

ARTICLES OF INCORPORATION
OF
SNUG HARBOR MASTER ASSOCIATION, INC.

Prepared By:

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2255 N. Courtenay Parkway
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Developer:

SNUG HARBOR LAKES
DEVELOPMENT, INC.
7600 U.S. Highway #1
Micco, FL 32958

ARTICLES OF INCORPORATION
OF
SNUG HARBOR MASTER ASSOCIATION, INC.
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State of Florida



Department of State

I certify that the attached is a true and correct copy of the Articles of Incorporation of SNUG HARBOR MASTER ASSOCIATION, INC., a corporation organized under the Laws of the State of Florida, filed on December 18, 1987, as shown by the records of this office.

The document number of this corporation is N23970.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
18th day of December, 1987.



CR2ED22 (8-87)

Jim Smith

Jim Smith
Secretary of State

ARTICLES OF INCORPORATION

OF

SNUG HARBOR MASTER ASSOCIATION, INC.

(A Corporation Not for Profit)

In order to form a corporation under and in accordance with the provisions of the law of the State of Florida for the formation of Corporations Not For Profit, we, the undersigned, hereby associate ourselves into a corporation for the purpose and with the powers hereinafter mentioned; and to that end we do, by these Articles of Incorporation, set forth:

1.0 DEFINITIONS

1.1 The following words and phrases, when used in these Articles, shall have the following meaning:

1.1.1 "Articles" shall mean and refer to the Articles of Incorporation of SNUG HARBOR MASTER ASSOCIATION, INC.

1.1.2 "Association" shall mean and refer to SNUG HARBOR MASTER ASSOCIATION, INC., a Florida Corporation Not for Profit, its successors and assigns.

1.1.3 "Association Documents" shall mean and refer to the Articles, Bylaws, Rules and Regulations, and any other documents which affect Association members or Association property, whether real or personal, and the Recreation Area Purchase Agreement, and Recreation Area Note.

1.1.4 "Association Properties" shall mean and refer to all property of the Association, both real and personal, and any and all improvements thereon or enhancement thereof.

1.1.5 "Bylaws" shall mean and refer to the Bylaws of SNUG HARBOR MASTER ASSOCIATION, INC.

1.1.6 "Members" shall mean and refer to the two members of the Association identified in these Articles.

1.1.7 "Rules and Regulations" shall mean and refer to any and all rules and regulations duly enacted and established by the Board of Directors of Association.

2.0 NAME OF CORPORATION

2.1 The name of the corporation shall be:

SNUG HARBOR MASTER ASSOCIATION, INC.

3.0 PURPOSE OF ASSOCIATION

3.1 The purposes and objects of the Association shall be as follows:

3.1.1 To own and hold title to certain real and personal property for the use and benefit of its members.

- 3.1.2 To maintain, repair, reconstruct, and operate all of the real property, improvements thereon, recreational facilities, roadways, and other property, real and personal, owned by Association.
- 3.1.3 To preserve and maintain the value, character, and condition of all of the property of Association, both real and personal, and any and all improvements thereto.
- 3.1.4 To enforce the provisions of the Recreation Area Note.
- 3.1.5 To provide such services to the Members of the Association as the Board of Directors of Association shall deem appropriate.
- 3.1.6 To undertake the performance of all acts and duties incident to the fulfillment of all of the purposes and objects of the Association, as well as those which may be directed by the terms, provisions, conditions and authorizations of all documents affecting the Association, its members or its property, both real and personal.

4.0 POWERS OF THE ASSOCIATION

- 4.1 The Association shall have all of the powers and privileges granted to Corporations Not for Profit under the laws pursuant to which this Association is chartered, and all of the powers and privileges which may be granted unto said Association or exercised by it under any other applicable laws of the State of Florida which may have been granted to it pursuant to the provisions of the Association Documents, including but not limited to the following:
 - 4.1.1 The Association shall own, administer, manage, and operate the Association property, and shall maintain, repair and replace Association Property and the improvements and personal property located thereon, pursuant to the provisions of the Association Documents.
 - 4.1.2 To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Association Documents;
 - 4.1.3 Except as otherwise provided herein, or in the ASSOCIATION documents, to acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association;
 - 4.1.4 Except as otherwise provided herein, or in the ASSOCIATION documents, to borrow money, and with the assent of one hundred (100%) percent of the members, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
 - 4.1.5 Except as otherwise provided herein, or in the ASSOCIATION documents, to dedicate, sell, or transfer all or any part of the lands owned by the Association to any public agency, authority, or

utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by one hundred (100%) percent of the members, agreeing to such dedication, sale, or transfer.

