

03/16/06

**BYLAWS OF**  
**KEYSTONE PROPERTY OWNERS ASSOCIATION, INC.**  
(A Corporation Not for Profit)

**Article I - Name and Location**

This corporation shall be known as KEYSTONE PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "ASSOCIATION." The principal office of the ASSOCIATION shall be located at 17 South Palafox Place, Suite 394, P.O. Box 12358, Pensacola, Florida 32591, but meetings of the members and directors may be held at such places within the State of Florida, County of Escambia, as may be designated by the Board of Directors.

**Article II - Definitions**

Section 1. "DECLARATION" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded in the office of the Clerk of the Circuit Court of Escambia County, Florida.

Section 2. "MEMBER" shall mean and refer to those persons entitled to membership as provided in the DECLARATION.

Section 3. All other terms used herein shall have the same definitions as set forth in the DECLARATION.

**Article III - Meetings of Members**

Section 1. Annual Meetings. The first annual meeting of the members shall be held in January, 2008, and each subsequent regular meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7 o'clock p.m., or on such other date as the Board of Directors may determine. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote twenty-five percent (25%) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each member entitled to vote thereat, addressed to the

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member's address last appearing on the books of the ASSOCIATION, or supplied by such member to the ASSOCIATION for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

**Section 4. Quorum.** The presence at the meeting of members entitled to cast, in person or by proxy, thirty percent (30%) of the total votes of all members at the time of the meeting shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the DECLARATION or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

**Section 5. Adjourned Meetings.** If an annual meeting' or special meeting is adjourned to a different date, time or place, then the new date, time or place must be announced at the meeting before it is adjourned. Otherwise, notice of the new time, place or date must be given in the same manner as required for the adjourned meeting.

**Section 6. Proxies.** At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary and such proxies shall be valid only for the meeting for which they were submitted. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

**Section 7. Voting.** At all meetings of members where a quorum has been attained, those members present in person or by proxy may vote in the manner set forth in the DECLARATION and a simple majority of the voting interests present in person or by proxy shall be required on any action unless otherwise provided in the Articles of Incorporation, the DECLARATION, or these Bylaws.

#### **Article IV - Board of Directors**

**Section 1. Number.** The affairs of this ASSOCIATION shall be initially managed by a Board of three (3) directors, who need not be members of the ASSOCIATION. There shall never be less than three (3) directors.

**Section 2. Term of Office.** The three initial persons on the Board of Directors (Baker, Rigby and Walton) shall serve for approximately three years until the third annual meeting. At that third annual meeting two additional board members will be elected such that there are five members of the Board, and with that election the three persons receiving the most votes will be elected to two-year terms and the other two will be elected to one-year terms. If there are four or fewer candidates, the determination of who will serve the longer terms shall be made among them by agreement or by lot. Thereafter, all Directors shall be elected for two-year terms. At the discretion of the initial Board of Directors, the adding of additional directors may

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commence sooner.

**Section 3. Removal.** Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the ASSOCIATION. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

**Section 4. Compensation.** No Director shall receive compensation for any service he may render to the ASSOCIATION. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

**Section 5. Action Taken Without a Meeting.** The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining in advance the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors, and shall be reported and included in the minutes of the next meeting.

#### **Article V - Nomination and Election of Directors**

**Section 1. Nomination.** Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the ASSOCIATION. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members to serve from the close of such annual meeting until the new Committee appointments prior to the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

**Section 2. Elections.** Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the DECLARATION. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

#### **Article VI - Meetings of Directors**

**Section 1. Regular Meetings.** Regular meetings of the Board of Directors shall be held at least annually, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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**Section 2. Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the ASSOCIATION, or by any two (2) Directors, after not less than three (3) days notice to each Director.

**Section 3. Notice to Members.** All meetings of the Board of Directors shall be open to all members except meetings between the Board and its attorney to discuss proposed or pending litigation where the contents of the discussion would be governed by the attorney-client privilege. Notices of all board meetings must be posted in a conspicuous place in the subdivision at least 48 hours in advance of a meeting, except in an emergency. If notice is not posted in a conspicuous place in the subdivision, notice of each board meeting must be mailed or delivered to each member at least seven (7) days before the meeting, except in an emergency. If the meeting for which the notice is being provided shall be for the purpose of acting on assessments, the notice shall include a statement that assessments will be considered and the nature of the assessments to be considered.

**Section 4. Voting.** Directors may not vote by proxy or by secret ballot at board meetings, except a secret ballot may be used when electing officers.

**Section 5. Miscellaneous.** The voting and notice requirements set forth in this Article shall also apply to the meetings of any committees authorized by the Board of Directors including the Architectural Review Committee.

**Section 6. Minutes.** Minutes of all meetings of the Board of Directors and committees must be maintained in written form or in another form that can be converted into written form within a reasonable time. The minutes must reflect the action taken by the Board, or committee, including the recording of votes or the abstention from voting on each matter voted upon for each director present or for each committee member present.

