

**BY-LAWS
OF
SUMMERSET ESTATES HOMEOWNERS' ASSOCIATION, INC.**

1. GENERAL

1.1 Identity. These are the By-Laws of SUMMERSET ESTATES HOMEOWNERS' ASSOCIATION, INC., a Florida not-for-profit corporation (the "Association"), organized for the purposes set forth in its Articles of Incorporation.

1.2 Definitions. When used in these By-Laws, the terms defined in the Articles of Incorporation of the Association (the "Articles") and the Declaration of Covenants, Conditions, Restrictions and Easements for Summerset Estates (the "Declaration"), shall have the same meanings as in the Articles and the Declaration.

1.3 Qualification for Membership. All Owners of record of a Lot shall be members of the Association. Accordingly, membership in the Association may be transferred only as an incident to the transfer of the transferor's Lot. Transfer of ownership of a Lot, either voluntarily or by operation of law, shall automatically terminate membership, and the transferee shall automatically become a Member of the Association.

1.4 Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors and having been so determined, is subject to change from time to time as the Board of Directors shall determine. In the absence of a specific determination, the fiscal year shall be the calendar year.

2. MAJORITY VOTE, QUORUM, PROXIES

2.1 Majority Vote. The acts approved by a "majority of the Voting Members" (as hereinafter defined) shall be binding upon all members for all purposes, except where otherwise provided by law or the Governing Documents. As used in the Governing Documents, the terms "majority of the Owners" and "majority of the Voting Members" shall mean a majority of the votes entitled to be cast by the Voting Members present in person or by proxy at any duly called meeting of the Members at which a quorum shall have been attained and shall not mean a majority of the Voting Members themselves. Similarly, if some greater percentage of Voting Members is required in any Governing Document, it shall mean such greater percentage of the votes entitled to be cast and not of the Voting Members themselves.

2.2 Quorum. The percentage of voting interests required to constitute a quorum at a duly called meeting of the Members shall be thirty percent (30%) of the total Voting Interest. If, however, such quorum shall not be present or represented by proxy at any meeting, the Members entitled to vote there shall have power to adjourn the meeting, from time to time, with notice to the members. The number of members present at the next meeting, so called, shall constitute a quorum for all purposes.

2.3 Proxies. Votes of Voting Members can be cast in person or by proxy. Proxies must be in writing and filed with the Secretary or designee prior to the meeting. Every proxy shall be revocable, but shall continue as valid until so revoked or until it terminates.

3. MEETING OF MEMBERS

3.1 Location of meetings of Members. Meetings of the Members shall be held in Summerset Estates, or such other suitable location in Santa Rosa County as may be designated by the Board of Directors.

3.2 Annual Meeting of Members. The annual meeting of the Members shall be held on the date, at the location and at the time determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and, to the extent possible, no later than thirteen (13) months after the

preceding annual meeting. The purpose of the meeting shall be, except as provided herein to the contrary, to elect Directors, and to transact any other business authorized by the Members or as stated in the notice of the meeting sent to the Members in advance thereof.

3.3 Special Meetings. Special meetings of the Members may be called at any time by the President or a majority quorum of the Board of Directors, or upon a petition signed by Voting Members holding at least thirty percent (30%) of the total voting interest. The notice of any special meeting shall state the date, the time and the location of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

3.4 Notice of Meetings of Members. 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 at least fourteen (14) days before such meeting (provided, however, in the case of a bona fide emergency, four (4) days' notice will be deemed sufficient) to each Member. Notice shall be addressed to the Member's address last appearing on the books for the Association, or supplied by such Member for the purpose of notice; or by posting on recreation facilities bulletin boards or by publishing notice in the Association's newsletter. Written notice will state the location, day and hour of the meeting, and, in the case of a special meeting, the purpose for which the meeting is called.

An Officer of the Association or the manager or other person providing notice of the 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 notices of meetings were posted and mailed in accordance with this Section to each Member at the appropriate address for such Member. No other proof of notice of a meeting shall be required.

