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NOTE: SUBSTANTIAL AMENDMENT OF ENTIRE BYLAWS. FOR PRESENT TEXT SEE EXISTING BYLAWS.

**SECOND AMENDED AND RESTATED BYLAWS
OF
BORDEAUX CLUB, INC.**

1. GENERAL. These are the Second Amended and Restated Bylaws of Bordeaux Club, Inc., hereinafter the "Association", a Florida corporation not for profit, organized for the purpose of operating a residential condominium pursuant to the Florida Condominium Act. All prior Bylaws and amendments to them are hereby revoked and superseded in their entirety.

1.1 Principal Office. The principal office of the Association is at 2900 Gulf Shore Boulevard North, Naples, Florida 34103.

1.2 Seal. The seal of the Association shall be inscribed with the name of the Association, the year of its organization, and the words "Florida" and "corporation not for profit." The seal may be used by causing it, or a facsimile of it, to be impressed, affixed, reproduced or otherwise placed upon any document where a seal may be required.

1.3 Definitions. The definitions set forth in the Second Amended and Restated Declaration of Condominium shall also apply to words and phrases used in these Second Amended and Restated Bylaws.

2. MEMBERS. The members of the Association are the record owners of legal title to the units. In the case of a unit subject to an agreement for deed, the purchaser in possession shall be deemed the owner of the unit solely for purposes of determining use rights.

2.1 Change of Membership. A change of membership is effective after all of the following events have occurred.

- (A) Designation, if required, of a primary occupant.
- (B) Approval by the Board of Directors as provided for in the Declaration of Condominium.
- (C) Recording in the Public Records of a Deed or other instrument evidencing legal title to the unit in the member.
- (D) Delivery to the Association of a copy of the recorded deed or other instrument evidencing title.

2.2 Voting Interests. The members of the Association are entitled to one (1) vote for each unit owned by them. The total number of possible votes (the voting interests) is equal to the total number of units. The vote of a unit is not divisible. The right to vote may not be denied because of delinquent assessments. If a unit is owned by one natural person, the right to vote shall be established by the record title to the unit. If a unit is owned jointly by two or more natural persons, that unit's vote may be cast by any record owner. If two or more owners of a unit do not agree among themselves how their one vote shall be cast on any issue, that vote shall not be counted for any purpose. If the owner of a unit is not a natural person, the vote of that unit shall be cast by the unit's primary occupant, designated as set forth in the Declaration of Condominium.

2.3 Approval or Disapproval of Matters. If the decision or approval of a unit owner is required upon any matter, whether the subject of an Association meeting or not, the decision or other response may be made or expressed by any person authorized to cast the vote of the unit at an Association meeting, as stated in Section 2.2 above, unless the consent or joinder of all record owners is specifically required.

2.4 Termination of Membership. Termination of membership in the Association does not relieve or release any former member from any liability or obligation incurred under or in any way connected with the Condominium during the period of his membership, nor does it impair any rights or remedies the Association may have against any former owner or member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto.

3. MEMBERS' MEETINGS; VOTING.

3.1 Annual Meeting. The annual meeting of the members shall be held in Collier County, Florida, each year during the first calendar quarter of the year, at a day, place and time designated by the Board of Directors, for the purpose of transacting any business duly authorized to be transacted by the members. At the time of the annual meeting, ballots cast in the annual election of Directors, if balloting is necessary, shall be counted and results announced.

3.2 Special Meetings. Special meetings of the members are held whenever called by the President or by a majority of the Directors, and may also be called by members having at least ten percent (10%) of the voting interests. The business at a special meeting is limited to items specified in the notice of meeting.

3.3 Notice of Meetings. Notice of all members' meetings shall state the time, date, and place of the meeting and include an agenda for the meeting. The notice shall be mailed to each member at the most recent address which appears on the books of the Association, may be electronically transmitted to the e-address given to the Association by the member, or may be furnished by personal delivery. The unit owner bears the responsibility for notifying the Association of any change of address. The notice and agenda shall be electronically transmitted, mailed or delivered at least fourteen (14) days before the meeting. An affidavit of the officer or other person making such mailing, delivery, or transmission shall be retained in the Association records as proof. Notice of a meeting to vote on the proposed recall of a Director may not be given by the electronic transmission. Notice of any meeting may be waived in writing by any person entitled to receive such notice.

