

**BY-LAWS
OF
STONEHEDGE
RESIDENTS
INCORPORATED**

**STONEHEDGE RESIDENTS
INCORPORATED**

Section C

BY-LAWS OF
STONEHEDGE RESIDENTS INCORPORATED

ARTICLE I: OFFICES

Section 1. The registered office of the Corporation in the State of Florida shall be located in the County of Pinellas at:

39820 US 19 North
Tarpon Springs, Florida 34689

ARTICLE II: PURPOSE AND DEFINITIONS

The directors shall govern this Corporation in accordance with these By-laws. Wherever used in this document, the singular shall include the plural, and the masculine gender shall include the feminine, and vice-versa, regardless of the terminology stated herein.

"Association", "Corporation", "Cooperative", or "SRI" means Stonehedge Residents Incorporated.

"Division" means the Division of Florida Land Sales, Condominiums and Mobile Homes.

"Non-shareholder" means an owner of a mobile home in the Park that has not purchased a share and pays lot rent monthly to SRI.

"Park" refers to Stonehedge or Stonehedge On The Hill or the physical area and facilities mutually owned by the shareholders. The terms are used interchangeable herein.

"Shareholder" means a unit owner who has purchased a share in Stonehedge Residents Incorporated.

"Stonehedge Residents' Incorporated" means Stonehedge Residents Incorporated.

"Short-term renter" or "renter" means a temporary resident having a three month or a greater lease with a unit owner or non-shareholder with the concurrence of SRI.

"Unit owner" or "shareholder" shall mean a shareholder of the corporation who also holds a lease of a cooperative unit (lot) in the park.

ARTICLE III: SHAREHOLDERS AND STOCK DISTRIBUTION

Ownership of Stonehedge Residents Incorporated is limited to owners of mobile homes located in Stonehedge On The Hill. There will be shares available for purchase, one (1) for each mobile home. It is the ultimate goal that each owner own one share of stock. Any shares remaining unsold after the initial sale of shares will be held in the treasury by the Corporation. If a homeowner does not initially purchase a share, he will become a tenant of the Corporation and pay such rental and fees as established by the directors.

Should the homeowner wish to purchase a share he may do so by purchasing a share at the current market price. If a mobile home owner sells his unit, the new owner must purchase a share from the Corporation as a condition precedent to owning a dwelling in Stonehedge Residents Incorporated and the prior owner must sell his share back to the Corporation at the current selling price.

If a rental unit is sold by a non-shareholder to a purchaser who wishes to join the Association and the share for that unit is held by the Association, the share must be released by the Association for purchase by the purchaser as a condition precedent to owning a dwelling in the Park. The share shall be purchased at a price determined by the Board of Directors.

(a) Unless otherwise provided in the original cooperative documents, no amendment thereto may change the configuration or size of any cooperative unit in any material fashion, materially alter or modify the appurtenances of the unit, or change the proportion or percentage by which the owner of the parcel shares the common expenses and owns the common surplus, unless the record owner of the unit and all record owners of liens on it join in the execution of the amendment and unless the record owners of all the other units approve the amendment. Cooperative documents in cooperatives created after July 1, 1994, may not require less than a majority of total voting interests for amendments under this section, unless required by any governmental entity.

(b) Unless a lower number is provided in the cooperative documents or unless

such action is expressly prohibited by the Articles of Incorporation or By-laws of the cooperative, the acquisition of real property by the Association, and material alterations or substantial additions to such property by the Association shall not be deemed to constitute a material alteration or modification of the appurtenances to the unit if such action is approved by seventy-five (75) percent of the total voting interests of the cooperative.

(c) Unless other procedures are provided in the cooperative documents or such action is expressly prohibited by the Articles of Incorporation or By-laws of the Cooperative, the Association may change the configuration or size of any unit in a mobile home cooperative in a material fashion, or materially alter or modify the common areas or appurtenances of such unit if the action is approved by seventy-five (75) percent of the total voting interests of the cooperative.

ARTICLE IV: DIRECTORS

Section 1. Function. All corporate powers shall be exercised by or under the authority of, and the business and affairs of this Corporation shall be managed under the direction of the Board of Directors.