3.5 Adjourned Meetings. If any meeting of the Members cannot be organized because a quorum has not attended, the Voting Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days, nor more than thirty (30) days, from the time the original meeting was called. Such adjourned meetings may be held only upon new notice thereof as provided in this Article, except that notice shall be given by announcement at the meeting at which such adjournment is taken. If a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of an original meeting. The number of members present at the next meeting so called shall constitute a quorum for all purposes.

3.6 Order of Business. The order of business at all meetings of the Members shall (unless waived) be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of Officers; (e) reports of committees; (f) election of Directors; (g) unfinished business; and (h) new business. Meetings of Members shall be conducted by the Officers of the Association, in order of their priority.

3.7 Minutes, Presumption of Notice. The Association shall maintain minutes of each meeting of the membership and the Board of Directors. When signed by a member of the Board of Directors, the minutes shall be presumed to be accurate of evidence of the matters set forth therein. For Board of Directors meetings, a recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given. The minutes shall be kept available for inspection by any Member during normal business hours.

3.8 Participation of Members. Subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board, Members shall have the right to speak at the annual and special meetings with reference to all designated agenda items. A Member does not have the right to speak with respect to items not specifically designated on the Agenda; provide, however, that the Board may permit a Member to speak on such items in its discretion. Every Member who desires to speak at a meeting may do so, provided that the Member has filed a written request with the Secretary of the Association or designee, no less than twenty-four (24) hours prior to the scheduled time for commencement of the meeting. Unless waived by the chairman of the meeting (which may be done in the chairman's sole and absolute discretion and without being deemed to constitute a waiver as to any other subsequent speakers), all Members speaking at a meeting shall be limited to a

maximum of three (3) minutes per speaker. Any Member may tape record or videotape a meeting, subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board:

- 3.8.1 The only audio and video equipment and devices which Members are authorized to utilize at any such meeting is equipment which does not produce distracting sound, light or heat emissions;
- 3.8.2 Audio and video equipment shall be assembled and placed in position in advance of the commencement of the meeting;
- 3.8.3 Anyone videotaping or recording a meeting shall not be permitted to move about the meeting room in order to facilitate the recording.

4. BOARD OF DIRECTORS

4.1 Number, Qualification and Term. The affairs of the Association shall be governed by the Board of Directors composed of not less than three (3) or more than five (5) persons, as is determined, from time to time, by a majority of the Voting Members. A Member must be current in the payment of all Association Assessments and Charges to be eligible to run for and hold the position of a Director. Directors must be natural persons who are eighteen (18) years of age or older. All Directors shall be Members of the Association. All Officers of a corporate Owner shall be deemed to be Members of the Association so as to qualify as a Director herein. The Board may be increased by a majority vote of the Members.

The term of office of each Director shall be for staggered terms of three (3) years each. Each Director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

4.2 Nominations and Elections Nominations for vacancies on the Board of Directors shall be communicated to the current Board of Directors or its designee twenty-four (24) hours prior to the annual meeting. Nominations may also be made from the floor at the annual meeting. Directors shall be elected by written ballot by a majority of Voting Members at the annual meeting of the Members, as provided in these By-Laws. Each Voting Member shall be entitled to cast their vote for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting. In the event that an annual meeting is not held, or the Board is not then elected, the Board may be elected at a special meeting of the Members held for that purpose.

4.3 Vacancies. Vacancies on the Board of Directors occurring between annual meetings, except as to vacancies occurring by removal of a Director by the Members, shall be filled by the remaining Directors. Any such appointed Director shall serve for the unexpired term of his predecessor.

4.4 Removal of Directors. Any Director may be removed from the Board, with cause, by vote or agreement in writing by a majority of all votes of the membership.

4.5 Organizational Meeting. The organizational meeting of newly-elected or appointed Directors shall be held within fifteen (15) days of their election or appointment at such location as shall be fixed by the Members of the meeting at which the Directors were elected, and no further notice of the organizational meeting shall be necessary.

