and the Condominium Act which records shall be open to inspection by Unit Owners or their

authorized representatives at reasonable times and written summaries of which shall be supplied at least annually to Unit Owners or their authorized representatives.

E. The power to enter into contracts with others for the maintenance, management, operation, repair and servicing of the Condominium Property and in connection therewith, to delegate the powers and rights therein contained, including that of levying and collecting Assessments and perfecting and enforcing liens for non-payment. The service and maintenance contracts referred to herein may delegate the Association's duty to maintain and preserve the landscaping, gardening, painting, repairing and replacement of the Common Elements, but shall not relieve each Unit Owner from his personal responsibility to maintain and preserve the interior surfaces of his Unit and to paint, clean, decorate, maintain and repair said Unit. Each Unit Owner, his heirs, personal representatives, successors and assigns shall be bound by any management contract, if any is executed, to the same extent and effect as if he had executed such contract for the purposes herein expressed including, but not limited to, adopting, ratifying, confirming and consenting to the execution of same by the Association, covenanting and promising to perform each and every of the covenants, promises and undertakings to be performed by Unit Owners as required under said contract, acknowledging that all of the terms and conditions thereof, including the manager's fee, are reasonable and agreeing that the persons acting as Directors and Officers of the Association entering into such a contract have not breached any of their duties or obligations to the Association by virtue of the execution of said contract. The management contract, if any, and the acts of the Board of Administration and Officers of the Association in entering into such agreement, are hereby ratified, confirmed, approved and adopted.

F. The power to adopt reasonable rules and regulations for maintenance and conservation of the Condominium Property, and for the health, comfort, safety and welfare of the Unit Owners, all of whom shall be subject to such rules and regulations.

G. The power to purchase units in the Condominium and to acquire, hold, lease, mortgage and convey the same.

ARTICLE V

MEETINGS OF MEMBERSHIP

Section 1. Place. All meetings of the Association membership shall be held at such place as may be stated in the notice of the meeting.

Section 2. Annual Meeting.

A. A regular annual meeting of Members shall be held within each calendar year during the month of September.

B. At the annual meeting, the Members, by a majority vote (cumulative voting prohibited) shall elect members of the Board of Administration as provided in Article II, Sections 1. and 2. of these By-Laws and shall transact such other business as may properly come before the meeting.

C. Written notice of the annual meeting shall be personally served upon or mailed ~~by certified mail~~ to each Member entitled to vote at such address as appears on the books of the Association, at least fourteen (14) days prior to the meeting. A notice of such meeting shall be posted at a conspicuous place on the Condominium Property at least fourteen (14) days prior to the meeting. An officer of the Association, or the manager or other person providing notice of the Association meeting, shall provide an affidavit or United States Postal Service certificate of mailing, to be included in the official records of the Association affirming that the notice was mailed or hand delivered to each Unit Owner at the address last furnished to the Association.

Section 3. Membership List. At least fourteen (14) days before every election of Directors, a complete list of Members entitled to vote at said election, arranged numerically by Units, with the residence of each Member, shall be prepared by the Secretary. Such list shall be produced and kept for said fourteen (14) days and throughout the election at the office of the Association and shall be open to examination by any Member throughout such time.

Section 4. Special Membership Meetings.

A. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President, and shall be called by the President or Secretary at the request, in writing, of ten percent (10%) of the Members. Should the President fail to call such a special meeting, such Members may, in lieu thereof, call such meeting. Such request shall state the purpose or purposes of the proposed meeting.

B. Written notice of a special meeting of Members stating the time, place and object thereof shall be served upon or mailed to each Member entitled to vote thereon at such address as appears on the books of the Association at least five (5) days before such meeting. A notice of such meeting shall be posted at a conspicuous place on the Condominium Property at least five (5) days prior to the meeting. The Board of Administration shall adopt a rule which designates a specific location on the Condominium Property upon which all notices of all Association meetings shall be posted.

C. Notwithstanding the above, in the event emergency repairs

are required to the Common Elements, as determined by the Board of Administration, the Board may ~~assess~~ levy a special Assessment up to a maximum of ~~two~~ three hundred dollars (~~\$200.00~~ 300.00) per Unit per year without the necessity of a meeting to approve said expenditures. This special Assessment limit shall not apply in the event of dire emergency when the Board of Administration has reason to believe that a quorum of owners is not available to attend such a meeting either in person or by proxy and if the special Assessment is made for items of necessary maintenance, repair or replacement.

D. Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

Section 5. Quorum. Members owning a majority of the total Units, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the Members for the transaction of business, except as otherwise provided by statute, the Articles of Incorporation or these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person or represented by written proxy shall have the power to adjourn and reconvene the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present or represented. At such adjourned and reconvened meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called. An exception to the foregoing requirements shall apply for the resolution of issues that have been presented in writing with voting proxy forms to the Association Members by certified mail at least thirty (30) days in advance of a properly noticed Membership meeting. Such issues may be decided by a majority vote of all voting interests present or represented at any such Association meeting. All other issues presented at such a meeting that do not qualify for this exception must be deferred for decision unless voting interests present or represented at the meeting are a majority of all Unit Owners.

Section 6. Vote Required to Transact Business. When a quorum is present at any meeting, a majority of the votes cast, in person or represented by written proxy, shall decide any question brought before the meeting, unless the question is one which, by express provision of the Florida Statutes, the Declaration, the Articles of Incorporation or these By-Laws requires a different vote, in which case such express provision shall govern and control the decision of such question.

Section 7. Right to Vote.

A. The Owner or Owners of a Unit shall be entitled to one (1) vote for each Unit owned.

B. If the Unit is owned by more than one (1) individual

or by a corporation or other entity, said Owners, corporation or other entity shall file a certificate with the Secretary naming the person authorized to cast said Unit vote. If the same is not on file prior to any meeting of the Members, annual or special, a vote of such Unit shall not be considered, nor shall the presence of said Owners at a meeting be considered in determining whether the quorum requirement has been met.

C. All proxies must be in writing, signed by the voting Member granting the proxy and filed with the Secretary prior to the meeting, annual or special, for which said proxy is granted. The proxy shall be valid only for such meeting or subsequently held pursuant to an adjournment of that meeting.

Section 8. Waiver and Consent. Whenever the vote of Members at a meeting is required or permitted by any provision of the Florida Statutes, the Declaration, the Articles of Incorporation or these By-Laws in connection with any action of the Association, the meeting and vote of Members may be dispensed with if all Members who would have been entitled to vote upon the action of such meeting if such meeting were held shall consent in writing to such action being taken.

Section 9. Order of Business. The order of business at annual Members' meetings and, as far as practical, at other Members' meetings will be:

- A. Election of Chairman.
- B. Roll call.
- C. Proof of notice of meeting or waiver of notice.
- D. Reading of minutes of prior meeting.
- E. Officers' reports.
- F. Committee reports.
- G. Elections.
- H. Unfinished business.
- I. New business.
- J. Adjournment.

ARTICLE VI

NOTICES

Section 1. Definition. Whenever, under the provisions of the Florida Statutes, the Declaration, the Articles of Incorporation or these By-Laws, notice is required to be given to any Director,

officer or Member, it shall not be construed to mean only personal notice, but such notice may be given in writing by mail by depositing the same in a post office or letter box in a postpaid sealed envelope, addressed as appears on the books of the Association. Any such notice and any notice of any special meeting of the Members need not be sent by certified mail unless required by the Board. ~~Any notice of an annual meeting shall be sent by certified mail.~~

Section 2. Service of Notice - Waiver. Whenever any notice is required to be given under the provisions of the Florida Statutes, the Declaration, the Articles of Incorporation or these By-Laws, a waiver thereof, in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

Section 3. Address. The address for notice to the Association is 4175 South Atlantic Avenue, New Smyrna Beach, Florida.

ARTICLE VII

FINANCES

Section 1. Fiscal Year. The fiscal year shall be the calendar year, unless otherwise determined by the Board of Administration.

Section 2. Checks. All checks or demands for money and notes of the Association shall be signed by any two (2) of the following officers: President, Secretary or Treasurer, or by such officer or officers or such other person or persons as the Board of Administration may from time to time designate. The Board of Administration may permit checks to be executed with only the manager's signature once the check signing function is delegated by the Board to him.

