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TO BY-LAWS
OF
SOMERSET BAY CONDOMINIUM ASSOCIATION, INC.

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BY-LAWS
OF
SOMERSET BAY CONDOMINIUM ASSOCIATION, INC.

1. IDENTITY

These are the By-laws of the SOMERSET BAY CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, the Articles of Incorporation of which were filed in the office of the Secretary of State on the 2nd day of December, 1999. The SOMERSET BAY CONDOMINIUM ASSOCIATION, INC., hereinafter called the Association, has been organized for the purpose of administering the operation and management of SOMERSET BAY, A CONDOMINIUM, a condominium unit project established or to be established in accordance with the Condominium Act of the State of Florida upon part or all of the following described property situate, lying and being in Indian River County, Florida, to-wit:

SEE EXHIBIT "A"

A. The provisions of these By-Laws are applicable to said condominium, and the terms and provisions hereof are expressly subject to the effect of the terms, provisions, conditions and authorizations contained in Articles of Incorporation and which may be contained in the Declaration of Condominium which will be recorded in the Public Records of Indian River County, Florida, at the time said property and improvements now or hereafter situate thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles of Incorporation and Declaration of Condominium to be controlling wherever the same may be in conflict herewith.

B. All present and future owners, tenants, future tenants, or their employees, or any other person that might use said condominium or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in said Articles of Incorporation and the Declaration of Condominium.

C. The mere acquisition or rental of any of the family units hereinafter referred to as "units" of the project or the mere act of occupancy of any said units will signify that these By-Laws, Charter provisions, and regulations in the Declaration are accepted, ratified and will be complied with.

D. The fiscal year of the Association shall be the calendar year.

E. The seal of the Association shall bear the name of the Association, the word "Florida", the words "a corporation not for profit," and the year "1999"; an impression of which seal is as follows.

(SEAL)

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

A. The qualifications of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be as set forth in Article IV of the Articles of Incorporation of the Association, the provisions of which Article IV of the Articles of Incorporation are incorporated herein by reference.

B. A quorum of membership meetings shall consist of persons entitled to cast a majority of the voting interests of the entire membership of the Association. The joining of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of concurring, but not for the purpose of determining a quorum.

C. The vote of the owners of a condominium unit owned by more than one (1) person or by a corporation, partnership or other entity shall be cast by the person named in the voting certificate signed by all of the owners of the condominium unit filed with the Secretary of the Association, and such voting certificate shall be valid until revoked by a subsequent voting certificate. If such voting certificate is not on file or not produced at the meeting, the vote of such owners shall not be considered in determining the requirements for a quorum, nor for any other purpose.

D. Except as specifically otherwise provided herein, 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 Land 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 Florida Statutes, Section 718.112(2)(f)2.; for votes taken to waive financial statement requirements provided by Section 718.111(14), Florida Statutes; for votes taken to amend the Declaration pursuant to Section 718.110, Florida Statutes; for votes taken to amend the Articles of Incorporation or By-Laws pursuant to Section 718.112, Florida Statutes; and for any other matter for which the Condominium Act requires or permits a vote of the unit owners. No proxy, limited or general, shall be used in the election of Directors of the Board. General proxies may be used for other matters for which limited proxies are not required, and may also be used in voting for nonsubstantive changes to items for which a limited proxy is required and given. Notwithstanding the provisions of this subparagraph, 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 is revocable at any time at the pleasure of the unit owner executing it.

E. Approval or disapproval of a condominium unit owner upon any matters, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner if at an Association meeting.

F. Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these By-Laws, the Declaration of Condominium, or where the same may otherwise be required by law, the affirmative vote of the owners of a majority of the voting interests represented at any duly called membership meeting at which a quorum is present shall be binding upon the members.

G. "Voting interest" means the voting rights distributed to the Association members pursuant to Section 718.104(4)(i), Florida Statutes.

3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

A. The annual membership meeting shall be held at the office of the Association during the month of March of each year for the purpose of electing directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the succeeding business day or at such other time and place as the Board of Administration shall select. The exact date and time shall be determined each by the Board of Administration.

B. Special membership meetings shall be held whenever called by the President or by a majority of the Board of Administration, and must be called by officers upon receipt of a written request from members of the Association owning a majority of the voting interests of the membership. The notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5) of the votes present, either in person or by proxy. See paragraphs 6.F and 4.A of these By-Laws for special meeting requirements and procedures for budget meetings and recall of board members.