- 4.1.6 To participate in mergers and consolidations with other non-profit corporations organized for the same purposes, or to annex additional lands, provided that any such merger, consolidation, or annexation shall have the assent of one hundred (100%) percent of the members;
- 4.1.7 To make and establish reasonable rules and regulations and amendments thereto governing the use of Association Property, both real and personal;
- 4.1.8 To have and to exercise any and all powers, rights, and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Florida, by law, may now or hereafter have or exercise;
- 4.1.9 To fix, levy against and collect assessments from members of the Association to defray the common expenses of the Association and to pay the Recreation Area Note according to its terms, all as may be provided for in the Association Documents. The Association shall also have the right to fix, levy against and collect assessments for the maintenance, repair, replacement, management, and operation of the property of the Association, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing, and otherwise dealing with such property, whether real or personal;
- 4.1.10 To maintain, repair, replace, operate and manage the property of the Association, including the right to reconstruct improvements after casualty and to make further improvement of the Association's property, and to grant easements, rights-of-way to third parties;
- 4.1.11 To contract for the management, repair, replacement, operation and management of the Association's property and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Association Documents to have approval of the Board of Directors or membership of the Association;
- 4.1.12 To enforce the provisions of the Association Documents, as well as any rules and regulations adopted pursuant thereto, as the same may be hereafter established or amended;
- 4.1.13 To now or hereafter acquire and enter into leases and agreements of every nature, whereby the Association acquires leaseholds, memberships and other possessory or use interests in lands or facilities, including recreational and communal facilities, to provide enjoyment, recreation, or other use or benefit to the members of the Association, all as may be deemed by the Board of Directors to be in the best interest of the Association;

- 4.1.14 To employ personnel, to retain independent contractors and professional personnel, and to enter into any supply, service, management or other contracts consistent with the purposes of the Association.

5.0 MEMBERSHIP AND VOTING RIGHTS

- 5.1 The Association shall have two members. These members shall be SNUG HARBOR LAKES CONDOMINIUM ASSOCIATION, INC., a Florida Corporation Not for Profit, created for the purpose of operating and managing SNUG HARBOR LAKES, a Condominium; and SNUG HARBOR VILLAGE HOMEOWNERS' ASSOCIATION, INC., a Florida Corporation Not for Profit, created for the purpose of operating and managing SNUG HARBOR VILLAGE, a platted subdivision, and enforcing the covenants, conditions, and restrictions applicable to said subdivision. No other person, firm, corporation, or association shall be a member of this Association unless otherwise provided herein.
- 5.2 The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner whatsoever. The funds and assets of the Association shall belong solely to the Association, subject to the limitation that the same shall be expended, held or used for the benefit of the members and for the purposes authorized herein and the in the other Association Documents which may hereafter be adopted or amended.

6.0 VOTING RIGHTS

- 6.1 On all matters on which the membership shall be entitled to vote, voting shall be as follows:
- 6.1.1 SNUG HARBOR LAKES CONDOMINIUM ASSOCIATION, INC. shall be entitled to cast three (3) votes. The votes for said member shall be cast by the representatives of said member appointed to the Board of Directors of Association.
- 6.1.2 SNUG HARBOR VILLAGE HOMEOWNERS' ASSOCIATION, INC. shall be entitled to cast two (2) votes. The votes of said member shall be cast by the representatives of said member appointed to the Board of Directors of Association.
- 6.2 The representatives of each member appointed to the Board of Directors of Association shall be the representative of that member who shall attend membership meetings and cast the votes of that member.

7.0 TERM OF EXISTENCE

- 7.1 The Corporation shall have perpetual existence.