3.4 Notice of Annual Meeting; Special Requirements. Notice of the annual meeting, together with a detailed agenda, shall be posted in a conspicuous place on the condominium property for at least fourteen (14) continuous days prior to the annual meeting. The notice and agenda of the annual meeting shall also be sent electronically or sent by first class mail to each owner at least fourteen (14) days before

the meeting, and an affidavit of the officer or other person making such mailing or transmission shall be retained in the Association records as proof of mailing. Notice of the annual meeting may be delivered in person to any unit owner, instead of by mail or electronic transmission, if a written waiver of mailing is obtained.

3.5 Quorum. A quorum at members' meeting is attained by the presence, either in person or by proxy, of persons entitled to cast at least a majority of the votes of the entire membership. Once a quorum has been attained, the subsequent withdrawal of some members from a meeting does not negate the fact that a quorum was attained, and does not require that the meeting be adjourned.

3.6 Vote Required. The acts approved by a majority of the votes cast at a duly called meeting of the members at which a quorum has been attained shall be binding upon all members for all purposes, except where a greater or different number of votes is expressly required by law or by any provision of the condominium documents.

3.7 Proxy Voting. To the extent lawful, a person entitled to attend and vote at a members meeting is also entitled to establish a presence and vote by proxy. Proxies may not be used to elect Directors.

(A) Limited Proxies. Only limited proxies may be used to vote by proxy on substantive issues such as whether to waive the funding of reserves or financial statement requirements, or whether to approve proposed amendments to the Condominium Documents, and for voting on all other substantive matters on which a vote of the members is required or permitted by law.

(B) General Proxies. General proxies may be used only to establish a quorum, for votes on procedural questions, and for voting on non-substantive amendments to proposals for which a limited proxy is being used.

A proxy is valid only for the specific meeting for which originally given, and any lawful reconvening of that meeting, and in no event for longer than ninety (90) days after the date of the meeting for which it was originally given. A proxy is always revocable at the pleasure of the person who signed it. To be valid, a proxy must be in writing and bear the dated signature of a person authorized to cast the unit's vote under Section 2.2 above. It must also specify the date, time and place of the meeting for which it is given. The original signed proxy (or a legal substitute for the original) must be filed with the Association at or before the time of the meeting (or reconvening of the meeting after an adjournment). Holders of proxies need not be Association members. A proxy that names more than one (1) natural person as proxyholder is invalid, but the proxyholder may, if the proxy expressly so provides, substitute another person to act as proxyholder.

3.8 Adjourned Meetings. Any duly called meeting of the members may be adjourned to be reconvened at a specific later time by vote of the majority of the voting interests present, regardless of whether a quorum has been attained. Any business which might have been conducted at the meeting as originally scheduled may instead be conducted at the continuance.

3.9 Order of Business. The order of business at members' meetings shall be substantially as follows:

- (A) Counting of ballots in annual election (if necessary)
- (B) Call of the roll or determination of whether quorum exists
- (C) Reading or disposal of minutes of last members meeting
- (D) Reports of Officers

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- (E) Reports of Committees
- (F) Unfinished Business
- (G) New Business
- (H) Adjournment

3.10 Minutes. Minutes of all meetings of the members, and of the Board of Directors, shall be kept in a businesslike manner, available for inspection by members or their authorized representatives at all reasonable times, and for at least seven (7) years after the meeting. Minutes must be reduced to written form within thirty (30) days after the meeting at which they were taken.

3.11 Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the law, with the Declaration, or with these Bylaws. The presiding officer may appoint a Parliamentarian for assistance on questions of parliamentary procedure, but the presiding officer's decision shall be final. Any question or point of order not raised at the meeting to which it relates shall be deemed waived.

3.12 Action by Members Without Meeting. Except the holding of the annual meeting and annual election of Directors, any action required or permitted to be taken at a meeting of the members may be taken by mail without a meeting if written consents or other instruments expressing approval of the action proposed to be taken are signed and returned by members having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all of the voting interests were present and voting. If the requisite number of written consents are received by the Secretary within sixty (60) days after the earliest date which appears on any of the consent forms received, the proposed action so authorized shall be of full force and effect as if the action had been approved by vote of the members at a meeting of the members held on the sixtieth (60th) day. Within ten (10) days thereafter, the Board shall send written notice of the action taken to all members who have not consented in writing. Nothing in this paragraph affects the rights of members to call a special meeting of the membership, as provided for by Section 3.2 above, or by law. If the vote is taken by the method described in this Section 3.12, the list of unit owners on record with the Secretary at the time of mailing the voting material shall be the list of qualified voters.

3.13 Special Notice Requirements: Electronic Transmission. Notice of unit owner meetings, and other written communications, except meetings for the purpose of recalling Directors, may be given by electronic transmission such as fax and e-mail.

3.14 Electronic Voting. The Association may conduct elections and other unit owner votes through an internet-based online voting system with unit owner consent and compliance with the provisions of Section 718.128, Florida Statutes.

4. BOARD OF DIRECTORS. The administration of the affairs of the Association shall be by a Board of Directors. All powers and duties granted to the Association by law, as modified and explained in the condominium documents, shall be exercised by the Board, subject to approval or consent of the unit owners only when such is specifically required.

4.1 Number and Terms of Office. The number of Directors which shall constitute the whole Board of Directors shall be seven (7). In order to provide for continuity of experience, a system of staggered terms has previously been established by the Association with three (3) Directors elected in odd years and four (4) elected in even years. Directors shall be elected for two (2) year terms. A Director's term ends at

the annual election at which his successor is to be duly elected. Directors shall be elected by the members as described in Section 4.3 below, or in the case of a vacancy between annual elections, as provided in Section 4.4 below.

4.2 Qualifications. Each Director must be a unit owner or the primary occupant of a unit, or the spouse of the owner or primary occupant. A person who has been suspended or removed by the Division of Florida Condominiums, Timeshares, and Mobile Homes, or who is delinquent in the payment of any monetary obligation due to the Association is not eligible to be a candidate for Board membership and may not be listed on the ballot. A person who has been convicted of any felony in this state or in a United States District Court or Territorial Court, or who has been convicted of any offense in another jurisdiction which would be considered a felony if committed in this state, is not eligible for Board membership unless such felon's civil rights have been restored for at least five (5) years as of the date such person seeks election to the Board. The validity of an action by the Board is not affected if it is later determined that a Board member is ineligible for Board membership due to having been convicted of a felony.

4.3 Elections. In each annual election the members shall elect by written secret ballot as many Directors as there are regular terms of Directors expiring, unless the balloting is dispensed with as provided for by law.

(A) First Notice; Candidates. Not less than sixty (60) days before the election, the Association shall mail or deliver, to each unit owner entitled to vote, a first notice of the date of the election. The first notice may be given by separate Association mailing or included in another Association mailing or delivery, including regularly published newsletters. It shall advise that any unit owner or other eligible person may qualify as a candidate for the office of Director by giving written notice to the Association of desire to be a candidate not less than forty (40) days before the annual election.

(B) Second Notice; Candidate Information Sheets. If there are more candidates than there are Directors to be elected balloting is required, and at least fourteen (14) days and no more than thirty-four (34) days before the election, the Association shall mail or deliver a second notice of election to all unit owners entitled to vote in the contested election, together with a ballot which shall list all qualified candidates in alphabetical order, by surname. This notice may also include the notice of the annual meeting required by Section 3.3 above. Upon timely request of a candidate, the Association shall include a "candidate information sheet" (no larger than 8-1/2 inches by 11 inches, furnished by the candidate) with the mailing of the ballot, with the costs of mailing and copying to be borne by the Association. The candidate information sheet must be received by the Association not less than thirty-five (35) days prior to the election.

(C) Balloting. Where balloting is required, Directors shall be elected by a plurality of the votes cast, provided that at least twenty percent (20%) of the eligible voters cast ballots. Proxies may not be used in the election. In the election of Directors, there shall be appurtenant to each unit as many votes for Directors as there are Directors to be elected, but no unit may cast more than one vote for any candidate, it being intended that voting for Directors shall be non-cumulative. Tie votes may be broken by agreement among the candidates who are tied, or if there is no agreement, by lot or by any other method required or permitted by law.

(D) Electronic Voting. The Association may conduct the election through an internet-based online voting system if a written consent is received from the unit owner and the provisions of Section 718.128, Florida Statutes, are followed.

4.4 Resignation; Vacancies on the Board. Any Director may resign at any time by giving written notice to the Association, and unless otherwise specified therein, the resignation shall become effective upon receipt. If the office of any Director becomes vacant for any reason, a successor to fill the remaining unexpired term shall be appointed or elected as follows:

(A) If a vacancy is caused by the death, disqualification or resignation of a Director, a majority of the remaining Directors, though less than a quorum, shall appoint a successor, who shall hold office for the remaining unexpired term.

(B) If a vacancy results from a recall, and less than a majority of the Directors are removed, the vacancy may be filled by appointment by a majority of the remaining Directors, though less than a quorum. If vacancies result from a recall in which a majority or more of the Directors are removed, the vacancies shall be filled as provided by law.

4.5 Recall of Directors. Any or all Directors may be recalled, with or without cause, by a majority vote of the entire membership, either by a written petition or at a meeting called for that purpose. If a meeting is held or a petition is filed for the removal of more than one Director, the question shall be determined separately as to each Director sought to be recalled. If a special meeting is called by ten percent (10%) of the voting interests for the purpose of recall, the notice of the meeting must be accompanied by a dated copy of the signature list, stating the purpose of the signatures. The meeting must be held not less than fourteen (14) days nor more than sixty (60) days after the date of notice of the meeting.

4.6 Organizational Meeting. The organizational meeting of a new Board of Directors shall be held within ten (10) days after the election of new Directors, at such place and time as may be fixed and announced by the Directors at the meeting in conjunction with which they were elected.

4.7 Other Meetings. Meetings of the Board may be held at such time and place in Collier County, Florida, as shall be determined from time to time by the President or by a majority of the Directors. Notice of meetings shall be given to each Director, personally or by mail, email or telephone at least two (2) days before the day of the meeting. Any Director may waive notice of a meeting before or after the meeting. If all Directors are present at a meeting no notice to Directors shall be required.

4.8 Notice to Owners of Board Meetings. Notices of all Board meetings, together with an agenda of the business to be conducted, shall be posted conspicuously on the condominium property at least forty-eight (48) continuous hours in advance, except in an emergency and for Board meetings involving special assessments or changes to rules on unit use or where the Board will establish the deductible feature of the Association's insurance policies. All meetings of the Board of Directors must be open to attendance by all unit owners. The right of owners to attend Board meetings includes the right to speak on all designated agenda items, subject to reasonable rules adopted by the Board of Directors governing the manner, duration and frequency of doing so.

(A) Assessments to be Considered. Notice of any Board meeting at which assessments will be considered must be posted in a conspicuous place on the condominium property and also mailed, delivered or electronically transmitted to the owners of each unit at least fourteen (14) days before the meeting, except in an emergency, and an affidavit of mailing must be retained as proof of mailing.

(B) Budget Meetings. Notice of any Board meeting held to formally adopt a budget, or to amend a previously adopted budget, must be mailed, delivered or electronically transmitted to the

unit owners as further provided in Section 6.2 below. An affidavit of mailing must be retained as proof of mailing

(C) Emergency Meetings. Any item of business not included in the meeting notice may be taken up on an emergency basis by at least a majority plus one of the Directors present. Such emergency action must then be taken up and ratified at the next non-emergency meeting of the board.

(D) Meetings with Association Legal Counsel. Meetings between either the Board, or a committee, and Association legal counsel, regarding proposed, threatened, impending or ongoing litigation, to the extent the meeting is held for the purpose of seeking or rendering legal advice regarding that litigation, may be held without notice to unit owners and may be closed.

(E) Personnel Meetings. Meetings held for the purpose of discussing personnel matters are closed to members.

(F) Rule Changes. Notice of any Board meeting at which a rule restricting the use of units is to be considered must be mailed, delivered or electronically transmitted to each owner at least fourteen (14) days before the meeting, and an affidavit of mailing shall be retained as proof of mailing.

(G) Insurance Deductibles. Any Board meeting at which the Board will establish the deductible feature of the Association's insurance policies shall require fourteen (14) days' notice to be mailed, delivered, or electronically transmitted to the owners. An affidavit of mailing must be retained as proof of mailing

4.9 Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting, and such waiver is deemed equivalent to the giving of notice. If all Directors are present at a meeting, no notice to Directors shall be required.

4.10 Quorum of Directors. A quorum at a Board meeting exists only when at least a majority of all Directors are present in person at a duly called meeting. Directors may participate in any meeting of the Board, by a conference telephone call or similar communicative arrangement whereby all persons present can hear and speak to all other persons. Participation in a meeting by such means is equivalent to presence in person. Directors may not vote or participate in Board meetings by proxy or by secret ballot, except that officers may be elected by secret ballot.

4.11 Vote Required for Action. The acts approved by a majority of those Directors present and voting at a meeting at which a quorum exists constitute the acts of the Board of Directors, except when approval by a greater number of Directors is required by the condominium documents or by law. A Director who is present at a meeting of the Board is deemed to have voted with the majority of all actions taken, unless he voted against the majority, or abstained from voting because of an asserted conflict of interest. The vote or abstention of each Director present on each issue voted upon shall be recorded in the minutes.

4.12 Adjourned Meetings. A majority of the Directors present at any meeting of the Board, regardless of whether a quorum exists, may adjourn the meeting to be reconvened at a specific time and date. At any reconvened meeting, provided a quorum is present, any business may be transacted that might have been transacted at the meeting originally as called.

4.13 The Presiding Officer. The President of the Association, or in his absence, the Vice-President, is the presiding officer at all meetings of the Board. If neither officer is present, the presiding officer shall be selected by majority vote of the Directors present.

4.14 Compensation of Directors and Officers. Neither Directors nor officers shall receive compensation for their services as such. Directors and officers may be reimbursed for all actual and proper out-of-pocket expenses related to the proper discharge of their respective duties.

4.15 Committees. The Board of Directors may appoint from time to time such standing or temporary committees as it deems necessary or convenient for the efficient and effective operation of the Condominium. A committee has only such powers and duties as are assigned to it in the Board resolution creating the committee. Meetings of a committee for the purpose of taking final action on behalf of the Board, or to make recommendations to the Board regarding a budget, must be noticed and conducted with the same formalities as are required for Board meetings in Section 718.112(2)(c), Florida Statutes. Meetings of committees that do not take final action on behalf of the Board, or make recommendations to the Board, regarding a budget are exempt from this requirement. Meetings between a committee and Association legal counsel are exempt to the extent of the attorney-client privilege.

4.16 Emergency Powers. In the event of any "emergency" as defined in Section 4.16(G) below, the Board of Directors may exercise the emergency powers described in this Section:

(A) 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.

(B) The Board may relocate the principal office or designate alternative principal offices or authorize the officers to do so.

(C) During any emergency the Board may hold meetings with notice given only to those Directors with whom it is practicable to communicate, and the notice may be given in any practicable manner, including publication, radio, email or internet such as social media. The Director or Directors in attendance at such a meeting shall constitute a quorum.

(D) Corporate action taken in good faith during what is reasonably believed to be 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.

(E) Any officer, director, or employee of the Association acting with a reasonable belief that his actions are lawful in accordance with these emergency Bylaws shall incur no liability for doing so, except in the case of willful misconduct.

(F) These emergency Bylaws shall supersede any inconsistent or contrary provisions of the Bylaws during the period of the emergency.

(G) For purposes of this Section only, an "emergency" exists only during a period of time that the condominium, or the immediate geographic area in which the condominium is located, is subjected to:

- (1) a state of emergency declared by local civil or law enforcement authorities;

- (2) a hurricane warning;
- (3) a partial or complete evacuation order
- (4) federal or state “disaster area” status; or
- (5) a catastrophic occurrence, whether natural or manmade, which seriously damages or threatens to seriously damage the physical existence of the condominium, such as an earthquake, tidal wave, fire, hurricane, tornado, war, civil unrest, or act of terrorism.

An “emergency” also exists for purposes of this Section during the time when a quorum of the Board cannot readily be assembled because of the occurrence or impending occurrence of a catastrophic event, such as a hurricane, earthquake, act of war or terrorism, or other similar event. A determination by any two (2) Directors, or by the President, that an emergency exists shall have presumptive validity.

5. OFFICERS. The executive officers of the Association shall be a President, and a Vice President, who must be Directors, a Treasurer and a Secretary, all of whom shall be elected annually by a majority vote of the Board of Directors. Any officer may be removed with or without cause at any meeting by vote of a majority of the Directors. Any person except the President may hold two or more offices. The Board may, from time to time, appoint such other officers, and designate their powers and duties, as the Board shall find to be required to manage the affairs of the Association. If the Board so determines, there may be more than one Vice-President. Any officer may resign at any time by giving written notice to the Corporation and unless otherwise specified therein, the resignation shall become effective upon receipt.

5.1 President. The President is the chief executive officer of the Association; shall preside at all meetings of the members and Directors; shall be *ex officio* a member of all standing committees; shall have general and active management of the business of the Association; and shall see that all orders and resolutions of the Board are carried into effect. The President shall execute bonds, mortgages and other contracts requiring the seal of the Association, except where such are permitted by law to be otherwise signed and executed, and the power to execute is delegated by the Board of Directors to some other officer or agent of the Association.

5.2 Vice Presidents. The Vice Presidents, in the order of their seniority shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and they shall perform such other duties as the Board of Directors shall assign.

5.3 Secretary. The Secretary shall attend meetings of the Board of Directors and of the members and cause all votes and the minutes of all proceedings to be recorded in a book or books to be kept for the purpose, and shall perform like duties for standing committees when required. The Secretary shall give, or cause to be given, proper notice of all meetings of the members, and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board or the President. The Secretary shall keep in safe custody the seal of the Association and, when authorized by the Board, affix the same to any instrument requiring it. The Secretary shall be responsible for the proper recording of all duly adopted amendments to the condominium documents. Any of the foregoing duties may be performed by an Assistant Secretary, if one is elected.

5.4 Treasurer. The Treasurer shall be responsible for Association funds and securities, the keeping of full and accurate accounts in books belonging to the Association. The Treasurer is responsible for the deposit of all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. The Treasurer shall oversee the disbursement of Association funds, keeping proper vouchers for such disbursements, and shall render to the President and Directors, at meetings of the Board, or whenever they may require it, a full accounting of all transactions and of the financial condition of the Association. Any of the foregoing duties may be performed by an Assistant Treasurer, if one is elected.

6. FISCAL MATTERS. The provisions for fiscal management of the Association set forth in the Declaration of Condominium shall be supplemented by the following:

6.1 Depository. The Association shall maintain its funds in federally insured accounts in any financial institutions authorized to do business in the State of Florida as the Board may designate. Withdrawal of funds from the accounts shall be only by persons authorized by the Board. All funds collected by the Association shall be maintained separately in the Association's name, except that for investment purposes only, reserve funds may be commingled with operating funds, but must always be accounted for separately and the balance in a commingled account may not, at any time, be less than the amount identified as reserve funds.

6.2 Budget. The Board of Directors shall adopt a budget of common expenses for each fiscal year. A copy of the proposed budget, and a notice stating the time, date and place of the meeting of the Board at which the budget will be adopted, shall be mailed, delivered or electronically transmitted to the owners of each unit not less than fourteen (14) days before that meeting and an affidavit of the Officers or other persons making such mailing shall be retained in the Association records as proof of mailing. The proposed budget must be detailed, and must show the amounts budgeted by income and expense classifications.

6.3 Statutory Reserves for Capital Expenditures and Deferred Maintenance; Other Restricted Reserves. In addition to operating expenses, the proposed annual budget must include provisions for funding reserve accounts for capital expenditures and deferred maintenance, as required by law. The accounts must include funds for roof replacement, building painting, and pavement resurfacing, as well as for any other capital expenditures or deferred maintenance items with a current estimated cost of \$10,000 or more. The amount to be reserved shall be computed by a formula based on current estimated life and replacement cost of each item. These reserves must be funded unless a majority of the voting interests present in person or by proxy vote at a duly called meeting to fund no reserves, or less than adequate reserves, for a fiscal year. The vote to waive or reduce reserves, if any is taken, may be taken only after the proposed budget has been mailed to the unit owners as required in Section 6.2 above. The funds in a reserve account established under this Section 6.3, and all interest earned on the account, shall be used only for the purposes for which the reserve account is established, unless use for another purpose is approved in advance by a majority of the voting interests present, in person or by proxy, at a meeting called for the purpose. Notwithstanding the foregoing, reserves may be used for emergency purposes, as defined in Section 4.16 (G) above, by decision of the Board of Directors and without a vote of the members.

6.4 Other Reserves. In addition to the statutory reserves described in Section 6.3 above, or in place of them if the members so vote, the Board may establish one or more additional accounts for contingencies, insurance deductibles, catastrophe and emergency expenses, repairs, improvements or special projects. These accounts offset cash flow shortages, provide financial stability, and avoid the need

for special assessments on a frequent basis. The amounts proposed to be so reserved shall be included in the proposed annual budget each year. These funds may be spent for any purpose approved by the Board.

