

**Articles of Incorporation
and
Bylaws
for**

**HIGHLAND LAKES OWNERS ASSOCIATION, INC. HIGHLAND LAKES (UNITS 1-4)
HIGHLAND LAKES ON ARGYLE UNIT 5, HIGHLAND LAKES ON ARGYLE UNIT ONE,
HIGHLAND LAKES ON ARGYLE, HIGHLAND LAKES II (UNITS 6-9)**

WE HEREBY CERTIFY that the attached are true and correct copies of **HIGHLAND LAKES OWNERS ASSOCIATION, INC.**

BR: 9438
Pg: 2211 - 2231
Doc# 99252800
Filed & Recorded
10/13/99
04:59:55 P.M.
HENRY W. COOK
CLERK CIRCUIT COURT
DUVAL COUNTY, FL
REC. \$ 96.00

In witness whereof, we have hereunto affixed our hands and the seals of said corporation, this 23rd day of ~~August~~, 1999, at Jacksonville, Florida.
Sept.

<p>HIGHLAND LAKES OWNERS ASSOCIATION, INC.</p> <p>By: <u>[Signature]</u> Printed Name: <u>D.C. HANN</u> Title: <u>President</u></p> <p>Attest: <u>[Signature]</u> Printed Name: <u>Shelby B Wells Jr.</u> Title: <u>Secretary</u></p>	<p>Corporate Seal Highland Lakes Owners Association, Inc.</p>
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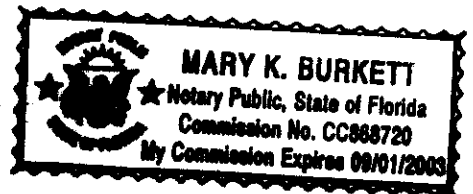
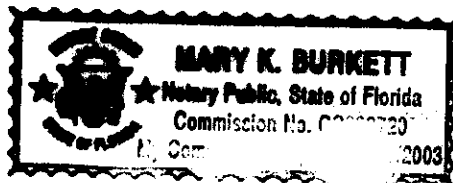
2.00 Index

ACKNOWLEDGMENTS

**STATE OF FLORIDA
COUNTY OF DUVAL**

The foregoing Certificate was acknowledged before me on behalf of **HIGHLAND LAKES OWNERS ASSOCIATION, INC.** by the **President** of said corporation, D.C. Hann (who is personally known to me presented a valid driver's license for identification) who personally appeared before me, after being duly sworn, on oath, certified and acknowledged executing the foregoing under the authority duly vested in him/her by the Association for the purposes and reasons therein expressed. Witness my hand and seal this 23rd day of ~~August~~, 1999.
Sept.

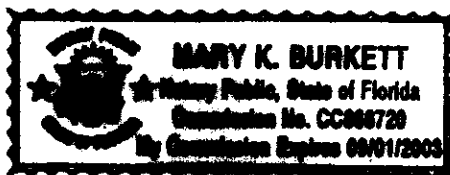
Mary K Burkett
Notary Public
State of Florida
My Commission Expires:



**STATE OF FLORIDA
COUNTY OF DUVAL**

The foregoing Certificate was acknowledged before me on behalf of **HIGHLAND LAKES OWNERS ASSOCIATION, INC.** by the **Secretary** of said corporation, J.B. Wells (who is personally known to me presented a valid driver's license for identification) who personally appeared before me, after being duly sworn, on oath, certified and acknowledged executing the foregoing under the authority duly vested in him/her by the Association for the purposes and reasons therein expressed. Witness my hand and seal this 23rd day of ~~August~~, 1999.
Sept.

Mary K Burkett
Notary Public
State of Florida
My Commission Expires:



This instrument was prepared by:
John R. Geiger, P.A.
John R. Geiger, Esq.
4475 US 1 South #406
St. Augustine, FL 32086

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**ORGANIZATIONAL ACTION
OF
BOARD OF DIRECTORS
OF
HIGHLAND LAKES OWNERS ASSOCIATION, INC.**

We, the undersigned, being all the designated directors of Highland Lakes Owners Association, Inc., a corporation not for profit organized and existing under the laws of the State of Florida (the "Corporation"), do hereby take the organizational action required by Florida General Corporation Act (the "Act"), by consenting to the adoption of the following resolutions, and that such action be taken without a meeting of the Board of Directors:

ACTIONS OF DIRECTORS AND SUBSCRIBER.

RESOLVED, that the actions of the Subscriber be, and the same hereby are, ratified and approved in all respects; and further

RESOLVED, that the Articles of Incorporation of the Corporation, in the form attached hereto, be and are adopted and approved as the Articles of Incorporation of the Corporation; and

ADOPTION OF BYLAWS.

RESOLVED, that the Bylaws of the Corporation, in the form attached hereto, be and hereby are adopted as the Bylaws of the Corporation; and

OFFICERS.

RESOLVED, that the following persons are elected to the office of the Corporation set opposite their respective names to serve until the election and qualification of their respective successors:

Charles A. Brown, Jr.	President
Gregory E. Matovina	Vice President & Treasurer
Jeffrey M. Jacobs	Secretary

CORPORATE BANK ACCOUNTS.

RESOLVED, that the President or any officer of the Corporation be, and each of them hereby is, authorized to open one or more bank accounts for the Corporation with any two officers to have signing authority until such time as a further resolution is adopted by the Board of Directors and certified as to such Bank; and further

MISCELLANEOUS ORGANIZATIONAL MATTERS.

RESOLVED, that the fiscal year of the Corporation end on December 31 of each year; and

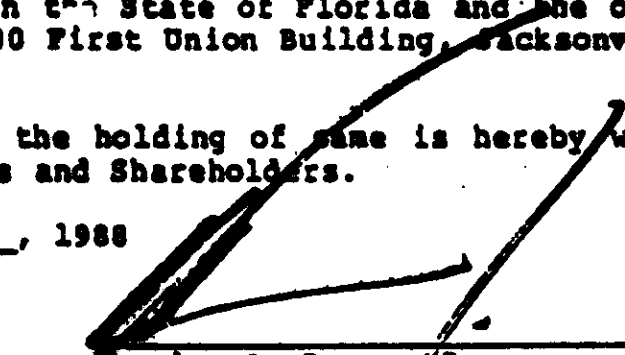
RESOLVED, that the Treasurer be and he hereby is authorized to pay all fees and expenses incident and necessary to the organization of the Corporation; and

RESOLVED, that the form of corporate seal, the impression of which appears in the margin hereof, is hereby adopted as the corporate seal of the Corporation; and

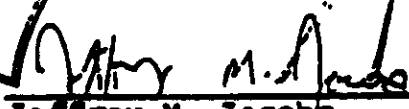
RESOLVED, that James S. Taylor is designated registered agent of this Corporation in the State of Florida and the office hereof is designated at 1600 First Union Building, Jacksonville, Florida, 32202.

Notice of meeting and the holding of same is hereby waived by the undersigned Directors and Shareholders.


Dated: March 31, 1988



Charles A. Brown, Jr.



Jeffrey M. Jacobs



Gregory E. Matovina

**ARTICLES OF INCORPORATION
OF
HIGHLAND LAKES OWNERS ASSOCIATION, INC.**

In compliance with the requirements of Chapter 617, Florida Statutes, the undersigned, all of whom are residents of Florida and all of whom are of age, have this day voluntarily associated themselves together for the purpose of forming a corporation not-for-profit and do hereby certify:

**ARTICLE I
Name of Corporation**

The name of the corporation is Highland Lakes Owners Association, Inc., hereafter called the "Association."

**ARTICLE II
Principal Office**

The principal office of the Association is located at 10405 St. Augustine Road, Jacksonville, Florida, 32217, or at such other place as the Board of Directors may from time to time appoint or the business of the Association may require.

**ARTICLE III
Registered Agent**

James S. Taylor, whose address is 1600 First Union Building, Jacksonville, Florida, 32202, is hereby appointed the initial registered agent of this Association.

**ARTICLE IV
Purposes and Powers of the Association**

This Association does not contemplate pecuniary gain or profit to the members thereof and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the Common Areas and Common Roads within the Property described in the Declaration of Covenants, Conditions and Restrictions of Highland Lakes to be recorded in the public records of Duval County, Florida (the "Declaration"), to provide for the maintenance of other portions of the Property as provided for in the Declaration and to promote the health, safety and welfare of the residents within the Property and any additions thereto as may hereafter be brought within the jurisdiction of this Association by recording an amendment to the Declaration. All terms contained herein shall mean and refer to the terms as defined in the Declaration.

The Association shall:

1. exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration applicable to the Property and as the same may be amended from time to time as therein provided, the Declaration being incorporated herein as if set forth at length;

2. fix, levy, collect and enforce payment by any lawful means all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

3. acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

4. borrow money and, with the assent of two-thirds (2/3rds) of each of class of members, to mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

5. dedicate, sell or transfer all or any part of the Common Areas or Common Roads to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members;

6. participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Areas or Common Roads, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3rds) of each class of members (notwithstanding the foregoing, Declarant shall have the right to annex additional property as provided in the Declaration);

7. have the right to grant permits, licenses and easements over the Common Areas and Common Roads for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Common Areas and Common Roads;

8. have and to exercise any and all powers, rights and privileges which a corporation organized under the non-profit corporation law of the state of Florida by law may now or hereafter have or exercise.

ARTICLE V
Membership

Every person or entity who is a record owner of a fee or undivided fee interest in any Residential Lot which is subject by the Declaration to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Residential Lot which is subject to assessment by the Association.

ARTICLE VI
Membership and Voting Rights

1. **Right to Membership.** Every Owner of a Residential Lot which is subject to this Declaration shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Residential Lot.

2. **Classes of Membership.** The Association shall have two classes of voting membership:

(a) **Class A.** Class A members shall be all Owners, with the exception of the Declarant and Developer. Each Class A member shall be entitled to one (1) vote for each Residential Lot owned.

(b) **Class B.** The Class B members shall be the Declarant and Developer who shall be entitled to three (3) votes for each Residential Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever first occurs:

(1) the number of votes assigned to Class A members equals the number of votes assigned to Class B members;

(2) within six (6) months from that time at which all the Residential Dwelling Units that are subject to this Declaration have been completed, some have been conveyed to purchasers and no Residential Dwelling Units are under construction or offered for sale by the Declarant or Developer in the ordinary course of business; or

(3) ten (10) years from the date of recording this Declaration.

3. **Multiple Owners.** When any property entitling an Owner to membership as a Class A member is owned of record in the name of two (2) or more persons or entities, whether fiduciaries or in any other manner of joint or common ownership and only one of

such persons, who shall be designed by such joint owners, shall become the member entitled to vote. Such vote shall be exercised as they among themselves determine or as the covenants and restrictions applicable to such property shall determine but in no event shall more than one (1) vote be cast with respect to any such Residential Lot. Where a partnership, corporation or other entity is a Class A member, such Class A member shall designate one representative of such partnership or such corporation or other entity to be the member entitled to vote.

ARTICLE VII
Board of Directors

The affairs of this Association shall be managed by a Board of not less than three (3) directors who need not be members of the Association. The number of directors may be changed in accordance with the provisions of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of this successors are:

<u>Name</u>	<u>Address</u>
Charles A. Brown, Jr.	10405 St. Augustine Road Jacksonville, Florida 32217
Gregory E. Matovina	10405 St. Augustine Road Jacksonville, Florida 32217
Jeffrey M. Jacobs	10405 St. Augustine Road Jacksonville, Florida 32217

At the first annual meeting at which the members are entitled to elect directors, the members shall elect in accordance with the provisions of the Bylaws.

ARTICLE VIII
Dissolution

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3rds) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes. This procedure shall be subject to court approval of dissolution pursuant to Section 617.05, Florida Statutes.

ARTICLE IX
Duration

This corporation shall exist perpetually.

ARTICLE X
Amendments

Amendments of these Articles shall require the assent of a majority of each class of members. When Class B membership ceases and is converted to Class A membership, amendment of these Articles shall require the assent of the majority of the entire membership.

ARTICLE XI
Officers

1. The officers of this corporation who shall serve until the first election of their successors are as follows:

President	Charles A. Brown, Jr.
Vice President and Treasurer	Gregory E. Matovina
Secretary	Jeffrey M. Jacobs

2. The officers of the Association shall be a president, vice president/treasurer and a secretary and such other officers as the Board may from time by resolution create. Officers shall be elected for a one year term in accordance with the procedures set forth in the Bylaws.

ARTICLE XII
Bylaws

The Board of Directors shall adopt Bylaws consistent with these Articles. Such Bylaws may be amended by the Declarant on its own motion from the date hereof until control is transferred to the members. Bylaws may be amended at a regular or special meeting of the members by a vote of the majority of a quorum of members present in person or by proxy. In the event that the Highland Lakes Community is approved by the Veterans Administration ("VA") and the Federal Housing Administration ("FHA") or either of them and the VA or the FHA guarantees or insures a mortgage on a Residential Dwelling Unit, the FHA or VA shall have the right to veto amendments while there is a Class B membership.

**ARTICLE XIII
FHA/VA Approval**

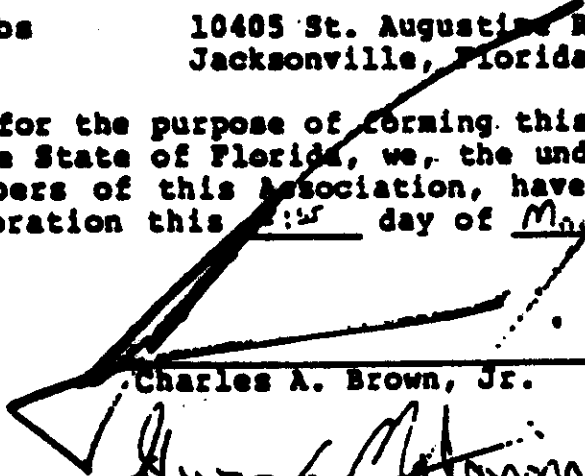
In the event that the Highland Lakes Community is approved by the VA and the FHA or either of them and the VA or the FHA guarantees or insures a mortgage on a Residential Dwelling Unit and so long as there is a Class B membership, the following actions will require the prior approval of the FHA or the VA: annexation of additional properties, dissolution, merger or consolidation of the Association, mortgaging, dedicating or conveying of Common Areas or Common Roads, and amendment of these Articles.

**ARTICLE XIV
Subscribers**


The names and addresses of the subscribers to these Articles are as follows:

<u>Name</u>	<u>Address</u>
Charles A. Brown, Jr.	10405 St. Augustine Road Jacksonville, Florida 32217
Gregory E. Matovina	10405 St. Augustine Road Jacksonville, Florida 32217
Jeffrey M. Jacobs	10405 St. Augustine Road Jacksonville, Florida 32217

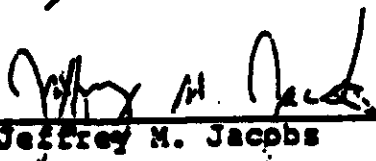
IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Florida, we, the undersigned, constituting the subscribers of this Association, have executed these Articles of Incorporation this 2nd day of March, 1988.



 Charles A. Brown, Jr.



 Gregory E. Matovina



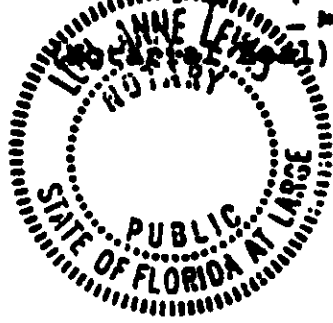
 Jeffrey M. Jacobs

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this
31st day of March, 1988, by Charles A. Brown, Jr.

Lou Anne Lewis
Notary Public, State of Florida

My Commission expires: My Commission Expires Sept. 23, 1988
Notary Public, State of Florida
Section One One Four - Tallahassee, Fla.



STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this
31st day of March, 1988, by Gregory E. Matovina.

Lou Anne Lewis
Notary Public, State of Florida

My Commission expires: My Commission Expires Sept. 23, 1988
Notary Public, State of Florida
Section One One Four - Tallahassee, Fla.



STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this
31st day of March, 1988, by Jeffrey M. Jacobs.

Lou Anne Lewis
Notary Public, State of Florida

My Commission expires: My Commission Expires Sept. 23, 1988
Notary Public, State of Florida
Section One One Four - Tallahassee, Fla.



**CERTIFICATE OF DESIGNATING PLACE OF BUSINESS OR DOMICILE
FOR THE SERVICE OF PROCESS WITHIN FLORIDA;
NAMING AGENT UPON WHICH PROCESS MAY BE SERVED**

In compliance with Section 48.092, Florida Statutes, the following is submitted:

Highland Lakes Owners Association, Inc., desiring to organize or qualify under the laws of the State of Florida with its principal place of business at City of Jacksonville, County of Duval, Florida, has named JAMES S. TAYLOR located at 1600 First Union Building, Jacksonville, Florida, 32202, as its agent to accept service of process within Florida.

HIGHLAND LAKES OWNERS
ASSOCIATION, INC.

By _____
Its Secretary

Dated: _____

Having been named to accept service of process for the above stated corporation at the place designated in this certificate, I hereby agree to act in this capacity and I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties.

James S. Taylor

Dated: _____

**BYLAWS
OF
HIGHLAND LAKES OWNERS ASSOCIATION, INC.**

**ARTICLE I
Name and Location**

The name of the corporation is HIGHLAND LAKES OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be at 10405 St. Augustine Road, Jacksonville, Florida, 32217, but meetings of members and directors may be held at such places within the state of Florida as may be designated by the Board of Directors (the "Board").

**ARTICLE II
Definitions**

The definitions of all terms contained herein shall be the same as the definitions set forth in Article I of the Highland Lakes Declaration of Covenants, Conditions and Restrictions.

**ARTICLE III
Meeting of Members**

1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association and each subsequent regular annual meeting of the members shall be held on the same day at the same time of the same month of each year thereafter. 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.

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 cast one-fourth (1/4th) of all of the votes of the Class A membership.

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 fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the 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.

4. Quorum. The presence at the meeting of members entitled to cast or of proxies entitled to cast a majority of the votes of each class of membership 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 the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be presented or represented.

5. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Residential Lot.

ARTICLE IV

Board of Directors; Selection; Term of Office

1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) directors, who need not be members of the Association. The initial Board shall consist of three persons as set forth in the Articles of Incorporation. Upon the termination of the Class B membership as provided in the Declaration, the number of directors shall be increased to five (5). So long as the Declarant owns one (1) Residential Lot, the Declarant shall be entitled to appoint one (1) director and the remaining directors shall be elected in accordance with the provisions hereof.

2. Term of Office. At the first annual meeting at which the members are entitled to elect directors, the members shall elect one director for a term of one year, one director for a term of two years and the remaining directors for a term of three years and, at each annual meeting thereafter, the members shall elect directors for a term of three years.

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.

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.

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 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.

ARTICLE V

Nomination and Election of Directors

1. Initial Board of Directors. The initial Board shall be appointed by the Declarant. Upon the expansion of the Board to include directors elected by the members, the directors shall be elected as hereinafter set forth.

2. Nomination. Nomination for election to the Board to be elected by the members may 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, and two or more members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the members to serve from the close of such annual meeting until 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 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.

3. Election. Election to the Board 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

1. Regular Meetings. Regular meetings of the Board shall be held monthly without notice at such place and hour as may be fixed from time to time by resolution of the Board. Should the 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.

2. Special Meetings. Special meetings of the Board shall be held when called by the president of the Association or by any two directors, after not less than three (3) days' notice to each director, unless such notice is waived by the directors.

3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII
Powers and Duties of the Board of Directors

1. Powers. The Board shall have the power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas and Common Roads and facilities and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of 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. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(d) declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary and to prescribe their duties.

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members of the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4th) of the Class. A members who are entitled to vote;

(b) establish the level of services to be provided to the members by the Association; supervise all officers, agents and employees of this Association and 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 Residential Dwelling Unit at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; 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 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 that an assessment has been paid, such certificate shall be conclusive evidenced of such payment;

(e) cause all officers or employees having fiscal responsibilities to be bonded, as provided in Article XIV hereof;

(f) cause the Common Areas and Common Roads to be maintained;

(g) pay or cause to be paid all real property taxes and other assessments against the Common Areas and Common Roads;

(h) procure and maintain adequate liability and hazard insurance on property owned by the Association.

The policy of property insurance shall cover all of the Common Areas and Common Roads (except land, foundation, excavation and other items normally excluded from coverage) but including fixtures and building service equipment to the extent that they are part of the common personal property and supplies. The policy shall afford, as a minimum, protection against the following:

(a) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement;

(b) all other perils which are customarily covered with respect to projects similar in construction, location and use, including floor insurance, if applicable, and all perils normally covered by the standard "all risk" endorsement where such is available. If flood insurance is required, it must be in an amount of 100% of current replacement cost of the improvements or the maximum coverage under the National Flood Insurance Program;

(c) losses covered by general liability insurance coverage covering all Common Areas and Common Roads in the amount of at least \$1,000,000.00 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance of use of the Common Areas and Common Roads and any legal liability that results from lawsuits related to employment contracts in which the Association is a party.

The hazard policy shall be in an amount equal to 100% of current replacement cost of the insured properties, exclusive of land, foundation, excavation and items normally excluded from coverage. The policy shall provide that it may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

ARTICLE VIII **Officers and Their Duties**

1. **Enumeration of Officers.** The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary and a treasurer and such other officers as the Board may from time by resolution create.

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

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.

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.

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 notice to the Board, the president or the 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.

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.

7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to paragraph 4 of this Article.

8. Duties. The duties of the offices are as follows:

(a) President. The president shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deed and other written instruments; and may co-sign all checks and promissory notes.

(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; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the members; shall 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; may co-sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made 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
Committees

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X
Books and Records

The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any member or a mortgagee of a Residential Dwelling Unit. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association where copies may be purchased at a reasonable cost.

ARTICLE XI
Assessments

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within fifteen (15) days after its due date, a large charge of ten percent (10%) of the amount due shall be levied and, if not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of fifteen percent (15%) per annum and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Property, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Residential Lot.

ARTICLE XII
Corporate Seal

The Association shall have a seal in circular form having within its circumference the words: Highland Lakes Owners Association, Inc., a corporation not-for-profit.

ARTICLE XIII
Amendments

1. **Amendment.** These Bylaws may be amended, at a regular or special meeting of the members, by a majority vote of the quorum of members present in person or by proxy, except that, in the event the Federal Housing Administration or the Veterans Administration has approved the Highland Lakes Community and guaranteed mortgages on Residential Dwelling Units, the Veterans Administration or the Federal Housing Administration shall have the right to veto amendments while there is a Class B membership.

2. **Conflict.** In the event of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control and, in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV
Fidelity Bonds

Blanket fidelity bonds shall be required to be maintained by the Association for all officers, directors, trustees or employees of the Association handling or responsible for refunds of or administered by the Association, whether or not such persons are compensated. Any management agent that handles funds for the Association should also be covered by its own fidelity bonds. The total amount of the fidelity bond coverage shall be based upon the best business judgment of the Board and shall not be less than 150% of an amount equal to the estimated annual operating expenses of the Association, including reserves.

Except for the fidelity bonds that a management agent obtains for its personnel, the fidelity bond shall name the Association as an obligee and shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The premiums on all bonds shall be paid by the Association as a common expense. The bond shall provide that it cannot be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association and all first mortgagees.

ARTICLE XV
Miscellaneous

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of the Highland Lakes Owners Association, Inc. have hereunto set our hands this 31st day of March, 1988.



Charles A. Brown, Jr.



Gregory E. Matovina



Jeffrey M. Jacobs