8.0 INCORPORATORS

- 8.1 The names and addresses of the incorporators of this Association are as follows:

Lewis R. Pearce	2255 North Courtenay Parkway Merritt Island, FL 32953
Marcia A. Day	2255 North Courtenay Parkway Merritt Island, FL 32953
Kay Gallop	2255 North Courtenay Parkway Merritt Island, FL 32953

9.0 MANAGEMENT OF THE CORPORATION

- 9.1 The affairs of the Association shall be administered by the Officers of the Association under the direction of the Board of Directors. The Board of Directors, at the time of the annual meeting and after their election by the members, shall convene and thereupon elect such Officers as the Board of Directors may deem appropriate. The Board of Directors, or the President with the approval of the Board of Directors, may employ a managing agent or such other managerial and supervisory personnel or entities to administer or assist in the maintenance, management and operation of the Association property and the affairs of the Association, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Association or a Director or Officer of the Association, as the case may be.
- 9.2 The number of members of the first Board of Directors of the Association shall be five (5). The number of members of a succeeding Board shall be as provided from time to time by the Bylaws of the Association. The members of the Board of Directors shall be appointed by the members of the Association at the Annual Meeting of the members as provided by the Bylaws of the Association. The members of the Board of Directors need not be members of the Association, nor need they be members of any member association.
- 9.3 The names and post office addresses of the first Board of Directors who, subject to the provisions of these Articles of Incorporation, the Bylaws, and the laws of the State of Florida, shall hold office for the first year of the Association's existence, or until their successors are elected and have qualified, are as follows:

Paul L. Gould	2255 N. Courtenay Parkway Merritt Island, FL 32953
Robert Roth	2255 N. Courtenay Parkway Merritt Island, FL 32953
Victoria Dorado	2255 N. Courtenay Parkway Merritt Island, FL 32953

- 9.4 The Board of Directors, at the time of the Annual Meeting and after their appointment by the members of the Association, shall convene and thereupon elect a President, Secretary, and Treasurer, and as many Vice Presidents, Assistant Secretaries, and Assistant Treasurers as the Board of Directors shall determine. The President shall be elected from among the membership of the Board of Directors, but no other Officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice President shall not be held by the same person, nor shall the offices of President and Secretary or Assistant Secretary be held by the same person.
- 9.5 The Officers of the Association who shall serve until the first election under these Articles of Incorporation shall be the following:

PRESIDENT	Paul L. Gould
VICE PRESIDENT	Robert Roth
SECRETARY	Victoria Dorado
TREASURER	Victoria Dorado

10.0 INDEMNIFICATION OF OFFICERS AND DIRECTORS

- 10.1 Every Director and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed on him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer of the Association, whether or not he is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that any claim for reimbursement or indemnification herein shall apply only if the Board of Directors approves such indemnification and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

11.0 PRINCIPAL OFFICE

- 11.0 The principal office of the Association shall be located at 7600 U.S. #1, Micco, Florida 32958, but the Association may maintain offices and transact business in such other places within or without the State of Florida as may from time to time be designated by the Board of Directors.

12.0 INITIAL REGISTERED OFFICE AND AGENT

- 12.1 The street address of the initial registered office of the Association is 2255 North Courtenay Parkway, Merritt Island, Florida 32953. The name of the initial agent of this Corporation at that address is Lewis R. Pearce.

13.0 ADOPTION OF BYLAWS

- 13.1 The original Bylaws of the Association shall be adopted by a majority vote of the members of the first Board of Directors of the Association present at the first meeting of said Board of Directors at which a quorum is present, and thereafter such Bylaws may be altered or rescinded only in such manner as said Bylaws may provide.

14.0 AMENDMENTS

- 14.1 An Amendment or Amendments to these Articles of Incorporation may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by any member of the Association in writing signed by said member. Upon any Amendment or Amendments to these Articles of Incorporation being proposed by said Board of Directors or member, 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 Meeting of the members of the Corporation for a date not sooner than fourteen (14) days nor later than thirty (30) days from the receipt by him 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 accordance with the provisions of the Bylaws of the Association. At such meeting, the Amendment or Amendments proposed must be approved by an affirmative vote of the members entitled to vote not less than one hundred (100%) percent of the total votes in the Association in order for such Amendment or Amendments to become effective. Thereupon, such Amendment or Amendments to these Articles of Incorporation shall be transcribed and certified in such form as may be necessary to

register the same in the Office of the Secretary of State of the State of Florida, and upon the registration of such Amendment or Amendments with the said Secretary of State, a certified copy thereof shall be recorded in the public records of Brevard County, Florida, within ten (10) days from the date of which the same are so registered.