Section 2. Qualification. Directors must be shareholders of the Corporation. The purpose of this provision is to assure the availability of directors to conduct the business of the Corporation. If a share of stock is owned by more than one (1) person, including a husband and wife, only one (1) of those joint owners shall be entitled to hold office as a director of this Association at anyone time.

Section 3. Compensation. The shareholders, by majority vote, shall determine the rate of compensation, if any, for the directors and officers.

Section 4. Duties of Directors. The directors shall have a fiduciary relationship to the Corporation. A director shall perform his duties as a director, including his duties as a member of any committee of the Board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

In performing his duties, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) one or more officers or employees of the Corporation whom the director

reasonably believes to be reliable and competent in the matters presented,

(b) counsel, public accountants or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence, or

(c) a committee of the Board upon which he does not serve, duly designated in accordance with a provision of the Articles of Incorporation or the By-laws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance described above to be unwarranted.

A person who performs his duties in compliance with this section shall have no liability by reason of being or having been a director of the Corporation. The Corporation shall indemnify and hold harmless any directors from liability for corporate action.

Section 5. Presumption of Assent. A director of the Corporation who is present at a meeting of its directors at which action on any Corporation matter is taken shall be presumed to have assented to the action taken unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest. Directors may not vote by proxy or by secret ballot at board meetings, except that officers may be elected by secret ballot. A vote or abstention for each member present shall be recorded in the minutes.

Section 6. Number. This Corporation shall be managed by a board of nine (9) directors. The number of directors may be increased or decreased from time to time by amendment to these By-laws, but no decrease shall have the effect of shortening the terms of any incumbent director. No decrease shall have the effect of reducing the number of directors to less than seven (7). A unit owner does not have the authority to act for the Association by reason of being a unit owner.

Section 7. Term of Office. Nine (9) directors were elected at the first meeting of the shareholders on staggered terms with three (3) directors being elected for three (3) year terms, three (3) directors being elected for two (2) year terms and three (3) directors being elected for one year term. Since the first annual meeting, upon the expiration of a director's term, a new director shall be elected for a three-year (3-year) term and it is the intention of the Corporation to continue to elect the directors in this staggered manner. This staggering of directors' terms is intended to provide

continuity to the management of the Corporation.

Section 8. Election of Directors. The board of administration shall be elected by written ballot or voting machine. Proxies shall in no event be used in electing the board of administration, either in general elections or elections to fill vacancies caused by recall, resignation, or otherwise. Not less than sixty (60) days before a scheduled election, the Association shall mail or deliver, whether by separate Association mailing of regularly published newsletters, to each unit owner entitled to vote, a first notice of the date of the election. Any unit owner or other eligible person desiring to be a candidate for the board of administration shall give written notice to the Secretary of the Association not less than forty (40) days before a scheduled election. Not less than 30 days before the election meeting, the Association shall then mail a second notice of meeting to all unit owners entitled to vote therein, together with a ballot which shall list all candidates. Upon request of a candidate, the Association shall include an information sheet, no larger than 8 1/2 inches by 11 inches furnished by the candidate, to be included with the mailing of the ballot, with the costs of the mailing and copying to be borne by the Association. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement or minimum number of votes necessary for election of members of the board of administration. No unit owner shall permit any other person to vote his ballot, and any such ballots improperly cast shall be deemed invalid. A unit owner who needs assistance in casting the ballot for the reason stated in Section 101.051 may obtain assistance in casting the ballot. The regular election shall occur on the date of the annual meeting.

Balloting is not necessary to fill any vacancy unless there are two or more eligible candidates for the vacancy. In such a case, not later than the date of the scheduled election:

(a) For a regular election the Association shall call and hold a meeting of the membership to announce the names of the new Board members, or shall notify the unit owners of the names of the new Board members or that one or more Board positions remain unfilled, as appropriate under the circumstances. In the alternate, the announcement may be made at the annual meeting.

Section 9. [Repealed by amendments February 26, 1992].

Section 10. Vacancies. Any vacancy occurring in the board of directors, including any vacancy created by reason of an increase in the number of directors, shall be filled by the remaining directors, who shall appoint such replacement director or directors as are necessary to fill any vacancies. A director so elected will

serve until the next annual meeting at which time a replacement director shall be elected in the manner provided by these by-laws who shall serve the remainder of the unexpired term.