Where a unit is owned by more than one person, the Association shall provide notice, for meetings and all other purposes, to that one address which the Developer initially identifies for that purpose and thereafter as one or more of the owners of the unit shall so advise the Association

in writing, or if no address is given or the owners of the unit do not agree, to the address provided on the deed of record. An officer of the Association, or the manager or other person providing notice of the Association meeting, shall provide an Affidavit or United States Postal Service certificate of mailing, to be included in the official records of the Association affirming that the notice was mailed or hand delivered, in accordance with this provision, to each unit owner at the address last furnished to the Association.

C. Notice of all membership meetings, regular or special, shall be given by the President, Secretary or Treasurer of the Association, or other officer of the Association in the absence of said officers. Written notice, which notice shall incorporate an identification of agenda items, shall be given to each unit owner at least fourteen (14) days prior to the annual meeting and shall be posted in a conspicuous place on the condominium property at least fourteen (14) continuous days preceding the annual meeting. Upon notice to the unit owners, the board shall by duly adopted rule designate a specific location on the condominium property upon which all notices of unit owner meetings shall be posted. Unless a unit owner waives in writing the right to receive notice of the annual meeting by mail, the notice of the annual meeting shall be sent by mail to each unit owner. An officer of the Association shall provide an affidavit, to be included in the official records of the Association, affirming that notices of the Association meeting were mailed or hand-delivered in accordance with this provision, to each unit owner at the address last furnished to the Association. Any approval by unit owners called for by the Florida Condominium Act, or the applicable declaration or by-laws, including, but not limited to, the approval requirement in Section 718.111(8), Florida Statutes, shall be made at a duly noticed meeting of unit owners and shall be subject to all requirements of this chapter or the applicable condominium documents relating to unit owner decision-making except that unit owners may take action by written agreement, without meetings, on matters for which action by written agreement without meetings is expressly allowed as set forth below in these By-Laws or any Florida Statute which provides for the unit owner action. Unit owners may waive notice of specific meetings as set forth below in these By-Laws, or any Florida Statute.

The Directors of 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 unless otherwise provided in the Condominium Act. Not less than sixty (60) days before a scheduled election, the Association shall mail or deliver, whether by separate Association mailing or included in another Association mailing or delivery including 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 must give written notice to Association not less than forty (40) days before a scheduled election. Together with the written notice and agenda as set forth in the paragraph above, the Association shall then mail or deliver a second notice of the 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 8½ inches by 11 inches which must be furnished by the candidate, not less than thirty-five (35) days before the election, to be included with the mailing of the ballot, with the costs of mailing and copying to be borne by the Association. However, the Association has no liability for the contents of the information sheets prepared by the candidates. In order to reduce costs, the Association may print or duplicate the information sheets on both sides of the paper. The division shall by rule establish voting procedures consistent with the provisions contained herein, including rules providing for the secrecy of ballots. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement; however, at least twenty (20%) percent of the eligible voters must cast a ballot in order to have a valid election of directors 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 reasons stated in Section 101.051, Florida Statutes, may obtain assistance in casting the ballot. Any unit owner violating this provision may be fined by the Association in accordance with Section 718.303, Florida Statutes. The regular election shall occur on the date of the annual meeting. Notwithstanding the provisions of this subparagraph, an election and balloting are not required unless more candidates file notices of intent to run or are nominated than vacancies exist on the Board.

Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the

meeting, shall be deemed equivalent to the giving of such notice to such member. If any membership meeting cannot be organized because the quorum has not attended, or because a greater percentage of the membership to constitute a quorum may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration of Condominium, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present. Adequate notice of all meetings (excluding the annual meeting), including adjourned meetings, shall be posted conspicuously on the condominium property at least forty-eight (48) continuous hours in advance except in an emergency. Unit owners may waive notice of specific meetings and may take action by written agreement without meetings provided there is strict compliance with the percentage of voting interest required to make decisions and to constitute a quorum as provided in the Declaration of Condominium, By-Laws and Articles of Incorporation of this condominium.