14.2 If all of the members of the Association shall execute an instrument amending these Articles of Incorporation, the same shall constitute, when duly registered in the Office of the Secretary of State, a valid amendment to these Articles of Incorporation, and it shall not be necessary for the meeting otherwise prescribed above to be held.

IN WITNESS WHEREOF, the Subscribers have hereunto set their hands and seal this 17th day of December, 1987.

/s/ LEWIS R. PEARCE (SEAL)
LEWIS R. PEARCE

/s/ MARCIA A. DAY (SEAL)
MARCIA A. DAY

/s/ KAY GALLOP (SEAL)
KAY GALLOP

STATE OF FLORIDA
COUNTY OF BREVARD

BEFORE ME, the undersigned authority, personally appeared LEWIS R. PEARCE, who, being by me first duly sworn, acknowledged that he executed the foregoing Articles of Incorporation for the purposes therein expressed, this 17th day of December, 1987.

/s/ ROSEANN T. SEAMAN
Notary Public

My Commission Expires:
(SEAL)

STATE OF FLORIDA
COUNTY OF BREVARD

BEFORE ME, the undersigned authority, personally appeared MARCIA A. DAY, who, being by me first duly sworn, acknowledged that she executed the foregoing Articles of Incorporation for the purposes therein expressed, this 17th day of December, 1987.

/s/ ROSEANN T. SEAMAN
Notary Public

My Commission Expires:
(SEAL)

STATE OF FLORIDA
COUNTY OF BREVARD

BEFORE ME, the undersigned authority, personally appeared KAY GALLOP, who, being by me first duly sworn, acknowledged that she executed the foregoing Articles of Incorporation for the purposes therein expressed, this 17th day of December, 1987.

/s/ ROSEANN T. SEAMAN
Notary Public

CERTIFICATE DESIGNATING PLACE OF BUSINESS OR
DOMICILE FOR THE SERVICE OR PROCESS WITHIN
FLORIDA, NAMING AGENT UPON WHOM PROCESS MAY BE SERVED

IN COMPLIANCE WITH SECTION 48.091, FLORIDA STATUTES, THE
FOLLOWING IS SUBMITTED:

FIRST -- THAT SNUG HARBOR MASTER ASSOCIATION, INC., DESIRING TO
ORGANIZE OR QUALIFY UNDER THE LAWS OF THE STATE OF FLORIDA, WITH ITS
PRINCIPAL PLACE OF BUSINESS IN THE CITY OF WEST MELBOURNE, STATE OF
FLORIDA, HAS NAMED LEWIS R. PEARCE, LOCATED AT 2255 NORTH COURTENAY
PARKWAY, CITY OF MERRITT ISLAND, STATE OF FLORIDA, AS ITS AGENT TO
ACCEPT SERVICE OF PROCESS WITHIN FLORIDA.

/s/ LEWIS R. PEARCE

LEWIS R. PEARCE

Incorporator

December 17 , 1987

ACCEPTANCE

HAVING BEEN NAMED TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE-
STATED CORPORATION, AT THE PLACE DESIGNATED IN THIS CERTIFICATE, I
HEREBY AGREE TO ACT IN THIS CAPACITY, AND I FURTHER AGREE TO COMPLY
WITH THE PROVISIONS OF ALL STATUTES RELATIVE TO THE PROPER AND
COMPLETE PERFORMANCE OF MY DUTIES.

/s/ LEWIS R. PEARCE

LEWIS R. PEARCE

Resident Agent

December 17 , 1987

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BYLAWS
OF
SNUG HARBOR MASTER ASSOCIATION, INC.

Prepared By:

LEWIS R. PEARCE
Attorney at Law
2255 N. Courtenay Parkway
Merritt Island, FL 32953

Developer:

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BYLAWS

OF

SNUG HARBOR MASTER ASSOCIATION, INC.

A Florida Corporation Not For Profit

1.0 DEFINITIONS

1.1 The following words and phrases, when used in these Bylaws, shall have the following meaning:

1.1.1 "Articles" shall mean and refer to the Articles of Incorporation of SNUG HARBOR MASTER ASSOCIATION, INC.

1.1.2 "Association" shall mean and refer to SNUG HARBOR MASTER ASSOCIATION, INC., a Florida Corporation Not For Profit, its successors and assigns.

1.1.3 "Association Documents" shall mean and refer to the Articles, Bylaws, Rules and Regulations and any other documents which affect Association members or Association property, whether real or personal, and the Recreation Area Purchase Agreement and Recreation Area Note.

1.1.4 "Association Properties" shall mean and refer to all property of the Association, both real and personal, and any and all improvements thereon or enhancement thereof.

1.1.5 "Bylaws" shall mean and refer to the Bylaws of SNUG HARBOR MASTER ASSOCIATION, INC.

1.1.6 "Members" shall mean and refer to the two members of Association identified in the Articles.

1.1.7 "Rules and Regulations" shall mean and refer to any and all rules and regulations duly enacted and established by the Board of Directors of the Association.

2.0 IDENTITY

2.1 These are the Bylaws of SNUG HARBOR MASTER ASSOCIATION, INC., a corporation not for profit, incorporated under the laws of the State of Florida (hereinafter referred to as "ASSOCIATION"), the Articles of Incorporation of which were filed in the office of the Secretary of State on the 18th day of December, 1987. The ASSOCIATION has been organized for the purposes stated in the Association Documents.

2.2 The office of the ASSOCIATION shall be at 7600 U.S. #1, Micco, Florida 32958.

2.3 The fiscal year of the ASSOCIATION shall be the calendar year.

2.4 The seal of the ASSOCIATION shall bear the name of the ASSOCIATION, the word "FLORIDA," the words "CORPORATION NOT FOR PROFIT" and the year of incorporation. An impression of the seal is as follows:

3.0 MEMBERSHIP, VOTING, QUORUM, PROXIES

- 3.1 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 Articles 5.0 and 6.0 of the Articles of Incorporation of the ASSOCIATION, the provisions of which are incorporated herein by reference.
- 3.2 The percentage of voting rights required to make decisions and to constitute a quorum at members' meetings shall be one hundred (100%) percent of the representatives of each member of the ASSOCIATION, and decisions shall be made by a majority of the representatives present at a meeting at which a quorum is present, unless otherwise provided in the Association Documents.
- 3.3 Votes shall be cast in person by the designated representatives of each member of the ASSOCIATION, and proxies shall not be used for any purpose.

4.0 ANNUAL AND SPECIAL MEETING OF MEMBERS

- 4.1 The Annual Meeting of members shall be held at the office of the ASSOCIATION, at 10:00 a.m. Eastern Standard Time, or at such other place and time as the Board of Directors may designate, on the first Saturday in April of each year for the purpose of electing Directors and of transacting such other business as may be authorized to be transacted by the members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding business day.
- 4.2 Special Meetings of members shall be held whenever called by the President or other Officer of the ASSOCIATION in the absence of the President, or by two or more members of the Board of Directors.
- 4.3 Notice of all Meetings of Members, Regular or Special, shall be given by the President, Vice President, or Secretary of the ASSOCIATION, or other Officer of the ASSOCIATION in the absence of said Officers, to each representative of each member, not less than fourteen (14) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each representative within said time. Any representative of a member may, by written waiver of notice signed by such representative, 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 Meeting of members cannot be organized because a quorum has not attended, the representatives who are present may adjourn the Meeting from time to time until a property quorum is present.

5.0 BOARD OF DIRECTORS

- 5.1 The members of the Board of Directors of ASSOCIATION shall be appointed by the members at the Annual Meeting of membership in the following manner:
- 5.1.1 Snug Harbor Lakes Condominium Association, Inc. shall appoint three members of the Board of Directors.
- 5.1.2 Snug Harbor Village Homeowners' Association, Inc. shall appoint two members of the Board of Directors.
- 5.2 Each member of the Board of Directors shall serve a term of one (1) year or until his successor is appointed and qualified.

- 5.3 Any Director may be removed by the member responsible for the appointment of said Director.
- 5.4 Vacancies in the Board of Directors, whether created by resignation or removal of a Director, shall be filled by the member responsible for the appointment of the Director resigning or who has been removed, by delivering a written instrument to ASSOCIATION designating the person to fill said vacancy for the unexpired term thereof.
- 5.5 No Director shall receive any compensation for any services he may render to the ASSOCIATION. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.
- 5.6 The organizational Meeting of a newly appointed Board of Directors shall be held within ten (10) days after their appointment, at such time and place as shall be fixed by the Directors at the Meeting at which they were appointed.
- 5.7 Regular Meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director personally or by mail, telephone or telegram, at least seven (7) days prior to the date named for such meeting, unless notice is waived.
- 5.8 Special Meetings of the Directors may be called by the President and must be called by the Secretary after written request of one (1) member of the Board. Not less than seven (7) days' notice of a meeting shall be given to a Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the Special Meeting.
- 5.9 All Board of Directors' meetings shall be open to all members of a member ASSOCIATION.
- 5.10 A quorum at a Directors' meeting shall consist of all five (5) Directors. The acts of the Board approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Association Documents. If any Directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes has not attended, whenever the latter percentage of attendance may be required as set forth in the Association Documents, the Directors who are present may adjourn the meeting from time to time until a proper quorum is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.
- 5.11 The Presiding Officer at Directors' meetings shall be the Chairman of the Board, if such an Officer has been elected; and if none, then the President shall preside. In the absence of the Presiding Officer, the Directors present shall designate one of their number to preside.
- 5.12 All of the powers and duties of the ASSOCIATION shall be exercised by the Board of Directors, including those existing under the Common Law and Statutes, and the Association Documents. Such powers and duties shall be exercised in accordance with said ASSOCIATION Documents.

6.0 OFFICERS

- 6.1 The executive officers of the ASSOCIATION shall be a President who shall be a Director, a Vice President, a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors and who may be preemptively removed by vote of the Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or Vice President. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the ASSOCIATION.
- 6.2 The President shall be the chief executive officer of the ASSOCIATION. He shall have all of the powers and duties which are usually vested in the office of President of a corporation, to assist in the conduct of the affairs of the ASSOCIATION.
- 6.3 The Secretary shall keep the Minutes of all proceedings of the Directors and members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices as may be required by law. He shall have custody of the seal of the ASSOCIATION and affix the same to instruments requiring the seal when duly signed. He shall keep the records of the ASSOCIATION, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or the President.
- 6.4 The Treasurer shall have custody of all of the property of the ASSOCIATION, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members and the books of the ASSOCIATION in accordance with good accounting practices, and he shall perform all other duties incident to the office of Treasurer and such other duties as may be prescribed by the Board of Directors or the President.
- 6.5 The compensation of all officers and employees of the ASSOCIATION shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the ASSOCIATION, nor preclude their contracting with a Director for the management of the ASSOCIATION.

7.0 FISCAL MANAGEMENT

- 7.1 All assessments levied against the members of the ASSOCIATION, unless otherwise specifically provided for in the Association Documents, shall be in such proportion that the amount of assessment levied against each member shall bear the same ratio to the total assessment made against all members as the number of members of an individual member association bears to the total number of members of all member associations combined.
- 7.2 The assessment levied against each member shall not be made less frequently than quarterly in amounts not less than are required to provide funds in advance for payment of all of the anticipated current operating expenses, all of the unpaid operating expenses previously incurred, and all payments required to be made pursuant to the provisions of the Recreation Area Purchase Agreement and the Recreation Area Note. This provision may not be amended or deleted without the prior written consent of the Seller under the Recreation Area Purchase Agreement and the Holder of the Recreation Area Note.
- 7.3 The Board of Directors of ASSOCIATION shall establish an annual

budget in advance of each fiscal year which shall correspond to the calendar year. Such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management, maintenance, repair and replacement of ASSOCIATION property, and shall take into account projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The proposed Annual Budget shall be detailed and shall show the amounts budgeted by accounts and expense classifications, if applicable, as follows:

7.3.1 Income

- 1) Membership Assessments
- 2) Rental income
- 3) Vending machine income
- 4) Other income

7.3.2 Expense

- 1) Administration of Association Property
- 2) Management fees
- 3) Maintenance
- 4) Taxes on Association property
- 5) Insurance
- 6) Utilities
- 7) Recreation Area Note and Mortgage Payments
- 8) Other expenses

7.3.3 Reserves

- 1) Reserve for roof replacement
- 2) Reserve for building painting
- 3) Reserve for pavement resurfacing
- 4) Reserve for tools and equipment replacement

7.4 The Board of Directors of ASSOCIATION, in establishing an annual budget for the ASSOCIATION, shall include therein as a common expense of the ASSOCIATION the cost of maintaining leaseholds, memberships, or other possessory or use interests in lands or facilities as may be now or hereafter acquired by lease or agreement in form and content and containing provisions satisfactory to the Board of Directors of ASSOCIATION.

7.5 The Board of Directors of ASSOCIATION, in establishing said annual budget for ASSOCIATION, shall include therein a sum to be collected and maintained as reserve accounts for capital expenditures and deferred maintenance. These accounts shall include but not be limited to roof replacement, building painting and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon the estimated life and estimated replacement cost of each reserve item. This paragraph shall not apply to budgets in which one hundred (100%) percent of members of the ASSOCIATION, at a duly called meeting of the members of the ASSOCIATION, have determined for a fiscal year to provide no reserve or reserves less adequate than required by this paragraph. The amount collected and allocated to the reserve accounts from time to time shall be maintained in a separate account by the ASSOCIATION, although nothing herein contained shall limit ASSOCIATION from applying any money from such reserve fund for replacements to meet other needs or requirements of ASSOCIATION in operating or managing or maintaining Association Property in the event of emergencies or in the event that sums collected from the members of the ASSOCIATION are insufficient to meet the then financial requirements of ASSOCIATION, but it shall not be

a requirement that these moneys be used for such latter purposes, as a separate assessment may be levied therefor if deemed to be preferable by the Board of Directors.

- 7.6 The Board of Directors of ASSOCIATION, in establishing said Annual Budget, may include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress, when such sums may be used to meet deficiencies from time to time existing. The annual amount allocated to such operating reserve and collected therefor shall not exceed ten (10%) percent of the current annual assessment levied against the members of the ASSOCIATION. Upon accrual in said operating reserve of a sum equal to thirty (30%) percent of the current annual assessment, no further payments shall be collected from the members of the ASSOCIATION as a contribution to such operating reserve, unless such operating reserve shall be reduced below said thirty (30%) percent level, in which event contributions to such operating reserve may be included in the annual assessment so as to restore said operating reserve to an amount which will equal thirty (30%) of the current amount of said assessment.
- 7.7 Notice of the meeting of the Board of Directors at which the annual budget will be considered shall be given by the Secretary of the ASSOCIATION or other officer of the ASSOCIATION in the absence of the Secretary; such notice shall be given to each member together with a copy of the proposed annual budget not less than thirty (30) days nor more than sixty (60) days prior to such meeting, and such notice shall be written or printed and shall state the date, time and place of such meeting. Upon adoption of said annual budget by the Board of Directors of the ASSOCIATION, the assessments for said year shall be established based upon such budget.
- 7.8 Should the Board of Directors at any time determine, in the sole discretion of said Board of Directors, that the assessments levied are or may prove to be insufficient to pay ASSOCIATION expenses, or in the event of emergency, said Board of Directors shall have the authority to levy such additional assessment or assessments as it may deem to be necessary.
- 7.9 All moneys collected by ASSOCIATION shall be treated as the separate property of said ASSOCIATION, and such moneys may be applied by ASSOCIATION to the payment of any expenses of the ASSOCIATION, or to the proper undertaking of all acts and duties imposed upon it by virtue of the Association Documents, and as moneys for any assessment are paid to ASSOCIATION by any member, the same may be commingled with moneys paid to said ASSOCIATION by the other members. Although said funds and common surplus, including other assets of ASSOCIATION and any increments thereto or profits derived therefrom, or from the leasing or use of ASSOCIATION property, shall be held for the benefit of the members of the ASSOCIATION, no member of said ASSOCIATION shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein.
- 7.10 The payment of any assessment or installment thereof due to ASSOCIATION shall be in default if such assessment, or any installment thereof, is not paid to ASSOCIATION on or before the due date for such payment. In the event any assessment or installment thereof shall be in default, a penalty equal to twenty-five (25%) percent of such delinquent assessment or installment shall be assessed, and the delinquent assessment or installment thereof due to ASSOCIATION shall bear interest at the rate of eighteen (18%) percent per annum until such delinquent assessment or installment thereof, and all interest