Section 11. Recall of Board Members. Subject to the provisions of Section 719.301, any member of the board of administration may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of all the voting interests. A special meeting of the voting interests to recall any member of the Board may be called by ten (10%) percent of the shareholders giving notice of the meeting as required for a meeting of the shareholders, and the notice shall state the purpose of the meeting.

(a) If the proposed recall is by an agreement in writing by a majority of all voting interests by a vote at a meeting, the recall shall be effective. As provided herein, the board shall duly notice and hold a Board meeting within five (5) full working days of the adjournment of the unit owner meeting to recall one (1) or more Board members. At the meeting, the Board shall certify either the recall, in which case such member or members shall be recalled effective immediately and shall turn over to the Board within five (5) full business days any and all records and property of the Association in their possession, or shall proceed as set forth in Section 11, paragraph (c).

(b) If the proposed recall is by an agreement in writing by a majority of all voting interests, the agreement in writing or a copy thereof shall be served on the Association by certified mail or by personal service in the manner authorized by chapter 48 and the Florida Rules of Civil Procedure. The Board of Directors shall duly notice and hold a meeting of the Board within five (5) full business days after receipt of the agreement in writing. At the meeting, the Board shall either certify the written agreement to recall members of the Board in which case such members shall be recalled effective immediately and shall turn over to the Board, within five (5) full business days, any and all records and property of the Association in their possession, or proceed as described in subparagraph (c).

(c) If the Board determines not to certify the written agreement to recall members of the Board, or does not certify the recall by a vote at a meeting, the Board shall within five (5) full business days after the Board meeting, file with the Division a petition for binding arbitration pursuant to the procedures of Florida Statute 719.1255. For purposes of this paragraph, the unit owners who voted at the meeting or who executed the agreement in writing shall constitute one party under the petition for arbitration. If the arbitrator certifies the recall as to any member of the Board, the recall shall be effective upon

mailing of the final order of arbitration upon the Corporation. If the Association fails to comply with the order of the arbitrator, the Division may take action pursuant to Section 719.501. Any member so recalled shall deliver to the Board any and all records and property of the Association in his possession within five (5) full business days of the effective date of the recall.

(d) If the Board fails to duly notice and hold a Board meeting within five (5) full business days of service of an agreement in writing or within five (5) full business days of the adjournment of the unit owner recall meeting, the recall shall be deemed effective and the Board members so recalled shall immediately turn over to the Board all records and property of the Association.

(e) If a vacancy occurs on the Board as a result of a recall and less than a majority of the Board members are removed, the vacancy may be filled by the affirmative vote of a majority of the remaining directors, notwithstanding any provisions to the contrary contained in this chapter. If vacancies occur on the Board as a result of a recall and a majority or more of the Board members are removed, the vacancies shall be filled in accordance with procedural rules to be adopted by the Division, which rules need not be consistent with this chapter. The rules must provide procedures governing the conduct of the recall election as well as the operation of the Association during the period after a recall but prior to the recall election.

Section 12. Quorum and Voting. A majority of the number of directors fixed by these By-laws shall constitute a quorum for the transaction of business. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 13. Executive and Other Committees. The directors, by resolution adopted by a majority of the full Board of Directors, may designate from among its members, an executive committee and other committees, and each such committee shall serve at the pleasure of the Board with the authority contained in the Florida Statutes. The Board, by resolution, may designate one or more directors as alternate members of any such committee, who may act in the place and stead of any absent member or members at any meeting of such committee.

Section 14. Regular Meetings. Regular monthly meetings of the directors shall be held at a time and place at the discretion of the Board of Directors by majority vote, provided at least one (1) regular monthly meeting of the Board of Directors be held each month during the period September through May of each year. Meetings of the Board of Directors or any committee thereof at which a quorum of the

members of that committee are present shall be open to all unit owners. Any unit owner may tape record or videotape meetings of the board of administration if such recordings comply with the rules relating thereto promulgated by the Division of Florida Land Sales, Condominiums, and Mobile Homes. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The Board may adopt reasonable rules governing the frequency, duration, and manner of unit owners' statements. Adequate notice of all meetings shall be posted in a conspicuous place upon the cooperative property at least forty-eight (48) continuous hours preceding the meeting, except in an emergency. However written notice of any meeting at which non-emergency special assessments, or at which amendment to rules regarding unit use will be proposed, discussed, or approved, shall be mailed or delivered to the unit owners and posted on the bulletin board at the clubhouse not less than fourteen (14) days prior to the meeting. Evidence of compliance with this fourteen-day (14-day) notice shall be made by an affidavit executed by the Secretary and filed among the official records of the Corporation. Upon notice to the unit owners, the board shall by duly adopted rule designate a specific location on the cooperative property upon which all notices of board meetings shall be posted; presently such place is the bulletin board at the clubhouse. Notice of any meeting in which regular assessments against unit owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