4.6 Meetings. Regular meetings of the Board of Directors shall be held quarterly, with or without notice, at such location and hour as may be fixed, from time to time, by the Board. Special meetings of the Board of Directors shall be held when called by the President or by the Association, or by any two Directors after not less than three (3) days' notice to each Director.

4.7 Waiver of Notice. Attendance by any Director or Member at a meeting shall constitute a waiver of notice of such meeting, and a waiver of any and all objections to the location of meeting, to the time of the meeting or the manner in which it has been called or convened except when a Director states at the beginning of the meeting, or promptly upon arrival at the meeting, any objection to the transaction of affairs because the

meeting is not lawfully called or convened. The transactions at any meeting of the Board, however called and noticed or wherever held, shall be as valid as though at a meeting duly held after regular call and notice, if a quorum be present, and if either before or after the meeting, each of the Directors not present signs such written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting. Members of the Board of Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting, including any Members, can hear each other at the same time. Participating by such means shall constitute presence in person at a meeting.

4.8 Quorum. A quorum at a Board of Directors' meetings shall consist of a majority of the entire Board. The acts approved by a majority of those present at a meeting at which a quorum, is present shall constitute the acts of the Board of Directors, except when approval by a greater number of Directors is specifically required by the Governing Documents.

4.9 Adjourned Meetings. If at any proposed meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting, from time to time, until a quorum is present, provided notice of such newly scheduled meeting is given as required hereunder. At any newly scheduled meeting, any business that might have been transacted at the meeting as originally called may be transacted as long as notice of such business to be conducted at the rescheduled meeting is given, if required.

4.10 Joinder in Meeting by Approval of Minutes. The joinder of a Director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the approval of that Director of the business conducted at the meeting, but such joinder shall not allow the applicable Director to be counted as present for purposes of quorum.

4.11 Presiding Officer. The presiding Officer at the Directors' meeting shall be the President (who may, however, designate any other Officer to preside).

4.12 Action Without 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 the vote or written consent (email shall constitute written consent) of a majority of the Directors. Any action so approved shall have the same effect as though taken at a duly called meeting of the Directors.

4.13 Committees. The Board may, by resolution, also create Committees and appoint persons to such Committees and vest in such Committees such powers and responsibilities as the Board shall deem advisable. The resolution establishing a Committee shall appoint its members, as well as a chair, state the purpose of the Committee, and provide for reports, termination and other administrative matters as deemed appropriate by the Board.

4.14 Minutes of Meetings. The minutes of all meetings of the Board of Directors shall be kept in a book available for inspection by Members, or their authorized representative, and Board members at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.

4.15 Proviso. No amendment shall make any changes in the qualifications for membership or the voting rights of Members without approval by at least a two-thirds (2/3) majority of the votes of the Members. No amendment shall be made that is in conflict with chapter 617, Florida Statutes, or with the Declaration or Articles of Incorporation.

4.16 Emergency Powers. In the event of an "emergency" as defined in Section 4.16.7 below, the Board of Directors of the Association may exercise the emergency powers described in this Section, and any other emergency powers authorized by chapters 617 and 720, Florida Statutes, as amended from time to time.

4.16.1 The Board may name as assistant Officers persons who are not Directors, which assistant Officers shall have the same authority as the executive Officers to whom they are assistant during the period of the emergency, to accommodate the incapacity of any Officer of the Association.

4.16.2 The Board may relocate the principal office, or designate alternative principal offices, or authorize the Officers to do so.

4.16.3 During an emergency the Board may hold meetings with notice given only to those Directors with whom it is practical to communicate, and the notice may be given in any reasonable manner, including publication or radio. The Director or Directors in attendance at such meeting shall constitute a quorum.

4.16.4 Corporate action taken in good faith during an emergency under this Section to further the ordinary affairs of the Association shall bind the Association and shall have the rebuttable presumption of being reasonable and necessary.

4.16.5 Any Officer, Director, or employee of the Association acting with a reasonable belief that his actions are lawful in accordance with these emergency By-laws shall incur no liability for doing so, except in the case of willful misconduct.