## **Article VII - Powers and Duties of the Board of Directors Including Fiscal Matters**

**Section 1. Powers.** The Board of Directors shall have the power to:

- a. Adopt and publish rules and regulations governing the use of the common area and facilities;
- b. Suspend the voting rights and right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the ASSOCIATION.
- c. Exercise for the ASSOCIATION all powers, duties and authority vested in or delegated to this ASSOCIATION and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the DECLARATION;
- d. Employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

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**Section 2. Duties.** It shall be the duty of the Board of Directors to:

a. Make available to lot owners and lenders and to holders, insurers or guarantors of any first mortgage, current copies of the DECLARATION, Bylaws, other rules concerning the project and the books, records and financial statements of the ASSOCIATION. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances;

b. Supervise all officers, agents and employees of this ASSOCIATION, and to see that their duties are properly performed;

c. As more fully provided in the DECLARATION, to:

1. Fix the amount of the annual assessment against each lot at least ten (10) days in advance of the due date for payment of the assessment;

2. Send written notice of each assessment to every owner subject thereto at least ten (10) days in advance of the due date for payment of the assessment; and

3. Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

d. Issue, or to cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

e. Procure and maintain in effect liability insurance and such additional coverages as the Association's Board of Directors may determine;

f. Cause the common area and ASSOCIATION owned properties to be maintained;

g. Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth of the Class A members who are entitled to vote;

h. Coordinate and cooperate with the Architectural Review Committee, as constituted in the Declaration, on matters pertaining to architectural control within the Subdivision.

**Section 3. Budgets.** The ASSOCIATION shall prepare an annual budget. The budget must reflect the estimated revenues and expenses for that year and the

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estimated surplus or deficit as of the end of the current year. The ASSOCIATION shall provide each member with a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the member within ten (10) business days after receipt of a written request by the member.

**Section 4. Financial Reporting.** Within 120 days after the end of the fiscal year, the ASSOCIATION shall prepare and complete, or the ASSOCIATION shall contract for the preparation and completion of a financial report for the preceding fiscal year. Within 21 days after the final report is completed, but not later than 150 days after the end of the fiscal year, the Association shall provide each member with a copy of the annual financial report or a written notice that a copy of the financial report is available upon request at no charge to the member. The financial report must consist of either:

- a. Financial statements presented in conformity with generally accepted accounting principles; or
- b. A financial report of actual receipts and expenditures, cash basis, which report must show:
  1. The amount of receipts and expenditures by classification; and
  2. The beginning and ending cash balances of the ASSOCIATION.

**Section 5. Fiscal Year.** The fiscal year for the ASSOCIATION shall begin on the first day of January and end on the 31<sup>st</sup> day of December each year, except that the date of commencement for the first partial fiscal year shall begin in 2006.

### **Article VIII - Officers and Their Duties**

**Section 1. Enumeration of Officers.** The officers of this ASSOCIATION shall be elected by the Board and shall be a President, who shall at all times be a member of the Board of Directors, a Vice-President, a Secretary/Treasurer, and such other officers as the Board may from time to time by resolution create.

**Section 2. Election of Officers.** The election of officers shall take place at the first Board meeting following the annual membership meeting.

**Section 3. Term.** The officers of this ASSOCIATION shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

**Section 4. Special Appointments.** The Board may elect such other officers as the affairs of the ASSOCIATION may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

**Section 5. Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written

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notice to the Board, the President or Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Duties. The duties of the officers are as follows:

a. President: The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, promissory notes and other written instruments and shall co-sign all checks in excess of \$5,000; the other signor of such checks must be an officer or Board member. The maximum amount of checks not requiring co-signing may be revised from time to time by the Board.

b. Vice-President: The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;

c. Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the ASSOCIATION together with their addresses; and shall perform such other duties as required by the Board;

d. Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the ASSOCIATION and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the ASSOCIATION; keep proper books of account; cause an income tax return and any other tax returns (if required) to be prepared and filed at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the members.

**Article IX - Official Records**

Section 1. The ASSOCIATION shall maintain each of the following items which constitute the "Official Records" of the ASSOCIATION:

a. Copies of any plans, specifications, permits and warranties relating to improvements constructed on the Common Area or other property that the ASSOCIATION is obligated to maintain, repair or replace.

b. A copy of the Bylaws of the ASSOCIATION and of each amendment thereto.

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- c. A copy of the Articles of Incorporation of the ASSOCIATION and each amendment thereto.
- d. A copy of the DECLARATION.
- e. A copy of the current rules of the ASSOCIATION.
- f. The minutes of all meetings of the Board of Directors and of the members and of any committees appointed by the Board which minutes must be retained for at least seven (7) years.
- g. A current roster of all members and their mailing addresses and lot designations.
- h. All of the ASSOCIATION'S insurance policies or a copy thereof, which policies must be retained for at least five (5) years.
- i. A copy of all contracts to which the ASSOCIATION is a party, including, without limitation, any management agreement, lease, or other contract under which the ASSOCIATION has an obligation or responsibility. Bids received by the ASSOCIATION for work to be performed must also be considered Official Records and must be kept for a period of one (1) year.
- j. The financial and accounting records of the ASSOCIATION, kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least seven (7) years. The financial and accounting records must include:
  - 1. Accurate, itemized and detailed records of all receipts and expenditures.
  - 2. The ability to create a current account statement of the account for each member, designating the name and current address of each member who is obligated to pay assessments, the due date and amount of each assessment or other charge against the member, the date and amount of each payment on the account, and the balance due.
  - 3. All tax returns, financial statements and financial reports of the ASSOCIATION.
  - 4. Any other records that identify, measure, record, or communicate financial information.

Section 2. The Official Records shall be maintained within the state and must be open to inspection and available for photocopying by members or their authorized agents at reasonable times and places within ten (10) business days after receipt of a written request for access. This Section may be complied with by having a copy of the Official Records available for inspection or copying in the general Pensacola area.

Section 3. The Board of Directors may adopt reasonable written rules governing



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the frequency, time, location, notice and manner of inspections, and may impose fees to cover the costs of providing copies of the Official Records, including, without limitation, the cost of copying. The ASSOCIATION shall maintain an adequate number of copies of the recorded governing documents, to insure their availability to members and prospective members, and may charge only its actual costs for reproducing and furnishing these documents to those persons who are entitled to receive them.

### **Article X - Assessments**

As more fully provided in the Declaration, each member is obligated to pay to the ASSOCIATION annual and special assessments, together with interest, costs and reasonable legal fees and expenses, which are secured by a continuing lien upon the property against which the assessment is made. Each such assessment, together with interest, costs and reasonable legal fees, shall also be the personal obligation of the person(s) who is the owner of such lot at the time when the assessment becomes due. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, a late charge of ten percent (10%) of the assessment amount shall be due and the assessment shall bear interest from the date of delinquency at the highest rate allowed by law. If the assessment is not paid within thirty (30) days after the due date, the Board of Directors, through its officers, may cause to be filed in the public records of Escambia County, Florida, a lien certificate evidencing the lien against the lot as provided for in the DECLARATION. After first giving ten (10) days written notice to the holder of any first mortgage, the ASSOCIATION may bring an action at law against the member personally obligated to pay the assessment or foreclose the lien against the property, and all interest, costs and reasonable attorney's fees of either such action shall be added to the amount of such assessment and shall be included in the lien. No member may waive or otherwise escape liability for the assessments provided for herein by non-use of the common properties or abandonment of his or her lot.

### **Article XI - Amendments**

**Section 1.** These Bylaws may be amended, at a regular or special meeting of the members, by a majority vote of members at a duly called meeting at which a quorum is present in person or by proxy, except that the Federal Housing Administration or Veterans Administration shall have the right to veto amendments while there is Class B membership.

**Section 2.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflicts between the DECLARATION and these Bylaws, the DECLARATION shall control.

**Section 3.** No amendment which affects the Declarant's rights prior to the owners obtaining control of the ASSOCIATION shall be effective without the written consent of

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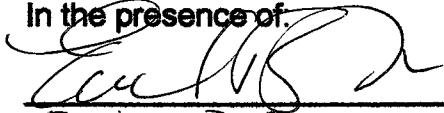
the Declarant.


**Article XIII • Committees**

The ASSOCIATION shall appoint an architectural review committee as provided in the DECLARATION and a nominating committee as provided in these Bylaws. The initial members of the architectural review committee shall be as set forth in the DECLARATION and they shall continue to serve until removed by the Board of Directors, subject to the limitations and provisions set forth in the DECLARATION. In addition, the Board of Directors shall appoint other committees as deemed appropriate to carry out its purposes.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand and seal this 10 day of May, 2006.

Signed, sealed and delivered  
In the presence of.

  
\_\_\_\_\_  
Evelyn R. Powe

  
\_\_\_\_\_  
Patsy J. Bruce

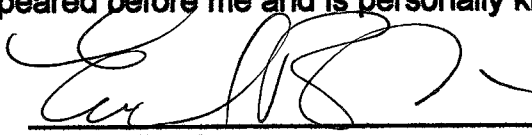
STATE OF FLORIDA  
COUNTY OF ESCAMBIA

KEYSTONE PROPERTY OWNERS  
ASSOCIATION, INC., a Florida  
Corporation Not for Profit

By:   
\_\_\_\_\_  
Jennifer J. Rigby, President



The foregoing instrument was acknowledged before me this the 10 day of May, 2006, by Jennifer J. Rigby, as President of KEYSTONE PROPERTY OWNERS ASSOCIATION, INC. a Florida Corporation Not for Profit, on behalf of said corporation, who personally appeared before me and is personally known to me.

  
\_\_\_\_\_  
Notary Public

This instrument prepared by:  
Heron's Forest Development Company  
P. O. Box 12358  
Pensacola, FL 32591