Section 15. Special Meetings. Special meetings of the directors may be called by the President or by any two (2) directors. Members of the Board of Directors may participate in a meeting of such Board by means of a conference telephone call or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. Such meetings must be open to all members and notice given as above.

Section 16. Notice. Except in case of an emergency, written notice of the time and place of special meetings of directors shall be given to each director either by personal delivery or by mail, telegram or cablegram and by notice posted on the bulletin board at the clubhouse at least forty-eight (48) hours before the meeting. The business to be transacted at or the purpose of any special meeting of the directors shall be specified in the notice.

(i) Notice of any meeting at which assessments against shareholders are to be discussed for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

(ii) The Board of Directors shall mail a meeting notice and copies of the

proposed annual budget of expenses to the shareholders who are out of town, at that address, not less than thirty (30) days prior to the meeting at which the budget will be considered. Otherwise a copy of the budget shall be posted in a conspicuous place on the park premises and written notice of the time and place of the budget meeting shall be delivered to each shareholder thirty (30) days prior to such meeting.

ARTICLE V: OFFICERS

Section 1. Officers. The officers of this Corporation shall consist of a President, Vice president, Secretary, and Treasurer, each of whom shall be elected or appointed by the Board of Directors. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors from time to time. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his resignation, or until he shall have been removed in the manner provided herein. The failure to elect a president, secretary or treasurer shall not affect the existence of this corporation.

Section 2. Duties of Officers. The officers of this Corporation shall have the following duties:

The President shall be the chief executive officer of the Corporation, shall have general and active management of the business and affairs of the Corporation subject to the directions of the Board of Directors, and shall preside at all meetings of the shareholders and Board of Directors. The President shall be an ex-officio member of all committees.

The Vice President shall preside in the absence of the President and perform the duties of the President in the event of his absence or disability.

The Secretary shall have custody of, and maintain, all of the Corporation records except the financial records, shall record the minutes of all meetings of the shareholders and Board of Directors, send out all notices of meetings, and perform such other duties as may be prescribed by the Board of Directors or the President.

The Treasurer shall have custody of the Corporation funds and financial records, shall keep full and accurate accounts of receipts and disbursements and render accounts thereof at the annual meetings of

the shareholders and whenever else required by the Board of Directors or the President, and shall perform such other duties as may be prescribed by the Board of Directors or the President.

Section 3. Removal. Any officer or agent elected or appointed by the directors may be removed whenever in their judgment the best interest of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Fiduciary Relationship. The officers of the Corporation have a fiduciary relationship to the Corporation and its shareholders.

ARTICLE VI: CERTIFICATES FOR SHARES

Section 1. Issuance. Every holder of shares in this Corporation shall be entitled to have a certificate, representing the share to which he is entitled.

Section 2. Form. Certificates representing shares of the Corporation shall be signed by the President and Secretary or by such other officers authorized by the directors under the laws of the State of Florida and may be sealed with the seal of the Corporation or a facsimile thereof. All certificates shall identify by number the unit that they represent. All certificates representing shares shall state upon the face thereof: the name of the Corporation; that the Corporation is organized under the laws of the State; the name of the person or persons to whom issued; the par value of each share represented by such certificate or a statement that share is without par value.

Section 3. Lost, Stolen or Destroyed Certificates. The Corporation shall issue a new stock certificate in place of any certificate previously issued if the holder of record of the certificate (a) makes proof in affidavit form that it has been lost, destroyed or wrongfully taken; (b) requests the issue of a new certificate before the Corporation has notice that the certificate has been acquired by a purchaser for value in good faith and without notice of any adverse claim; (c) gives bond in such form as the Corporation may direct, to indemnify the Corporation, the transfer agent, and registrar against any claim that may be made on account of the alleged loss, destruction, or theft of a certificate; and (d) satisfies any other reasonable requirements imposed by the Corporation.

Section 4. Transfer of Shares. Upon surrender to the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the

Corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate; every such transfer shall be entered on the transfer book of the Corporation which shall be kept at its principal office. All such transfers are subject to the condition that only owners of mobile homes within the Park are eligible to be shareholders in this Corporation. This restriction on ownership must appear on the face of all stock certificates.

The Corporation shall be entitled to treat the holder of record of any share as the holder in fact thereof, and accordingly, will not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, except as expressly provided by the laws of this State.

Section 5. Transfer fees. The assignment, sale, mortgage, lease, sub-lease or other transfer of a unit is subject to approval by the Association pursuant to these By-laws and the master occupancy agreement. The Association may impose a fee in connection with the approval of the assignment, sale, mortgage, lease or sublease of units that shall not exceed fifty (\$50.00) dollars per applicant. However, if the lease or sublease is a renewal of a lease or sublease with the same lessee or sublessee, no charge shall be made. The Board of Directors shall have the authority to require a security deposit from sublessee (renters) in an amount not to exceed the equivalent of one month's rent. The security deposit shall protect against damages to the common areas or cooperative property. Within fifteen (15) days after a tenant vacates the premises, the Association shall refund the full security deposit or give written notice to the tenant of any claim made against the security. Disputes under this paragraph shall be handled as disputes concerning security deposits under 83.49, Florida Statutes. Reference: 719.106.(1)(i), Florida Statutes.

ARTICLE VII: MEETINGS OF SHAREHOLDERS

Section 1. Annual Meeting. The annual meeting of the shareholders of this Corporation shall be held the second Wednesday March of each year. The annual meeting of the shareholders for any year shall be held no later than thirteen (13) months after the last preceding annual meeting of the shareholders. Business transacted at the annual meeting shall include the election of directors of the Corporation. Any shareholder/unit owner desiring to be a candidate for board membership shall comply with Article IV, Section 8.

Section 2. Special Meetings. Special meetings of the shareholders shall be held when directed by the President, the Board of Directors, or when requested in writing by the holders of not less than ten (10%) percent of all the shares entitled

to vote at the meeting. A meeting requested by shareholders shall be called for a date not less than fourteen (14) nor more than sixty (60) days after the request is made, unless the shareholders requesting the meeting designates a later date. The call for the meeting shall be issued by the Secretary, unless the President, Board of Directors, or shareholders requesting the meeting shall designate another person to do so.

Section 3. Place. Meetings of shareholders shall be held within Pinellas County, State of Florida, or as determined by the Board of Directors.

Section 4. Notice. Written notice stating the place, day and hour of the meeting and, the identification of the agenda items, shall be delivered not less than fourteen (14) days before the meeting by certified mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting to each shareholder of record entitled to vote at such meeting. Such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid, except that notices sent to shareholders known to be part-time residents of the Park shall keep their other residence address on file with the Park office and when they are not at their Park address their notices shall be sent to their other official address. A shareholder may waive in writing his right to receive mail delivery of his notice to meetings. This written waiver must be kept on file by the Secretary of the Corporation. Notice of all shareholder meetings must be posted in a conspicuous place on the park property at least fourteen (14) days prior to all such meetings. Upon notice to the unit owners, the board shall by duly adopted rule designate a specific location on the cooperative property upon which all notice of unit owner meetings shall be posted. Unless a unit owner waives in writing the right to receive notice of annual meeting, the notice of the annual meeting shall be sent by mail to each unit owner. An officer of the Corporation must provide an affidavit or United States Postal Service certificate of mailing, to be included in the official records of the Corporation, affirming that notices of the corporation meeting were mailed or hand delivered, in accordance with this provision, to each shareholder/unit owner at the address last furnished to the Corporation.

Section 5. Notice of Adjourned Meetings. When a meeting is adjourned to another place or time, it shall not be necessary to give any notice of the adjourned meeting if the place and time to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. If, however, after the adjournment the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given as provided in this section to each shareholder of record on the new record

date entitled to vote at such meeting.

Section 6. Closing of Transfer Books and Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other purpose, the Board of Directors shall provide that the stock transfer books shall be closed for a stated period but not to exceed in any case, sixty (60) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least fifteen (15) days immediately preceding such meeting.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date for the adjourned meeting.