4.16.6 The provisions of these emergency By-Laws shall supersede any inconsistent or contrary provisions of the By-Laws during the period of the emergency.

4.16.7 An "emergency" exists for purpose of this Section during the time a quorum of the Association's Directors cannot readily be assembled because of a catastrophic event, such as a hurricane, earthquake, act of war or terrorism, or other such occurrence. An "emergency" also exists during any period of time that local civic authorities have declared that a state of emergency exists in, or have ordered evacuation of, the area in which Summerset Estates is located. A determination by any two (2) Directors, or by the President that an emergency exists shall have presumptive validity.

4.17 Execution of Documents. The Board of Directors, except as in the By-Laws otherwise provided, hereby authorizes its President or designee, to enter into any contract or execute any instrument in the name and on behalf of the Association.

5. AUTHORITY OF THE BOARD

The Board of Directors shall have the powers reasonably necessary to operate and maintain the Association including, but not limited to, the following:

5.1 Operating and maintaining all Common Areas and Association Property.

5.2 Determine the expenses required for the operation of the Association, Common Areas and Association Property.

5.3 Maintaining bank accounts on behalf of the Association and designating the signatories required therefor.

5.4 Purchasing, leasing or otherwise acquiring title to, or an interest in, property in the name of the Association for the use and benefit of its Members. The power to acquire personal property shall be exercised by the Board and the power to acquire real property shall be exercised as described herein and in the Declaration.

5.5 Purchasing, leasing or otherwise acquiring property, including, without limitation, Lots, Units or other property within the Property at foreclosure or other judicial sales, all in the name of the Association.

- 5.6 Making repairs, additions and improvements to, or alterations of, Common Areas and Association Property in accordance with the provisions of the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or otherwise.
- 5.7 Allocation income and expenses and taking such other actions as shall be deemed necessary and proper for the sound management of the Association.
- 5.8 Levying fines against appropriate Members and Occupants for violations of the rules and regulations established by the Association to govern the conduct of Members and Occupants. No fine shall be levied except after giving reasonable notice and opportunity for a hearing to the affected Member and, if applicable, his tenant, licensee or invitee.
- 5.9 Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep and maintenance of Common Areas and Association Property (if the need for the funds is unanticipated) or the acquisition of real property, and granting mortgages on and/or security interests in Association owned property, provided, however, that the consent of a majority of the Voting Members shall be required for the borrowing of any sum which would cause the total outstanding indebtedness of the Association to exceed Fifty Thousand Dollars (\$50,000.00).
- 5.10 Contracting for the management, maintenance, repair and replacement of the Common Areas and Association Property and authorizing a management agent to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of the Governing Documents and maintenance, repair and replacement for the Common Areas and Association Property with such funds as shall be made available by the Association for such purposes. At such time as a clubhouse is constructed in the Property, then the powers and duties of the Board shall include but not be limited to the operation, maintenance, repair and replacement of the clubhouse. The Association and its Officers shall, however, retain at all times the powers and duties granted by the Governing Documents, including, but not limited to, the making of the Assessments, promulgation of rules and execution of contracts on behalf of the Association.
- 5.11 At its discretion, authorizing Members or other persons to use portions of the Common Areas and Association Property for private parties and gatherings and imposing reasonable charges for such private use.
- 5.12 Exercising (i) all powers specifically set forth in the Governing Documents, (ii) all powers incidental thereto, and (iii) all other powers not prohibited to a Florida not-for-profit corporation or a Florida "homeowners' association" as defined in Chapters 612 and 720, Florida Statutes.
- 5.13 Contracting with and creating or joining in the creation of special taxing districts, joint councils and the like.
- 5.14 Selecting, appointing and removing all Officers, agents and employees of the Association, prescribing such powers and duties for them as may be consistent with the law and the Governing Documents, and fixing their compensation, if any.
- 5.15 Changing the principal office for the transaction of the business of the Association; designating any location for the holding of any annual or special meeting or meetings of the members consistent with the provisions hereof.
- 5.16 Fixing and levying, from time to time, Assessments upon the Owners, as provided in the Declaration; setting the due date for the payment of such Assessments and the date upon which the same shall become delinquent. Assessments shall be fixed and levied to provide for the payment of the expenses of the Association, expenses for the operation, maintenance, repair and replacement of Common Areas (including without limitation the clubhouse, pool, tennis courts and other facilities constructed on the Common Areas) and Association Property, for security and monitoring of the Property, and for taxes and governmental assessments upon real or