6.5 Assessments; Installments. Regular annual assessments based on an adopted budget shall be paid in quarterly installments, in advance, due on the first day of January, April, July and October of each year. Written notice of each quarterly installment shall be sent to the members at least fifteen (15) days prior to the due date, but failure to send (or receive) the notice does not excuse the obligation to pay. If an annual budget has not been adopted at the time the first quarterly installment for a fiscal year is due, it shall be presumed that the amount of such installment is the same as the last quarterly payment, and payments shall be continued at such rate until a budget is adopted and new quarterly installments are calculated, at which time an appropriate adjustment shall be added to or subtracted from each unit's next due quarterly installment.

6.6 Special Assessments. Special assessments may be imposed by the Board of Directors to meet unusual, unexpected, unbudgeted, or non-recurring expenses. Special assessments are due on the day specified in the resolution of the Board approving such assessments. The total of all special assessments coming due in any fiscal year shall not exceed fifteen percent (15%) of the total annual budget for that year, including reserves, unless a majority of the voting interests first consent. The notice of any Board meeting at which a special assessment will be considered shall be given as provided in Section 4.8 above; and the notice to the owners that the assessment has been levied must contain a statement of the purpose(s) of the assessment. The funds collected must be spent for the stated purpose(s) or returned to the members as provided by law.

6.7 Application of Payments and Commingling of Funds. Reserve funds and operating funds shall not be commingled in a single account. The Association may collect operating and reserve assessments as a single payment and shall not be considered to have commingled the funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within thirty (30) calendar days from the date such funds were deposited. All payments on account by a unit owner shall be applied as to interest, delinquencies, costs and attorney's fees, other charges, and regular or special assessments, in such manner and amounts as the Board of Directors may determine, subject to Section 10.6 of the Declaration of Condominium.

6.8 Fidelity Bonds. The President, Secretary and Treasurer, and all other persons who control or disburse funds of the Association are authorized to sign checks, shall be bonded in such amounts as may be required by law or other wise determined by the Board of Directors. The premiums on such bonds is a common expense.

6.9 Financial Statements. Not later than ninety (90) days after the close of each fiscal year, the Association shall cause to be distributed to the owners of each unit complete financial statements for the year, meeting the requirements of Section 718.111(14), Florida Statutes, prepared by an independent certified public accountant. These requirements may be waived for a fiscal year by approval of at least a majority of the voting interests present in person or by proxy at a meeting called for the purpose and held prior to the end of the fiscal year.

6.10 Fiscal Year. The fiscal year for the Association shall begin on the first day of January of each calendar year. The Board of Directors may adopt a different fiscal year in accordance with law and the regulations of the Internal Revenue Service.

7. RULES AND REGULATIONS. The Board of Directors may, from time to time, adopt and amend administrative rules and regulations governing the use, maintenance, management and control of the common elements and the operation of the Association. Copies of such rules and regulations shall be furnished to each unit owner. Any rule or regulation created and imposed by the Board must be reasonably related to the promotion of health, happiness and peace of mind of the unit owners, and uniformly applied and enforced.

8. COMPLIANCE AND DEFAULT; REMEDIES. In addition to the remedies provided in the Declaration of Condominium, the following shall apply:

8.1 Fines. The Board of Directors may levy fines against units whose owners commit violations of the Condominium Act, the provisions of the condominium documents, or the rules and regulations, or who condone such violations by their family members, guests or lessees. Fines shall be in amounts deemed necessary by the Board of Directors to deter future violations, but in no event shall any fine exceed the maximum amount allowed by law, and no fine may be levied against an unoccupied unit. Subsequent to any fine being levied by the Board of Directors, the procedure for imposing fines shall be made by a committee as follows:

(A) Notice. The party against whom the fine is sought to be imposed shall be afforded an opportunity for a hearing before the committee after reasonable notice of not less than fourteen (14) days, and the notice shall include:

- (1) A statement of the date, time and place of the hearing;
- (2) A specific designation of the provisions of the Declaration, Bylaws or rules which are alleged to have been violated;
- (3) A short and plain statement of the specific facts giving rise to the alleged violation(s); and
- (4) The amount of the fine levied by the Board of Directors.

(B) Hearing. At the hearing the party against whom the fine may be levied shall have a reasonable opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved, and to review, challenge, and respond to any evidence or testimony presented by the Association. The hearing shall be conducted before a committee of three (3) unit owners appointed by the Board of Directors, who are not officers, Directors, or employees of the Association, or the spouse, parent, child, brother, or sister of an officer, Director, or employee of the Association. If the committee, by majority vote, does not agree with the fine, it may not be imposed.

8.2 Suspensions. The Board of Directors has the right to suspend certain use rights and voting rights in accordance with the following:

(A) Suspension of Use Rights. If a unit owner is more than ninety (90) days delinquent in paying a fee, fine, or other monetary obligation due to the Association, the Board of Directors may suspend the right of the unit owner or the unit's occupants, guests, tenants or other invitees to use common elements, common facilities, or any other Association property until the fee, fine, or other monetary obligation is paid in full. Suspension does not apply to limited common elements

intended to be used only by that unit, common elements needed to access the unit, utility services provided to that unit, or parking spaces. The notice and hearing requirements do not apply to suspensions imposed for financial delinquencies.

(B) Suspension of Voting Rights. The Board of Directors may suspend the voting rights of a unit or a unit owner due to nonpayment of any fee, fine, or other monetary obligation due to the Association which is more than ninety (90) days delinquent. A voting interest which has been suspended shall be subtracted from the total number of voting interests, which shall be reduced by the number of suspended voting interests when calculating the total percentage or number of all voting interests available to take or approve any action, and the suspended voting interests shall not be considered for any purpose, including but not limited to, the percentage or number of voting interests necessary to constitute a quorum, the percentage or number of voting interests required to conduct an election, or the percentage or number of voting interests required to approve an action under the documents. The suspension ends upon full payment of all obligations currently due or overdue to the Association. The notice and hearing requirements do not apply to suspensions imposed for financial delinquencies.

8.3 Mandatory Non-Binding Arbitration. In the event of a “dispute” as defined in Section 718.1255(1), Florida Statutes, between a unit owner and the Association arising from the operation of the Condominium, the parties must submit the dispute to mandatory non-binding arbitration under the rules of the Division of Condominiums, Timeshares, and Mobile Homes prior to filing any lawsuit over the disputed matters. Nothing herein shall be construed to require arbitration of disputes related to the levy or collection of fees or assessments.

8.4 Availability of Remedies. Each member, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default and abatement of violations regardless of the harshness of the remedy utilized by the Association and regardless of the availability of other legal remedies. It is the intent of all members to give the Association methods and procedures which will enable it to operate on a businesslike basis, to collect those monies due it and to preserve the right of the majority to enjoy the condominium property free from unreasonable disruptions and annoyance.

9. AMENDMENT OF BYLAWS. Amendments to these Bylaws shall be proposed and adopted in the following manner:

9.1 Proposal. Amendments to these Bylaws may be proposed by a majority of the Board, or by written petition to the Board, signed by at least one-fourth (1/4th) of the voting interests.

9.2 Procedure. If an amendment to these Bylaws is so proposed by either the Board or the unit owners, the proposed amendment shall be submitted to a vote of the owners not later than the next annual meeting for which proper notice can still be given.

9.3 Vote Required. Except as otherwise provided by law, or by specific provision of the condominium documents, a proposed amendment to these Bylaws shall be adopted if it is approved at least two-thirds (2/3rds) of the voting interests then present in person or by proxy at any annual or special meeting called for the purpose, provided at least fourteen (14) days notice of the proposed amendment has been given to the members in accordance with law.

9.4 Recording; Effective Date. A copy of each adopted amendment shall be attached to a certificate reciting the facts of its adoption, which certificate shall be executed by officers of the Association with

the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the Public Records of Collier County, Florida. The certificate must identify the book and page of the Public Records where the Declaration of Condominium was originally recorded.

10. MISCELLANEOUS.

10.1 Gender; Number. Whenever the masculine or singular form of a pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine or neuter; singular or plural, as the context requires.

10.2 Severability. Should any portion hereof be void or become unenforceable, the remaining provisions of the instrument shall remain in full force and effect.

10.3 Conflict. If any irreconcilable conflict between these Bylaws and the Declaration of Condominium or Articles of Incorporation should exist or arise, the provisions of the Declaration or Articles of Incorporation shall prevail over the provisions of these Bylaws.

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