Section 7. Voting Record. The officers or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten (10) days before each meeting of the shareholders, a complete list of the shareholders entitled to vote at such meetings or any adjournment thereof, with the address of and the number of shares held by each. The list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Corporation and any shareholder shall be entitled to inspect the list at any time during usual business hours. The list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder at any time during the meeting.

If the requirements of this section have not been substantially complied with, the meeting, on demand of any shareholder in person or by proxy, shall be adjourned until the requirements are complied with. If no such demand is made, failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

Section 8. Shareholders Quorum and Voting. A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders.

If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote shall be the act of the shareholders unless otherwise provided by law.

After a quorum has been established at a shareholders' meeting, the subsequent withdrawal of shareholders, so as to reduce the number of shareholders entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof.

Section 9. Voting of Shares. Each shareholder entitled to vote in accordance with the terms and provisions of the Articles of Incorporation and these By-laws, shall be entitled to one (1) vote for each share of stock owned by such shareholder. No shareholder shall be entitled to vote if he is more than thirty (30) days delinquent in the payment of any assessments.

Section 10. Proxies. Unit owners may not vote by general proxy, but may vote by limited proxies substantially conforming to a limited proxy form adopted by the Division of Florida Sales, Condominiums and Mobile Homes. Limited proxies and general proxies may be used to establish a quorum. Limited proxies shall be used for votes taken to waive or reduce reserves in accordance with Section 719.106(j)2., Florida Statutes; for votes to amend the Articles of Incorporation or By-laws; and for any other matter for which Chapter 719, Florida Statutes requires or permits a vote of unit owners. No proxy, limited or general, shall be used in the election of board members. General proxies may be used for other matters for which limited proxies are not required, and may be used in voting for nonsubstantive changes to items for which a limited proxy is required and given. Notwithstanding the provisions of this section, unit owners may vote in person at unit owner meetings.

Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the unit owner executing it.

The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the shareholder who executed the proxy, unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the Corporation officer responsible for maintaining the list of shareholders.

Section 11. Action by Shareholders Without a Meeting. Any action required by law, these By-laws or the Articles of Incorporation of this Corporation to be taken at any annual or special meeting of shareholders of the Corporation, or any action which may be taken at any annual or special meeting of such shareholders, may be taken without a meeting, without prior notice and without a vote, if consent in writing, setting forth the action so taken, shall be signed by the holders of

outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action.

Section 12. Shareholder participation. Shareholders shall have the right to participate in meeting of shareholders with reference to all designated agenda items. However, the Corporation may adopt reasonable rules governing the frequency, duration, and the manner of shareholders participation. Any shareholder may tape record or videotape meetings of the shareholders subject to reasonable rules adopted by the division.

ARTICLE VIII: BOOKS AND RECORDS

This Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders, directors and committees of directors upon the terms and conditions provided by law, and shall be available for inspection by shareholders, or their authorized representatives, and board members at reasonable time. The Corporation shall retain these minutes and records for a period of not less than seven (7) years. 723.078(2)(e), Florida Statutes.

Fidelity bonds. - The Corporation shall obtain and maintain adequate provision for the fidelity bonding of all persons who control or disburse funds of the Corporation in the principal sum of not less than \$50,000 for each such person. The corporation shall bear the cost of bonding. However, in the case of a person providing management services to the Corporation and required to be licensed pursuant to Florida Statute 468.432, the cost of bonding may be reimbursed by the Corporation; all such persons providing management services to the Corporation shall provide the Corporation with a certificate of insurance evidencing compliance with this paragraph. Reference: 719.106(1)(k), Florida Statutes.

ARTICLE IX: FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January in each year.

ARTICLE X: CORPORATE SEAL

The directors shall provide a corporate seal which shall be circular in form

and shall have inscribed thereon the name of the corporation, state of incorporation, the year of incorporation and the words "corporate seal."

ARTICLE XI: RULES AND REGULATIONS

Rules and Regulations, as established by the Board of Directors and approved by the shareholders, are hereby made a part of these By-laws, and shall bind all shareholders and tenants until such time as they are amended. New rules and regulations may be approved by the vote of a majority of those present and entitled to vote at any meeting at which there is a quorum.

ARTICLE XII: AMENDMENT

These By-laws may be repealed or amended, and new By-laws adopted by a two-thirds (2/3) vote of the shareholders at an annual meeting or a special meeting called for that purpose. Text of the proposed change shall be posted at the clubhouse and/or the office door of the Corporation at least four (4) weeks prior to the called meeting. No By-laws shall be revised or amended by reference to the title or the number alone.

Proposals to amend existing By-laws shall contain the full text of the By-laws to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through. However, if the proposed change is so extensive that the above procedure would hinder understanding of the proposal, it is not necessary to use the above procedure. Instead, the following notation must appear immediately preceding the proposed: "Substantial rewording of By-law. See By-law for present text." Reference: 719.106(1)(h), Florida Statutes.

These By-laws shall be deemed amended to contain all mandatory provisions required by 719.106, Florida Statutes, as the same may be amended by the legislature from time to time.

ARTICLE XIII: ANNUAL BUDGET

A proposed annual budget of common expenses shall be prepared by the Board of Directors and copies sent to the unit owners at least thirty (30) days prior to the meeting at which the budget will be considered. The meeting shall be open to all unit owners.

The budget shall show the amounts budgeted by accounts and expense classifications, including but not limited to reserve accounts for capital expenditures, deferred maintenance, roof replacement, building painting, pavement resurfacing, administration of the cooperative, management fees, maintenance, taxes, insurance, security provisions, other expenses, operating capital, fees payable to the Division.

(a) The proposed annual budget of common expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications, including, if applicable, but not limited to those expenses listed in Section 719,504(20).

(b) In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but not be limited to, roof replacement, building painting, and pavement resurfacing regardless of the amount of deferred maintenance expense or replacement costs, and for any other items for which the deferred maintenance expense or replacement cost exceeds \$10,000. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost or deferred maintenance expense of each reserve item. The Association may adjust replacement reserve assessments annually to take into account any extension of the useful life of a reserve item caused by deferred maintenance. The foregoing shall not apply to any budget in which the members of the Association have, by vote of the majority of members present at a duly called meeting of the Association, determined for a fiscal year to provide no reserves or reserves less adequate than required by this subsection. If a meeting of the unit owners has been called to determine to provide no reserves or reserves less than adequate than required, and such result is not attained or a quorum is not attained, the reserves as included in the budget shall go into effect.

(c) Reserve funds and any interest accruing thereon shall remain in the reserve account for authorized reserve expenditures, unless their use for other purposes is approved in advance by a vote of the majority of the voting interests present at a duly called meeting of the Association.

The budget shall be adopted at a meeting of the Directors of the Corporation. The Board of Directors may, in any event, propose a budget to the unit owners at a meeting of members or by writing, and if the budget or proposed budget is approved by the unit owners at the meeting or by a majority of all shareholders in writing, the budget shall be adopted. If a meeting of the unit owners has been called and a quorum is not attained or a substitute budget is not adopted by the unit owners, the

budget adopted by the Board of Directors shall go into effect as scheduled. Reference: 719.106(1)(e)(3), Florida Statutes.

If the budget adopted by the Board requires assessment against the unit owners in any fiscal or calendar year exceeding 115 percent (115%) of such assessments for the preceding year, the board upon written application of ten (10%) percent of the voting interests to the Board, shall call a special meeting of the unit owners within thirty (30) days, upon not less than ten (10) days' written notice to each unit owner. At the special meeting, unit owners shall consider and enact a budget. The adoption of the budget shall require a vote of not less than a majority of all voting interests. Section 719.106(1)(e)(2).

In determining whether assessments exceed one-hundred-fifteen (115%) percent of similar assessments for prior years, any authorized provisions for reasonable reserves for repair or replacement of cooperative property, anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis, or assessments for betterments to the cooperative property shall be excluded from computation. However, as long as the developer is in control of the board of administration, the Board shall not impose an assessment for any year greater than one-hundred-fifteen (115%) percent of the prior fiscal or calendar year's assessment without approval of a majority of all shareholders. Reference: Section 719.106(1)(e)(4).

The Board shall mail or furnish by personal delivery to each shareholder (unit owner) a complete financial report of actual receipts and expenditures for the previous twelve (12) months by April 30 following the end of any fiscal year. The report shall show the amount of receipts by accounts and receipt classifications and shall show the amount of expenses by accounts and expense classifications including, if applicable, but not limited to: costs of security, professional and management fees and expenses, taxes, costs for recreational facilities, expenses for refuse collection and utility services, expenses for lawn care, costs for building maintenance and repair, insurance costs, administrative and salary expenses, general reserves, maintenance reserves, and depreciation reserves.

ARTICLE XIV: COSTS AND ASSESSMENTS

Section 1. Costs. All costs of operating, debt retirement, interests, other expenses and a reserve fund shall be shared according to the Schedule of Common Assessments established by the Board of Directors. The Schedule of Common Assessments shall not be changed except by the written consent of those shareholders affected.

Section 2. Assessments. All assessments shall be made monthly in amounts sufficient to provide funds in advance for payment of all anticipated current operating expense and for all unpaid operating expense previously incurred and collected monthly and shall specify what portion is to cover debt retirement and what portion is to cover maintenance and other costs. Reference: Section 719.106(1)(g), Florida Statutes.

Section 3. Contingency Fund. Sufficient funds shall be retained from the monthly payments to set up and maintain a contingency fund, to be used for other than daily expenses. Reserve funds and any interest accruing thereon shall remain in the reserve account for authorized reserve expenditures, unless their use for other purposes is approved in advance by a vote of the majority of the voting interests present at a duly called meeting of the Association. Reference: Section 719.106(1)(j)3, Florida Statutes.

Section 4. Late Fees. The Board may establish and enforce the payment of late fees for assessments not paid within five (5) calendar days from their due date.

Section 5. The Board of Directors shall enforce the payment of assessments, fees properly imposed by the Board, and interest that has accrued on such unpaid assessments and fees by any method provided by law, including but not limited to the filing of a claim of a lien, foreclosure of the owner's interest in the Association, and a civil suit for damages. The choice of any remedy by the Board does not constitute an election or the waiver of any remedy. Any lien established by the Corporation shall also secure reasonable attorney's fees incurred by the Corporation incident to the collection of the rents and assessments for enforcement of such liens. In any foreclosure, the unit owner shall pay a reasonable rent for the cooperative parcel.

If any assessment is not paid within thirty (30) days after the delinquency date, which shall be set by the Board of Directors, the assessment shall bear interest from the date due at the rate of ten (10%) per cent per annum, and the association may at any time thereafter bring an action to foreclose the lien against the shareholder in a like manner as a foreclosure of a mortgage on real property, or a suit on the personal obligation against the owner, and there shall be added to the amount of such assessment the cost of preparing and filing the complaint in such action including reasonable attorney's fee, and in the event that a judgment is obtained, such judgment shall include interest on the assessment as provided and a reasonable attorney's fee to be fixed by the court, together with costs of the action.

Section 6. Subordination to lien of mortgages. The lien of the assessments for

which provision is herein made, as well as in any other article of these By-laws, shall be subordinate to the lien of any first mortgage to a federal or state chartered bank, mortgage company, life insurance company, federal or state savings and loan association or real estate investment trust which is perfected by law prior to the enforcement of a claim of a lien for any such unpaid assessments by the Corporation. Such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such unit by deed in lieu of foreclosure of such unit or pursuant to a decree of foreclosure, and in any other proceeding in lieu of foreclosure of such mortgage, provided however, any such unit shall be liable, following such sale, for a pro rata share of any unpaid assessments against such unit accruing prior to such sale, in common with all other shareholders. No sale or transfer shall relieve any shareholder from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment. The written opinion of the corporation that the lien is subordinate to a mortgage shall be dispositive of any question of subordination.

ARTICLE XV: ARBITRATION

There shall be a provision for mandatory non-binding arbitration of internal disputes arising from the operation of the cooperative in accordance with Section 719.1255, Florida Statutes, Consult Division regulations, as the same may be amended from time to time.

Subsection 719.106 (1)(a)2. Requires the Board to respond to a unit owner's complaint in writing within thirty (30) days of the receipt of the complaint. If the Board requests advice from the Division, the Board shall, within ten (10) days of the receipt of the advice, provide in writing a substantive response to the complaint. If a legal opinion is requested, the Board shall within sixty (60) days after the receipt of the complaint, provide in writing a substantive response to the complaint. The failure to provide a substantive response to the complaint as provided herein precludes the Board from recovering attorneys' fees and costs in any subsequent litigation, administrative proceeding, or arbitration arising out of the complaint.