personal property owned, leased, controlled or occupied by the Association, or for the payment of expenses for labor rendered or material or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its Members, all in accordance with the provisions of the Declaration. Should any Owner fail to pay such Assessments before delinquency, the Board of Directors, in its discretion, is authorized to enforce the payment of such delinquent Assessments as provided in the Declaration.

5.17 Enforcing the provisions of the Governing Documents and other agreements of the Association.

5.18 Contracting and paying for fire, casualty, Directors and Officers, blanket liability, malicious mischief, vandalism, and other insurance, insuring the Owners, the Association, the Board of Directors and other interested parties, in accordance with the provisions of the Declaration, covering and protecting against such damages or injuries as the Board deems advisable, which may include, without limitation, medical expenses of persons injured on the Common Areas and Association Property and to bond the agents and employees of any management body, if deemed advisable by the Board. The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on behalf of the Association.

5.19 Contracting and paying for maintenance, gardening, utilities, materials, and supplies and services relating to the Common Areas and Association Property, and to employ personnel necessary for the operation of the Common Areas, Association Property and the Association, including legal and accounting services and contracting and paying for Improvements to Common Areas.

5.20 Delegating its powers according to law.

5.21 Granting easements where necessary for utilities, sewer facilities and other services over the Common Areas.

5.22 Fixing, determining and naming, from time to time, if necessary or advisable, the public agency, fund, foundation or non-profit corporation or association, which is then organized, to which the assessments of the Association shall be distributed upon liquidation or dissolution, according to the Articles of Incorporation of the Association. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association, and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

5.23 Adopting such rules and regulations as the Board may deem necessary for the management of the Common Areas and Association Property, which rules and regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a meeting called for that purpose, or by written consent of such number of Directors attached to a copy of the rules and regulations of the Association, and (2) they are posted in a conspicuous place in the Common Areas. Such rules and regulations may concern, without limitation, use of the Common Areas and Association Property, signs, minimum standards of property maintenance consistent with the Declaration and the procedures of the Design Review Board; and any other matter within the jurisdiction of the Association as provided in the Declaration; provided, however, that such rules and regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation and these By-Laws.

5.24 Suspend the voting rights and right to use the Common Areas of a Member during any period in which such Member shall be in default of the payment of any assessment levied under the Declaration. Such rights may also be suspended after notice and hearing for a period not to exceed ninety (90) days for infraction of published rules and regulations.

6. OFFICERS

6.1 Designation. The principal Officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and an Assistant Secretary, and such other Officers as in their judgment may be necessary. Officers need not be Directors. Any two offices may be held by the same person, but the office of President or Secretary may not be held by the same person.

6.2 Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors, and each Officer shall hold his office at the pleasure of the Board of Directors, until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and have qualified to serve.

6.3 Removal of Officers. Upon an affirmative vote of a majority of the entire Board of Directors, any Officer may be removed, with cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

6.4 President. The President shall be the chief executive Officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the Association. The President shall be *ex officio*, a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Directors or these By-Laws.

6.5 Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent, disabled or refuses or is unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other Member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these By-Laws.

6.6 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members of the Association at the principal office of the Association or at such other place as the Board of Directors may order. The Secretary shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Association and of the Board of Directors required by these By-Laws or by law. The Secretary shall maintain a list of Members, listing the names and addresses of the Members as furnished by the Association, and such list shall be changed only at such time as satisfactory evidence of a change in ownership is presented. The Secretary shall perform such other duties as may be prescribed by the Board of Directors. The duties of the Secretary may be fulfilled by a manager contracted by the Association.