D. At membership meetings, the President shall preside, or in his absence, the membership shall elect a chairman.

E. The order of business at annual membership meetings and, as far as practical at any other membership meetings, shall be:

- (1) Calling of the roll and certifying of proxies.
- (2) Proof of notice of meeting or waiver of notice.
- (3) Reading of minutes.
- (4) Reports of officers.
- (5) Reports of committees.
- (6) Appointment of Chairman of Inspectors of Election.
- (7) Election of Directors.
- (8) Unfinished business.
- (9) New business.
- (10) Adjournment.

F. Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Administration.

G. Unit owners shall have the right to participate in meetings of unit owners with reference to all designated agenda items. However, the Association may adopt reasonable rules governing the frequency, duration, and manner of unit owner participation.

H. Any unit owner may tape record or videotape a meeting of the unit owners subject to reasonable rules adopted by the Division of Florida Land Sales, Condominiums and Mobile Homes.

I. Minutes of all meetings of unit owners and Board of Administration shall be kept in a business-like manner and shall be available for inspection by unit owners and Board Members at all reasonable times. The Association shall retain these minutes for a period of not less than seven (7) years.

4. BOARD OF ADMINISTRATION AND OFFICERS

A. The Board of Administration shall consist of a minimum of three (3) directors with the number determined by a vote of majority of a quorum of members at a membership meeting. Each director elected at the first annual meeting of the membership thereafter shall serve for the term of one (1) year or until his successor is duly elected.

Any director of the Board of Administration may be recalled and removed from office with or without cause by a vote or agreement in writing by a majority of the voting interests. A special meeting of the unit owners to recall a director or directors of the Board of Administration may be called by ten (10%) percent of the voting interests giving notice of the meeting as required for a meeting of unit owners, and the notice shall state the purpose of the meeting.

(1) If the recall is approved by a majority of all voting interests by a vote at a meeting, the Board of Administration shall duly notice and hold a board meeting within five

(5) full business days of the adjournment of the unit owner meeting to recall one or more board members. At the meeting, the Board shall either certify the recall, in which case such member or members shall be recalled effective immediately and the recalled director or directors or the Board of Administration shall turn over to the board any and all records and property of the Association in their possession, within five (5) full business days or the Board shall proceed according to (3) below.

(2) 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 of the Florida Rules of Civil Procedure. The Board of Administration 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 a director or directors of the board, in which case such director or directors 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 (3).

(3) If the Board determines not to certify the written agreement to recall a director or directors 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 meeting file with the Division of Land Sales, Condominiums and Mobile Homes, a petition for non-binding arbitration pursuant to the procedures of Section 718.1255, Florida Statutes. For purposes of this Article, the unit owners who voted at the meeting or who executed the agreement in writing shall constitute one party under the petition for arbitration.

(4) 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 any and all records and property of the Association.

The Developer is entitled to elect or appoint at least one (1) director of the Board of Administration of the Association as long as the Developer holds for sale in the ordinary course of business five (5%) percent of the units in the condominium operated by the Association.

B. Election of directors shall be conducted in the following manner:

(1) Each director of the Board of Administration shall be elected by a plurality of the votes cast at the annual meeting of members of the Association as set forth in paragraph 3.C. above.

(2) 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 provision to the contrary contained in paragraph 3.C. above. If vacancies occur on the Board as a result of a recall and a majority or more of the Board is removed, the vacancies shall be filled in accordance with procedural rules to be adopted by the division, which rules need not be consistent with paragraph 3.C. above. 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.

C. The organizational meeting of a newly elected Board of Administration shall be held within ten (10) days of their election, at such time and such place as shall be fixed by the directors at the meeting at which they were elected, and notice of the organizational meeting shall be conspicuously posted on the condominium property at least forty-eight (48) continuous hours in advance.

D. The officers of the Association shall be elected annually by the Board of Administration. Any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Administration, or any special meeting of the Board called for such purposes.

E. Regular meetings of the Board of Administration may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegram at least ten (10) days prior to the day named for such meeting, unless notice is waived. These meetings shall be open to all unit owners and notice of the meeting shall be posted conspicuously on the condominium property forty-eight (48) continuous hours in advance, except in an emergency. Notice of any meeting where 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.

F. Special meetings of the directors may be called by the President, and must be called by the Secretary at the written request of three (3) directors. Not less than three (3) days notice of a meeting shall be given to each director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting. Notice to unit owners shall be given in accordance with subparagraph E above.

G. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director at any meeting of the board shall be a waiver of notice by him of the time and place thereof. If all directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting. Notice to unit owners shall be given in accordance with subparagraph E above.