due thereon, has been paid in full to ASSOCIATION. All moneys owing to ASSOCIATION shall be due and payable at the main office of ASSOCIATION in Micco, Florida.

- 7.11 In the event that any member is in default in payment of any assessment or installment thereof owed to ASSOCIATION, such member shall be liable for all penalties and interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof, and penalties and interest thereon, including a reasonable attorney's fee, whether or not suit be brought.
- 7.12 No member may exempt itself or any of its members from liability for any assessment levied against such member by waiver of the use or enjoyment of any of the Association Property, or in any other way.
- 7.13 The ASSOCIATION shall maintain a copy of each of the following, where applicable, which shall constitute the official records of the ASSOCIATION:
- 7.13.1 A photocopy of the recorded Bylaws of the ASSOCIATION and all Amendments thereto;
 - 7.13.2 A certified copy of the Articles of Incorporation and all Amendments thereto;
 - 7.13.3 A book or books containing the minutes of all meetings of the ASSOCIATION, of the Board of Directors, and members, which minutes shall be retained for a period of seven (7) years;
 - 7.13.4 A copy of the current Rules of the ASSOCIATION;
 - 7.13.5 All current insurance policies maintained by the ASSOCIATION;
 - 7.13.6 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 members have an obligation or responsibility;
 - 7.13.7 Bills of Sale or transfers for all property owned by the ASSOCIATION;
 - 7.13.8 Accounting records for the ASSOCIATION according to good accounting practices. All accounting records shall be maintained for a period of seven (7) years. The accounting records shall include but not be limited to:
 - 7.13.8.1 Accurate, itemized and detailed records of all receipts and expenditures;
 - 7.13.8.2 A current account and a monthly, bi-monthly or quarterly statement of the account for each Lot, designating the name of the member, the date and amount of each assessment, the amount paid upon the account, and the balance due;
 - 7.13.8.3 All audits, reviews, accounting statements and financial records of the ASSOCIATION; and
 - 7.13.8.4 All contracts for work to be performed.

Bids for work to be performed shall also be considered official records of the ASSOCIATION and shall be retained for a period of one (1) year after the work performed for which bids were received has been completed.

7.14 The official records of the ASSOCIATION shall be maintained in Brevard County, Florida.

7.15 The official records of the ASSOCIATION shall be open to inspection by any ASSOCIATION member or the authorized representative of such member at all reasonable times. 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 denies access to the records for inspection. The right to inspect the records includes the right to make and obtain copies, at reasonable expense to the ASSOCIATION member.

7.16 The depository of ASSOCIATION shall be such bank or banks as shall be designated from time to time by the Directors in which the moneys of the ASSOCIATION shall be deposited. Withdrawal of moneys in such accounts shall be only by check signed by such persons as are authorized by the Directors.

7.17 Fidelity bonds shall be required by the Board of Directors from all Directors and Officers or employees of the ASSOCIATION handling or responsible for ASSOCIATION funds. The amount of such bond shall be determined by the Directors but shall be at least the amount of the total annual assessments against members for common expenses. The premiums of such bonds shall be paid by ASSOCIATION and shall be considered a common expense.

8.0 AMENDMENTS TO BYLAWS

8.1 These Bylaws of the ASSOCIATION may be amended in accordance with the same requirements and the same procedures as set forth in Article 14.0 of the Articles of Incorporation, unless otherwise provided herein.