6.7 Treasurer. The Treasurer shall have responsibility to oversee Association funds and securities and shall be responsible for overseeing, or causing to be kept, full and accurate accounts, tax records and other records of business transactions of the association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for overseeing the deposit by the licensed community association management company of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall oversee the disbursement of the funds of the Association by the licensed community association management company as may be ordered by the Board of Directors in accordance with the Declaration, and in conjunction with the licensed community association management company shall render to the President and Directors, upon request, an account of all of the transactions and a statement of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these By-Laws. The duties of the Treasurer may be fulfilled by a manager contracted by the Association.

7. COMPENSATION; RESIGNATION

7.1 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.

7.2 Resignation. Any Director or Officer may resign his post at any time by written resignation delivered to the Board or to the President or Secretary of the Association. Any such resignation shall take effect upon its receipt unless a later date is specified in the resignation, in which event the resignation shall be effective from such date unless withdrawn. The acceptance of a resignation shall not be required to make it effective. The conveyance of all Lots owned by any Director or Officer shall constitute a written resignation of such Director or Officer.

8. BUDGET AND ASSESSMENTS

8.1 Adoption by Board. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association and all Common Areas and Association Property governed and operated by the Association, determine the amount of Assessments payable by the Members to meet the expenses of the Association and allocate and assess such expenses among the Members in accordance with the provisions of the Declaration. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance (to the extent required by law).

8.2 Adoption by Membership. In the event that the Board of Directors shall be unable to adopt a budget for a fiscal year, the Board of Directors may call a special meeting of Members for the purpose of considering and adopting such budget, which meeting shall be called and held in the manner provided for such special meetings in said-Subsection, or propose a budget in writing to the Members, and if such budget is adopted by the Voting Members, upon ratification by a majority of the Board of Directors, it shall become the budget for such year.

8.3 Assessments. Assessments against Members for their share of the items of the budget shall be made for the applicable fiscal year annually. The Board of Directors shall establish the amount of the Assessments based upon the annual budget each year; the Board shall also establish and notify the Members of the frequency and/or due dates of the Assessments established under the annual budget. If an Annual Assessment is not levied as required, an Assessment shall be presumed to have been levied in the amount of the last prior Assessment, and such Assessments shall be due at the same time(s) in the year as the prior year. In the event the Annual Assessments prove to be insufficient, the budget and Assessments may be amended at any time by the Board of Directors.

8.4 Special Assessments and Assessments for Capital Improvements. Special Assessments and Capital Improvement Assessments (as defined in the Declaration) shall be levied as provided in the Declaration and shall be paid in such manner as the Board of Directors of the Association may require in the notice of such Assessments. The funds collected pursuant to a Special Assessment shall be used only for the specific purpose or purposes set forth in the notice of adoption of same. However, upon completion of such specific purpose or purposes, any excess funds will be considered Common Surplus, and may, at the discretion of the Board, either be returned to the Members or applied as a credit towards future Assessments.

8.5 Depository. The depository of the Association shall be such bank or banks in the State of Florida as shall be designated from time to time by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from those accounts shall be made only by checks signed by such person or persons as are authorized by the Board. All reserve and operating funds collected by the Association from Assessments or otherwise shall not be comingled in a single fund and shall be divided into more than one fund as determined by a majority of the Board. In addition, a separate reserve account should be established for the Association in such a depository for monies specifically designated as reserves for capital expenditures and/or deferred maintenance.

8.6 Acceleration of Installment Upon Default. If a Member shall be in default in the payment of an installment upon his Assessments, the Board of Directors or its agent may accelerate the balance of the current

budget year's Assessments upon thirty (30) days' prior written notice to the Member and the filing of a claim of lien, and the then unpaid balance of the current budget year's Assessments shall be due upon the date stated in the notice, but not less than five (5) days after delivery of the notice to the Member, or not less than ten (10) days after the mailing of such notice to him by certified mail, whichever shall first occur. The unpaid balance of the delinquent installment, and upon acceleration of the unpaid balance of the annual installment, the entire unpaid balance of the annual assessment, shall bear interest from the date due until paid at the highest rate allowed by law, or at such lesser rate as adopted and uniformly applied by the Board.