A director of the Association who is present at a meeting of its board at which action is taken on any corporate matter 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. A vote or abstention for each member present shall be recorded in the minutes. A director who is absent from a board meeting may indicate, in writing, his/her agreement with actions taken at the meeting, but such a writing does not constitute a vote at the meeting, nor may such writing be used to establish a quorum at such meeting.

H. A quorum of a directors' meeting shall consist of the directors entitled to cast a majority of the votes of the entire board. The acts of the board approved by a majority of the votes present at the meeting at which a quorum is present shall constitute the act of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation, these By-Laws or the Declaration of Condominium. If any directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage has not attended, whenever the latter percentage of attendance may be required, the directors who are present may adjourn the meeting from time to time until a quorum or the required percentage attendance, if greater than a quorum, is present. Meetings of Board of Administration and 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. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The Division of Florida Land Sales, Condominiums and Mobile Homes shall adopt reasonable rules governing the tape recording and videotaping of the meeting. The Association may adopt reasonable rules governing the frequency, duration, and manner of unit owner statements. Adequate notice of all meetings, which notice shall specifically incorporate an identification of agenda items, shall be posted specifically incorporate an identification of agenda items, shall be posted conspicuously on the condominium 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 conspicuously on the condominium property not less than fourteen (14) continuous days prior to the meeting. Evidence of compliance with this 14-day notice shall be made by an affidavit executed by the secretary and filed among the official records of the

Association. Upon notice to the unit owners, the Board shall by duly adopted rule designate a specific location on the condominium property upon which all notices of Board meetings shall be posted. 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. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. A member of the board of administration may join by written concurrence in any action taken at a meeting of the board, but such concurrence may not be used for the purpose of creating a quorum.

I. The presiding officer of directors' meetings shall be the President. In the absence of the President, the Vice President shall preside.

J. The directors' fees, if any, shall be determined by the members.

K. The operation of the condominium shall be by the Association. The Board of Administration shall exercise those powers and duties permitted by the common law and statutes, the Articles of Incorporation of the Association, these By-Laws and the Declaration of Condominium. Such powers and duties shall be exercised in accordance with the Articles of Incorporation, these By-Laws and the Declaration of Condominium, and shall include, without limiting the generality of the foregoing, the following:

(1) To make, levy and collect assessments against members and members' units to defray the costs of the condominium, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association. Assessments shall be made against units annually.

(2) The maintenance, repair, replacement, operation and management of the condominium wherever the same is required to be done and accomplished by the Association for the benefit of its members.

(3) The reconstruction of improvements after casualty, and further improvement of the property, real and personal.

(4) To make and amend regulations governing the use of the property, real and personal, and the common elements of the condominium, so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Declaration of Condominium.

(5) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including condominium units in the condominium, as may be necessary or convenient in the operation and management of the condominium, and in accomplishing the purposes set forth in the Declaration of Condominium.

(6) To contract for the maintenance and management of the condominium and to authorize the management agent to assist the Association in carrying out its powers and duties by performing such functions as the collection of assessments, preparation of the records, enforcement of rules, and maintenance of the common elements. The Association shall, however, retain at all times the powers and duties granted them by the Condominium Act, including, but not limited to, the making of assessments, promulgation of rules, and execution of contracts on behalf of the Association.

(7) To enforce by legal means the provisions of the Articles of Incorporation and By-Laws of the Association, the Declaration of Condominium and any regulations hereinafter promulgated governing use of the property in the condominium.

(8) To pay all assessments and taxes which are liens against any part of the condominium other than condominium units and the appurtenances thereto, and to assess the same against the members and their respective condominium units subject to such liens.

(9) To carry insurance for the protection of the members and the Association against casualty and liability.

(a) The Association shall use its best efforts to obtain and maintain adequate insurance to protect the Association property, the common elements, and the Condominium property required to be insured by the Association pursuant to paragraph (b). The Association may also obtain and maintain liability insurance for directors and officers, insurance for the benefit of Association employees, and flood insurance for common elements, Association property, and units. An association or group of associations may self-insure against claims against the Association, the Association property, and the Condominium property required to be insured by an association, upon compliance with Florida Statute Sections 624.460-624.488. A copy of each policy of insurance in effect shall be made available for inspection by unit owners at reasonable times.

(b) All hazard policies issued to protect condominium buildings shall provide that the word "building" wherever used in the policy shall include, but shall not necessarily be limited to, fixtures, installation or additions comprising that part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceiling of the individual units initially installed or replacements thereof, or like kind or quality in accordance with the original plans and specifications or as existed at the time the unit was initially conveyed if the original plans and specifications are not available. However, the word "building" shall not include floor coverings, wall coverings or ceiling coverings. With respect to the coverage provided for by this paragraph, the unit owners shall be considered additional insureds under the policy.

(10) To pay all costs of power, water, sewer and other utility services rendered to the condominium and not billed to the owners of the separate condominium units.

(11) To employ personnel to perform the services required for proper administration of the Association.

(12) To approve leases, subleases or other transfers of a unit other than sales or mortgage of a unit and to charge a fee for such approval. Any such fee may be preset, but in no event shall exceed fifty (\$50.00) dollars. 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.

(13) To insure that internal disputes arising from the operation of the condominium among unit owners, associations, and their agents and assigns shall be submitted to mandatory nonbinding arbitration as provided for in Section 718.1255, Florida Statutes.

(14) To obtain a certificate of compliance from a licensed electrical contractor or electrician which may be accepted by the Board as evidence of compliance of the Condominium units to the applicable Fire and Life Safety Code.

(15) To levy fines as provided in Article XXVI of the Declaration of Condominium. The Association shall provide reasonable notice and opportunity for a hearing before levying a fine against the owner of a unit as follows:

(a) The party against whom the fine is sought to be levied shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days and said notice shall include:

1. A statement of the date, time and place of the hearing;
2. A statement of the provisions of the declaration, association bylaws, or association rules which have allegedly been violated; and

3. A short and plain statement of the matters asserted by the Association.

(b) The party against whom the fine may be levied shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge, and respond to any material considered by the Association.

(c) The hearing must be held before a committee of other unit owners. If the committee does not agree with the fine, the fine may not be levied.

L. The undertakings and contracts authorized by the said first Board of Administration shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by the first Board of Administration duly elected by the membership.

5. OFFICERS

A. The principal officers of the Association shall be a President, a Secretary and a Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board of Administration may deem necessary.

B. The President shall be the chief officer of the Association.

C. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Administration shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon by the Board of Administration.

D. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and service of all notices of the members and Directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep records of the Association, its administration and salaries.

E. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidence of indebtedness. He shall keep the books of the Association in accordance with good accounting practices.

F. The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Administration from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the condominium.

6. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration of Condominium and Articles of Incorporation shall be supplemented by the following provisions:

A. The Association shall maintain accounting records for each condominium it manages in the county where the condominium is located, according to good accounting practices. The records shall be open for inspection by unit owners or their authorized representatives at reasonable times and written summaries of them shall be supplied at least annually to unit owners or their authorized representatives. The records shall include, but are not limited to:

(1) A record of all receipts and expenditures.

(2) An account for each unit designating the name and current address of the unit owner, the amount of each assessment, the date on which the assessments come due, the amount paid upon the account and the balance due.

B. The Board of Administration shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of the Association, including but not limited to the common expense budget, which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance, and operation of common elements and limited common elements, landscaping, street and walkways, office expense, utility services, replacement and operating reserve, casualty insurance, liability insurance, administration and salaries. The Board of Administration shall also establish the proposed assessment against each member as more fully provided in the Declaration of Condominium. Delivery of a copy of any budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget originally adopted if it shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

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 718.504(20), Florida Statutes. 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 cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000.00. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost 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. This paragraph shall not apply to budgets in which the members of the Association have by a majority of the voting interests of the Association 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 paragraph. However, prior to turnover of control of an association by a developer to unit owners other than a developer pursuant to Section 718.301, Florida Statutes, the Developer may vote to waive the reserves for the first two years of the operation of the Association, after which time reserves may only be waived or reduced upon the vote of a majority of nondeveloper voting interests present at a duly called meeting of the Association. If a meeting of the unit owners has been called to determine to provide no reserves or reserves less 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.

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.

C. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by check signed by such person or persons as are authorized by the Directors.

D. A review of the accounts of the Association shall be made annually by an accountant, and a copy of the report shall be furnished to each member not later than May 1 of the year following the year for which the report is made.

E. The Association shall obtain and maintain adequate bonding of all persons who control or disburse funds of the Association in the principal sum of not less than \$50,000.00 for each such person or such lesser amount if permitted by Florida Law in the discretion of the Board of Administration. The Association shall bear the cost of bonding. However, in the case of a person providing management services to the Association and required to be licensed pursuant to Section 468.432, Florida Statutes, the cost of bonding may be reimbursed by the Association; all such persons

providing management services to an Association shall provide the Association with a certificate of insurance evidencing compliance with this paragraph.

F. The Board of Administration shall mail a meeting notice and copies of the proposed annual budget of common expenses to the unit owners not less than fourteen (14) days prior to the meeting at which the budget will be considered. The unit owners shall be given written notice of the time and place at which such meeting of the Board of Administration to consider the budget shall be held, and such meeting shall be open to the unit owners. If a budget is adopted by the Board of Administration which requires assessment against the unit owners in any fiscal or calendar year exceeding one hundred fifteen (115%) percent 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 adopt a budget by a vote of not less than a majority of the voting interests. If the proposed budget exceeds one hundred fifteen (115%) percent of such assessments for the prior year, the Board of Administration may submit the proposed budget to the unit owners at a meeting of members or in writing, and if the proposed budget is approved by a majority of the voting interests in writing, the budget shall be adopted. If the proposed budget does not exceed one hundred fifteen (115%) percent of such assessments for the prior year then the board shall adopt the budget without the approval of the membership. 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 Administration shall go into effect as scheduled. In determining whether assessments exceed one hundred fifteen (115%) percent of similar assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the condominium property, anticipated expenses by the condominium Association which are not anticipated to be incurred on a regular basis, or assessments for betterment to the condominium property shall be excluded for the computation. Provided, however, that so long as the Developer is in control of the Board of Administration, the board shall not impose an assessment for a year greater than one hundred fifteen (115%) percent of the prior fiscal or calendar year's assessment without approval of a majority of the voting interests.

G. Within sixty (60) days following the end of the fiscal or calendar year, or annually on such date as is otherwise provided in the By-Laws of the Association, the Board of Administration of the Association shall mail or furnish by personal delivery to each unit owner a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall show the amounts of receipt by accounts and receipt classifications, and shall show the amounts of expenses by accounts and expenses classifications, including, if applicable, but not limited to, the following:

- (1) Cost for security.
- (2) Professional and management fees and expenses.
- (3) Taxes.
- (4) Cost for recreation facilities.
- (5) Expenses for refuse collection and utility services.
- (6) Expenses for lawn care.
- (7) Cost for building maintenance and repair.
- (8) Insurance costs.
- (9) Administrative and salary expenses.
- (10) General reserves, maintenance reserves and depreciation reserves.

7. PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the corporate meetings when not in conflict with the Articles of Incorporation and these By-Laws or with the Statutes of the State of Florida.

8. AMENDMENTS TO BY-LAWS

Amendments to these By-Laws may be proposed by the Board of Administration of the Association acting upon vote of majority of the Directors, or by ten (10%) percent of the voting interests of the Association, whether meeting as members or by instrument in writing signed by them.

B. Upon any amendment or amendments to these By-Laws being proposed by said Board of Administration or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special joint meeting of the members of the Board of Administration of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments and it shall be the duty of the Secretary to give each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members is required as herein set forth.

C. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of a majority of the entire membership of the Board of Administration and by an affirmative vote of the members owning a majority of the voting interests in the condominium. No By-Law shall be revised or amended by reference to its title or number only. 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 and underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder rather than assist the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but instead a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of By-Law. See By-Law...for present text." Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the Public Records of Indian River County, Florida, within ten (10) days from the date on which any amendment or amendments have been affirmatively approved by the Directors and members. No amendment to the By-Laws is valid unless recorded with identification on the first page thereof of the book and page of the Public Records of Indian River County, Florida. Non-material errors or omissions in the by-law process shall not invalidate an otherwise properly promulgated amendment.

D. At any meeting held to consider such amendment or amendments to the By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

9. OFFICIAL RECORDS OF THE ASSOCIATION. Records of the Association shall be maintained as follows:

A. From the inception of the Association, the Association shall maintain each of the following items, when applicable, which shall constitute the official records of the Association.

(1) A copy of the plans, permits, warranties, and other items provided by the Developer pursuant to Section 718.301(4), Florida Statutes.

(2) A photocopy of the recorded Declaration of Condominium of each condominium operated by the Association and of each amendment to each declaration.

(3) A photocopy of the recorded By-Laws of the Association and of each amendment to the By-Laws.

(4) A certified copy of the Articles of Incorporation of the Association, or other documents creating the Association, and of each amendment thereto.

(5) A copy of the current rules of the Association.

- (6) A book or books which contain the minutes of all meetings of the Association, of the Board of Directors, and of unit owners, which minutes shall be retained for a period of not less than seven (7) years.
- (7) A current roster of all the unit owners and their mailing addresses, unit identifications, voting certifications, and, if known, telephone numbers.
- (8) All current insurance policies of the Association and Condominiums operated by the Association.
- (9) A current copy of any management agreement, lease, or other contract to which the Association is a party or under which the Association or the unit owners have an obligation or responsibility.
- (10) Bills of sale or transfer for all property owned by the Association.
- (11) Accounting records for the Association and separate accounting records for each condominium which the Association operates, according to good accounting practices. All accounting records shall be maintained for a period of not less than seven (7) years. The accounting records shall include, but not be limited to:
- (a) Accurate, itemized, and detailed records of all receipts and expenditures.
 - (b) A current account and a monthly, bimonthly, or quarterly statement of the account for each unit designating the name of the unit owner, the due date and amount of each assessment, the amount paid upon the account, and the balance due.
 - (c) All audits, reviews, accounting statements, and financial reports of the Association or condominium.
 - (d) All contracts for work to be performed. Bids for work to be performed shall also be considered official records and shall be maintained for a period of one (1) year.
- (12) Ballots, sign-in-sheets, voting proxies, and all other papers relating to elections, which shall be maintained for a period of one (1) year from the date of the meeting to which the document relates.
- (13) All rental records, when the Association is acting as agent for the rental of condominium units.
- (14) A copy of the current Question and Answer Sheet as described by Section 718.504, Florida Statutes.
- (15) All other records of the Association not specifically included in the foregoing which are related to the operation of the Association.

B. The official records of the Association shall be maintained in the county in which the condominium is located or within twenty-five (25) miles of the property if maintained in another county.

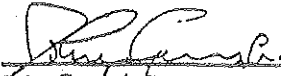
C. The official records of the Association are open to inspection by any Association Member or the authorized representative of such member at all reasonable times. The right to inspect the records includes the right to make or obtain copies, at the reasonable expense, if any, of the Association Member. The Association may adopt reasonable rules regarding the frequency, time, location, notice, and manner of record inspections and copying. The failure of an association to provide the records within five (5) working days after receipt of a written request shall create a rebuttable presumption that the Association willfully failed to comply with this paragraph. A unit owner who is denied access to official records is entitled to three times the actual damages or

minimum damages of \$50.00 per day up to a maximum of ten (10) days for the Association's willful failure to comply with this paragraph. The minimum damage computation shall commence on the eleventh (11th) working day after receipt of the written request. The failure to permit inspection of the association records as provided herein entitles any person prevailing in an enforcement action to recover reasonable attorney's fees from the person in control of the records who, directly or indirectly, knowingly denied access to the records for inspection. The Association shall maintain an adequate number of copies of the Declaration, Articles of Incorporation, By-Laws, and Rules, and all amendments to each of the foregoing, as well as the Question and Answer Sheet provided for in Section 718.504, Florida Statutes, on the condominium property to ensure their availability to unit owners and prospective purchasers, and may charge its actual costs for preparing and furnishing these documents to those requesting the same.

D. The Association shall prepare a Question and Answer Sheet as described in Section 718.504, Florida Statutes, and shall update it annually.

E. **COMMINGLING.** All funds shall be maintained separately in the Association's name. Reserve and operating funds of the Association shall not be comingled unless combined for investment purposes. No manager or business entity required to be licensed or registered under Section 468.432, Florida Statutes, and no agent, employee, officer, or director of a condominium association shall commingle any association funds with his funds or with the funds of any other condominium association or community association as defined in Section 468.431, Florida Statutes.

THE UNDERSIGNED, being the President of SOMERSET BAY CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, does hereby certify that the foregoing By-Laws were adopted as the By-Laws of said Association at a meeting held for such purpose on the 17th day of April, 2000.



John Genoni, Sr.
President