Section 3. Determination of Assessments.

A. (1) The Board of Administration shall fix Assessments adequate to meet the common expenses of the Condominium. Common expenses shall include expenses for the operation, maintenance, repair or replacement of the Common Elements and the limited Common Elements, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance, and any other expenses designated as common expenses by the Declaration or from time to time by the Board of Administration.

(2) Funds for the payment of common expenses shall be assessed against Unit Owners in the proportions or percentages and in the manner provided in the Declaration and said Assessments shall be payable as provided in the Declaration.

(3) The Board of Administration is specifically empowered, on behalf of the Association, to make and collect Assessments and to maintain, repair and replace the Common Elements of the Condominium.

(4) Special Assessments, which may be required by the Board of Administration, shall be levied and paid in the same manner as provided for regular Assessments.

B. When the Board of Administration has determined the amount of any Assessment, the Secretary or Treasurer shall mail or present a statement of the Assessment to each of the Unit Owners. All Assessments shall be payable to the Association and, upon request, the Secretary or Treasurer shall give a receipt for each payment made.

Section 4. Annual Budget.

A. A copy of the Association's proposed annual budget of common expenses shall be mailed to each Unit Owner not less than thirty (30) days prior to the meeting of the Board of Administration at which the budget will be considered together with a notice of that meeting. Such meeting of the Board of Administration shall be open to all Unit Owners.

B. The Board of Administration may approve annual budgets so long as the amount does not exceed one hundred fifteen percent (115%) of the Assessments for the preceding year.

C. If the Board of Administration adopts a budget which requires Assessments against Unit Owners for the proposed fiscal year exceeding one hundred fifteen percent (115%) of such Assessments for the preceding year, all as determined in accordance with Section 718.122(2)(f), Florida Statutes, as amended, 1976, as said Section may hereafter be amended, the Board of Administration, upon written application of ten percent (10%) of the Unit Owners to the Board of Administration shall call a special meeting of the Unit Owners within thirty (30) days, upon not less than ten (10) days written notice to each Unit Owner. At the special meeting, Unit Owners shall consider and enact a budget. Unless these By-Laws require a larger vote, the adoption of the budget shall require a vote of not less than a majority vote of all Unit Owners. The Board of Administration may propose a budget to all Unit Owners at a meeting of Members or in writing, and if the budget or proposed budget is approved by the Unit Owners at the meeting or by a majority of all Unit Owners in writing, the budget shall be adopted. In determining whether Assessments exceed one hundred fifteen percent (115%) of similar Assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the Condominium Property, anticipated expenses by the Association which are not

anticipated to be incurred on a regular or annual basis, or Assessments for betterments to the Condominium Property shall be excluded from the computation.

Section 5. Reserve Fund. The Board of Administration shall have the right to assess Unit Owners to establish a reserve fund for the future replacement of or additions to the Common Elements and such reserve fund shall be held in trust by the Board or its designated nominee to be used solely for the purpose for which it was established.

Section 6. Payment of Assessments. All Assessments shall be timely paid to the Association. Assessments shall be made against Unit Owners not less frequently than quarterly in advance, no less than are required to provide funds in advance for payment of all of the anticipated current operating expenses and for all the unpaid operating expenses previously incurred.

Section 7. Limitation on Expenditures. Notwithstanding anything else in these By-Laws, the Articles of Incorporation of the Declaration which authorizes expenditures, no expenditure for the improvement of the Common Elements exceeding Five Thousand and No/100 Dollars (\$5,000.00) per annum shall be made without the approval of Members owning a majority of the Units except for the repair of the Condominium Property due to casualty loss.

Section 8. Application of Payments and Commingling of Funds. All funds collected by the Association shall be maintained separately in the Association's name. Reserve funds and operating funds shall be maintained in a financial institution and may be commingled for investment purposes but the Association shall maintain separate ledgers for each account. No manager, business entity, agent, employee, officer or Director of the Association shall commingle any Association funds with his or her funds or with the funds of any other condominium association. All Assessments shall be applied as provided herein and in the Declaration.

Section 9. Fidelity Bonds for Officers. The Treasurer and all officers who are authorized to sign checks, and all officers and employees of the Association, and any contractor handling or responsible for Association funds shall be bonded in such amount as may be determined by the Board of Administration but in no event less than the minimum amount required by Florida law. The premiums on such bonds shall be paid by the Association. The bond shall be in an amount sufficient to equal the monies an individual handles or in which he has control via a signatory or a bank account or other depository account; however, notwithstanding the foregoing, the management firm, under the terms of the management agreement, as to funds in its possession

and/or control, shall determine, in its sole discretion, the amount of the bond and who is to be bonded, if any, among its employees.

ARTICLE VIII

DEFAULT

In the event a Unit Owner does not pay any sum, charge or Assessment required to be paid to the Association within thirty (30) days from the due date, the Association, acting through its Board of Administration, may enforce its lien for Assessments or take such other action to recover the sum, charge or Assessment to which it is entitled in accordance with the Declaration and the laws of the State of Florida.

If the Association becomes the owner of a Unit by reason of foreclosure, it shall offer said Unit for sale and, at such time as a sale is consummated, it shall deduct from the proceeds of said sale all sums of money due it for Assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorneys' fees, and any and all expenses incurred in the resale of the Unit which shall include, but not be limited to, advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the Unit. All monies remaining after deducting the foregoing items of expenses shall be returned to the former Owner of the Unit.

In the event of a violation of the provisions of the Declaration, the Articles of Incorporation or By-Laws, which violation is not corrected within ten (10) days after notice from the Association to the Unit Owner to correct said violation, the Association may take such action as it may deem appropriate, including the institution of legal action, to correct the violation. Nothing contained in this Article shall be construed to require that the Association furnish notice to any Unit Owner of his failure to pay any Assessment, sum or other charge due to the Association. In the event such legal action is brought against a Unit Owner and results in a judgment for the plaintiff, the defendant shall pay the plaintiff's reasonable attorneys' fees and court costs.

Each Unit Owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions regardless of the harshness of the remedy available to the Association and regardless of the availability of any other equally adequate procedures. It is the intent of all Unit Owners to give the Association such powers and authority which will enable it to operate on a business-like basis, to collect those monies due and owing to it from Unit Owners and to preserve each Unit Owner's right to enjoy his Unit free from unreasonable restraint and nuisance.

ARTICLE IX

JOINT OWNERSHIP

Membership may be held in the name of more than one (1) person, corporation or other entity. In the event ownership is in more than one (1) person, corporation or other entity, all of the joint Owners shall be entitled collectively to only one (1) vote in the management of the affairs of the Association and said vote may not be divided between multiple Owners.

ARTICLE X

OBLIGATION OF MEMBERS

In addition to other obligations and duties set out in these By-Laws, every Unit Owner shall:

A. Promptly pay all Assessments levied by the Association.

B. Maintain, repair and replace, at his own cost and expense, all portions of his Unit requiring maintenance, repair or replacement, including, but not limited to, air conditioning and heating equipment, hot water heaters, and all other appliances and equipment (including any facility and connections required to provide utility service to serve the Unit and no other), paint, decorate and finish interior surfaces of perimeter walls, interior walls, ceilings and floors of the Unit, the concrete floors and interior surfaces of the exterior walls of the balcony and/or patio serving his Unit even though the same may constitute a Limited Common Element, and replace all screens, windows, and plate glass installations (including glass doors) forming a portion of the perimeter of the Unit, and pay for any utilities which are separately metered to his Unit; provided, however, that no Unit Owner shall make any alteration, decoration, repair, replacement, change or paint, nor place any screens, жалousies or other enclosures on balconies or patios or any other parts of the Unit, Common Elements, Limited Common Elements or Condominium Building without the prior written approval of the Board of Administration. No Unit Owner shall make any alterations in the portions of the improvements of the Condominium which are to be maintained by the Association, remove any portion thereof, make any additions thereto, do any work which would jeopardize the safety or soundness of the building containing his Unit or impair any easement. The Board of Administration shall give its approval or disapproval to such proposals within sixty (60) days of its receipt of a Unit Owner's request.

C. Not use or permit the use of his Unit for any purpose other than as a single family residence for himself, members of his family, social guests, and lessees.

D. Keep only those pets, birds or other animals in his Unit which do not violate regulations established by the Association. Small pets, small birds and other small animals (hereinafter referred to as "animals") shall be permitted but only in individual Units or when they are leashed or caged and they shall not be permitted in the area of recreation facilities. The Association shall have the power to change these regulations from time to time, but if animals have been permitted prior to the change in regulations, such change shall not affect the rights of Unit Owners to keep such previously permitted animals provided such animals do not violate the Association's regulations and these By-Laws. The Board of Administration may issue permits or licenses to the Members who own animals, and the Board shall have the authority to revoke said permits or licenses and cause an animal to be removed from the Condominium Property at any time the Members do not keep that animal under control or they otherwise fail to comply with these By-Laws and any regulations governing animals established by the Board of Administration.

E. Not permit or suffer anything to be done or kept in his Unit which will increase the insurance rates on his Unit or Common Elements, or which will obstruct or interfere with the rights of other Unit Owners or disturb them by unreasonable noises or otherwise or permit any nuisance, immoral or illegal act in his Unit or upon the Common Elements.

F. Conform to and abide by the By-Laws and regulations in regard to the use of his Unit and Common Elements which may be adopted in writing from time to time by the Board of Administration and the Association.

G. Allow the Board of Administration or the agents and employees of the Association or management company, if any, to enter any Unit for the purpose of maintenance, inspection, repair, or replacement of the improvements within Units or the Common Elements, or to determine whether any violation of these By-Laws is being committed.

H. Display no sign, advertisement or notice of any type upon the Common Elements or his Unit, erect no exterior antennas or aerials except as provided in regulations promulgated by the Association.

I. Make or permit no repairs to any plumbing or electrical wiring within a Unit except by plumbers or electricians duly licensed in the State of Florida. Plumbing and electrical repairs within a Unit shall be the obligations of, and shall be paid for by, each Unit Owner. The Association shall pay for and be responsible for plumbing and electrical repairs within the Common Elements.

J. Return his Condominium Parcel for the purpose of advalorem taxes to the respective taxing authorities having jurisdiction for separate Assessment against his Condominium Parcel.

K. Notify the Manager of the Association in writing in advance of sale of his/her Unit and shall provide a complete copy of the Declaration of Condominium of Castle Reef including all exhibits to the buyer of the Unit at the time of closing of the sale of the Unit.

L. Provide the Association with keys to all locks on the access door to the Owner's Unit. Failure to comply with this requirement shall release the Association from any liability for property damage associated with forced entry into the Owner's Unit for reasons outlined in ARTICLE IV, Section 2, Paragraphs A and B of these By-Laws.

ARTICLE XI

AMENDMENT

These By-Laws may be amended by affirmative vote of a majority of the Members.

No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights or liabilities of any mortgagee. In addition, the mortgagee owning a majority of the mortgages encumbering the Units may require these By-Laws to be amended.

No By-Law shall be revised or amended by reference to its title or number only. Proposals to amend existing By-Laws shall contain the full text of the By-Laws to be amended, new words shall be inserted in the text underlined and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of By-Law. See By-Law _____ for present text". Nonmaterial errors or omissions in the By-Law process shall not invalidate an otherwise properly promulgated amendment.

ARTICLE XII

CONSTRUCTION

Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to include the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the provisions of these By-Laws be void or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

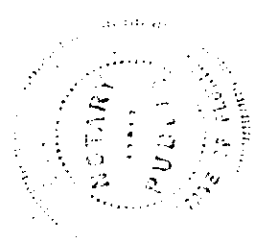
The foregoing amended and restated By-Laws of the CASTLE REEF CONDOMINIUM ASSOCIATION, INC. were adopted by a majority of the Members of the Association at its meeting of June 11, 1994.


STATE OF FLORIDA, COUNTY OF VOLUSIA


William J. Dickinson, President
Castle Reef Condominium Association

I, the undersigned authority, hereby certify that the foregoing is a true and correct copy of the instrument presented to me by William J. Dickinson as the original of such instrument.

Witness my hand and official seal, this 26 day of July A. D., 1994




NOTARY PUBLIC STATE OF FLORIDA

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP. SEPT. 5, 1994
BONDED THRU GENERAL INS. UND.