8.7 Fidelity Bonds. Fidelity Bonds may be required by the Board of Directors for all persons handling or responsible for Association funds in such amount as shall be determined by a majority of the Board, but in no event less than the greater of Ten Thousand Dollars (\$10,000.00) or the maximum amount that will be in the custody or control of the Association or any persons handling or responsible for Association funds at any one time. The premiums on such bonds shall be paid by the Association as a Common Expense.

8.8 Accounting Record and Reports. The financial and accounting records of the Association shall be 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: (a) accurate, itemized and detailed records of all receipts and expenditures; (b) a current account and a periodic 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; (c) all tax returns, financial statements, and financial reports of the Association; (d) any other records that identify, measure, record or communicate financial information. The records shall be open to inspection by Members or their authorized representatives at reasonable times and places within ten (10) business days after receipt of a written request for access. Within 120 days after the end of the fiscal year, the Association shall provide each Member with a written notice that a copy of the financial report is available upon request at no charge to the Member.

9. AMENDMENTS TO BY-LAWS

These By-Laws may be amended in the following manner:

9.1 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of a meeting at which a proposed amendment is to be considered.

9.2 Adoption. A resolution for the adoption of a proposed amendment may be proposed either by a majority of the Board or by Voting Members holding not less than one-third (1/3) of the votes of the Association. At a duly called meeting of the Board of Directors, a vote of the Directors shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving the affirmative vote of a majority of the votes of the Directors.

10. CONFLICTING PROVISIONS

In case any of these By-Laws conflict with any provisions of the laws of the State of Florida, such conflicting By-Laws shall be null and void upon final court determination to such effect, but all other provisions of these By-Laws shall remain in full force and effect. In case of any conflict between the Articles and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

11. INDEMNIFICATION OF DIRECTORS, OFFICERS, COMMITTEE MEMBERS AND AGENTS

On the terms and conditions set forth in the Articles, the Association shall indemnify any person who was or is a party to any proceeding (other than an action by the Association) by reason of the fact that he is or was a Director, Officer, Committee Member, employee or Agent of the Association against liability incurred in the connection with such proceeding , including any appeal thereof, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to , the best interest of the Association and, with respect to any criminal action or proceeding, has no reasonable cause to believe his conduct was unlawful.

12. OFFICIAL RECORDS

The Association shall keep in its office for the transaction of business the original or a copy of the Governing Documents and all other official records of the Association required by law, included, but not limited to, the following:

12.1 Copies of any plans, specifications, permits, and warranties related to improvements constructed on the Common Areas or other Property that the Association is obligated to maintain, repair or replace.

12.2 The minutes of all meetings of the Board of Directors and of the Members, which minutes must be retained for at least seven (7) years.

12.3 A current roster of all members and their mailing addresses, and parcel identifications.

12.4 All of the Association's insurance polices or a copy thereof, which policies must be retained for at least seven (7) years,

12.5 A current 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 any 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.

The official records shall be maintained within the State of Florida 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.

WE HEREBY CERTIFY THAT the foregoing By-Laws of the Association were duly adopted by the Board of Directors of the Association on the 22 day of October, 2012.

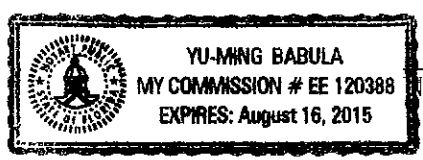
SUMMERSET ESTATES HOMEOWNERS' ASSOCIATION, INC.
A Florida not-for-profit corporation

By: *Mr. Peader*

Printed Name: Matthew Peader

STATE OF FLORIDA
COUNTY OF Okaloosa

The foregoing instrument was acknowledged before me this 22 day of October, 2012
by Matthew W. Peader, President of Summerset Estates Homeowners' Association, Inc.,
who () is personally known to me or who (X) has presented FDL P350359782210 as identification.



Yu-Ming Babula
Notary Public

My commission expires: