

**BY-LAWS
OF
MILLPOND LAKES
CONDOMINIUM ASSOCIATION,
INC.**

BY-LAWS
MILLPOND LAKES CONDOMINIUM ASSOCIATION, INC.

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Prepared by and return to:
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PLEASE RETURN BY SEPTEMBER 1, 2011 TO
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SHARONFROMFL@YAHOO.COM.

**AMENDMENT TO THE DECLARATION OF
CONDOMINIUM FOR MILLPOND LAKES, A CONDOMINIUM**

Amendment to Article 7 of the Declaration of Condominium for Millpond Lakes, a Condominium, as recorded in Official Records Book 1855, Page 0678, et. seq. of the Public Records of Pasco County, Florida, as may have been amended from time to time, as follows:

Additions indicated by underlining
Deletions indicated by ~~striking through~~
Unaffected text by "..."

...

Section 7.2. Use of Condominium Unit. Condominium units shall be used and occupied by the respective owners and tenants thereof as private single-family residences for themselves, their families and social guests, and for no other purpose, except where specific exemptions are made in this Declaration. The term "single-family" shall mean one or more persons related by blood, marriage or adoption or no more than two unrelated persons living and cooking together as a single housekeeping unit. In order to provide for a congenial occupation of the condominium and to provide for the protection of the value of the units, the use of the property shall be restricted in accordance with the following provisions:

A. No unit may be used for transient or hotel purposes.
B. The number of permanent occupants of a unit by a single family shall not include more than two (2) persons per bedroom.

~~C. The sale, rental, lease or transfer of any unit is not restricted or controlled.~~

C. No business or commercial activity that requires a physical visit to a Unit by a third party may be conducted in or from any Unit. This restriction shall not be construed to prohibit any residential Owner from maintaining a personal or professional library, from keeping his personal, business or professional records in his Unit, or from handling his personal, business or professional telephone calls or written correspondence in and from his Unit to the extent it does not interfere with the quiet use and enjoyment of adjoining Units. Such uses are expressly declared customarily incident to residential use.

D. Reasonable rules and regulations concerning the use of condominium property and especially the common area may be promulgated by the Association pursuant to the By-Laws. Copies of all rules and regulations shall be furnished to all unit owners.

Section 7.3 Leasing.

A. A Unit Owner may not enter into a lease of the Unit until the Unit Owner has held an ownership interest in the Unit for two or more years

B. This Section applies to Unit Owners who at the effective date of this Amendment have provided their written consent to the Association, and it applies to all persons who acquire an ownership interest in a Unit after the effective date of this Amendment, whether or not they have provided their written consent.

...

**YES OR NO ONLY ON THE TWO ISSUES; DATE, UNIT
NUMBER, SIGN AND RETURN TO THE ADDRESS ON THE
JNT.**

The undersigned, owner(s) or designated voter of the unit identified below in Millpond Lakes, a Condominium specifically appoints _____ (write in the name of your proxyholder) as my proxyholder, but if I do not specifically appoint someone, I appoint the Secretary of the Association as my proxyholder to attend the Membership meeting of the Association to be held on _____ (date) at _____ (time), at _____ (location). The proxyholder named above has the authority to vote and act for me to the same extent that I would if personally present, with power of substitution, including the establishment of a quorum, except that my proxyholder's authority is limited as indicated below:

GENERAL POWERS (You may choose to grant general powers, limited powers or both. Check "General Powers" if you want your proxyholder to vote on other issues which might come up at the meeting and for which a limited proxy is not required).

_____ I authorize and instruct my proxy to use his or her best judgment on all other matters which properly come before the meeting and for which a general power may be used.

LIMITED POWERS (FOR YOUR VOTE TO BE COUNTED ON THE FOLLOWING ISSUE, YOU MUST INDICATE YOUR PREFERENCE IN THE BLANK(S) PROVIDED BELOW.)

I SPECIFICALLY AUTHORIZE AND INSTRUCT MY PROXYHOLDER TO CAST MY VOTE AS INDICATED BELOW:

1. Should Article 7 of the Declaration of Condominium be amended to prohibit the commercial use of a Unit?

YES

NO

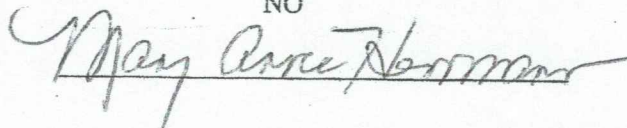
2. Should Article 7 of the Declaration of Condominium be amended to require that an Owner must own the Unit for two or more years before the Owner may lease the Unit? (Please note that this provision will apply only to an Owner who provides written consent or who purchases a Unit after the effective date of the Amendment. The effective date of the Amendment will be the date of its recording in the public record.)

YES

NO

My Unit Number: 124

Date: 8-21-11



SIGNATURE(S) OF OWNER(S) OR
DESIGNATED VOTER

You must sign, date, and insert your unit number for this proxy to be counted.

Do not write below this line

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R#24/G

BY-LAWS
OF
MILLPOND LAKES CONDOMINIUM ASSOCIATION, INC.

a corporation not-for-profit
under the laws of the State of Florida

ARTICLE 1
GENERAL

Section 1.1. IDENTIFY. These are the By-Laws of Millpond Lakes Condominium Association, Inc. (hereinafter called the "Association"), a corporation not-for-profit under the laws of the State of Florida, organized pursuant to the provisions of Chapters 617 and 718, Florida Statutes. Chapter 718, Florida Statutes is hereinafter referred to as the "Condominium Act".

Section 1.2. FISCAL YEAR. The fiscal year of the Association shall be as is determined by the board of directors.

Section 1.3. SEAL. The seal of the Association shall bear the name of the corporation, the word "Florida", the words, "Corporation not-for-profit", and the year of incorporation.

Section 1.4. DEFINITIONS. The terms used herein shall be as defined in the Condominium Act, the Declaration of Condominium for MILLPOND LAKES, a Condominium, and the Articles of Incorporation for the Association.

ARTICLE 2
BOARD OF DIRECTORS

Section 2.1. NUMBER AND QUALIFICATION.

A. The affairs of the Condominium and the Association shall be governed by a board of directors consisting of no less than three (3) members and no more than nine (9) persons, all of whom, excepting the members of the board of directors elected by the Developer, shall be unit owners. Should any unit be owned by a partnership or corporation, in a fiduciary capacity or otherwise, any shareholder, director, officer, general partner or employee of such owner shall be eligible to serve as a director. At any meeting at which directors are to be elected, the unit owners may, by resolution,

adopt specific procedures for conducting such elections, not inconsistent with these By-Laws or the corporation statutes of the State of Florida.

B. The terms of at least one-third (1/3) of the members of the board of directors shall expire annually.

Section 2.2. VACANCY AND REPLACEMENT. If the office of any director or directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors, though less than a quorum, at a special meeting of directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred; provided, however, during such time as the Developer shall be entitled to elect members of the board, only the Developer may remove or replace directors appointed by it.

Section 2.3. REMOVAL. Except as provided herein, directors may be removed, with or without cause, by an affirmative vote of a majority of the members at any regular or special meeting of the membership of the Association.

Section 2.4. INITIAL BOARD OF DIRECTORS. The directors of the initial board shall hold office and exercise all powers of the board until the first election of the board, anything herein to the contrary notwithstanding; provided any or all said directors shall be subject to replacement in the event of resignation or death, as above provided.

Section 2.5. POWERS OF BOARD OF DIRECTORS.

A. The board shall effect all of the powers granted to the Association by Chapter 617, Florida Statutes, by the Condominium Act, the Declaration or as granted by Article 5 of the Articles of Incorporation of the Association, except as may be specifically prohibited therein or by these By-Laws. Anything herein to the contrary notwithstanding however, any limitation of the Condominium Act provided in the Declaration,

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the Articles or the By-Laws, shall not be effective if inconsistent or in conflict with the provisions of the Condominium Act.

B. The board has the power to adopt and amend rules and regulations (the "regulations") as authorized by Section 5.3 (A) of the Articles, except the power to adopt or amend the regulations shall be limited so that all regulations and their amendments (except the initial regulations and their amendments) shall be repealed if written notice of an objection to any regulation or amendment is filed by a majority of the members within ninety (90) days after notice of the adoption of the regulation or amendment is furnished to the members. The regulations of the Association, until amended, shall be set forth in Exhibit "1" attached hereto by reference. Amended regulations shall be maintained by the Secretary and furnished to each member when changed by the board.

C. The directors may, pursuant to Florida Statutes 617.10 (3), impose fines in such reasonable sums as they deem appropriate, not to exceed Fifty and no/100 Dollars (\$50.00) against such unit owners for violations of the Condominium documents, including the rules and regulations, by owners or their guests or lessees and to collect the same as an assessment. Each day of violation shall be a separate violation. No fine shall be imposed until the owner(s) has been given an opportunity to be heard before the board.

Section 2.6. MEETINGS.

A. The first meeting of each board newly elected by the members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practical.

B. Any director may, at any time, waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice.

Attendance by a director at any meeting of the board of directors shall constitute a waiver of notice by him of the time and place thereof.

C. Special meetings of the board may be called by the president on five (5) days' notice to each director. Special meetings shall be called by the president or secretary in a like manner and on like notice on the written request of three (3) directors.

D. Notwithstanding the requirements as to notice contained above, all meetings of the board shall be open to members of Association and notices of such meetings stating the place and time thereof shall be posted conspicuously at least forty-eight (48) hours prior to any such meeting to call the members' attention thereto; provided, however, in the event of any emergency such notice shall not be required. When the board of directors shall consider assessments against members, the notice of meeting shall contain a statement that assessments are an agenda item and shall describe the nature of the proposed assessments.

E. At all meetings of the board, a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at the meeting at which there is a quorum shall be the act of the board except as may be otherwise specifically provided by statute or by these By-Laws.

F. Each director shall have one (1) vote and such voting may not be by proxy.

G. Meetings of the board may be held by "conference call" so long as all those in attendance at the board meeting are able to hear and monitor (by loud speaker or other such device) the entire board meeting and the notice requirements of the section are satisfied.

Section 2.7. ORDER OF BUSINESS. The order of business at all meetings of the board shall be as follows:

- A. Roll call.
- B. Proof of notice of meeting or waiver of notice.
- C. Reading of minutes of last meeting.
- D. Consideration of communications.
- E. Resignations and elections.
- F. Reports of officers and employees.
- G. Reports of committees.
- H. Unfinished business.
- I. Original resolutions and new business.
- J. Adjournment.

Section 2.8. COMPENSATION. No person shall receive any compensation from the association for acting as a director.

Section 2.9. ANNUAL STATEMENT. The board will present, not less often than at the annual meeting, a full and clear statement of the business and condition of the Association.

ARTICLE 3
OFFICERS

Section 3.1. DESIGNATION. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the board of directors. The board of directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The president and vice president, but no other officers, need be members of the board of directors. Any two (2) offices may be held by the same person, except the offices of president and vice president. The office of vice president may be vacant.

Section 3.2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the board of directors at the organization meeting of each new board of directors and shall hold office at the pleasure of the board of directors.

Section 3.3. REMOVAL OF OFFICERS. Upon the affirmative vote of a majority of the members of the board of directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the board of directors, or at any special meeting of the board of directors called for that purpose.

Section 3.4. PRESIDENT. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the board of directors. He shall have all of the general powers and duties which are incident to the office of president of a not-for-profit corporation organized under the laws of the State of Florida, including but not limited to the power to appoint committees from among the members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 3.5. VICE PRESIDENT. 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 directors shall appoint some other member of the board of directors to act in the place of the president, on an interim basis. The vice president shall also perform such other duties as shall from time to time be imposed upon him by the board of directors or by the president.

Section 3.6. SECRETARY. The secretary shall keep the minutes of all meetings of the members and the board of directors; he shall have charge of such books and papers as the

board of directors may direct; and he shall, in general, perform all the duties incident to the office of secretary of a not-for-profit corporation organized under the laws of the State of Florida.

Section 3.7. TREASURER. The treasurer shall have the responsibility for association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in such depositories as may from time to time be designated by the board of directors, and he shall, in general, perform all the duties incident to the office of treasurer of a not-for-profit corporation organized under the laws of the State of Florida. He may endorse on behalf of the Association for collection only, checks, notes and other obligations, and shall deposit the same and all monies in the name of and to the credit of the Association in such banks as the board may designate may have custody of and shall have the power to endorse other investment instruments owned or controlled by the Association, or as fiduciary for others.

Section 3.8. AGREEMENTS, CONTRACTS, DEEDS, CHECKS, ETC. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by any officer of the association or by such person or persons as may be designated by the board of directors.

ARTICLE 4
MEMBERSHIP

Section 4.1. ASSOCIATION MEMBERSHIP. Each owner of a condominium unit shall be a member of the Association and the unit owner(s) of each condominium unit shall be entitled to cast one (1) vote for each unit owned.

Section 4.2. VOTING MEMBERS. If only one of the multiple owners of a unit is present at a meeting of the

Association, he is entitled to cast the vote allocated to that unit. If more than one of the multiple owners are present, the votes allocated to that unit may be cast only in accordance with their unanimous agreement. There is unanimous agreement if any one of the multiple owners casts the votes allocated to that unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the unit.

Section 4.3. CORPORATE AND PARTNERSHIP OWNERSHIP. A corporate unit owner's vote may be cast by any officer of such corporation in the absence of express notice of the designation of a specific person by the board of directors or By-Laws of the owning corporation. A partnership unit owner's vote may be cast by any partner of such partnership in the absence of express notice of the designation of a specific person by the owning partnership. The directors may require reasonable evidence that a person voting on behalf of a corporate owner or partnership owner is qualified so to vote.

ARTICLE 5
MEETING OF MEMBERSHIP

Section 5.1. ANNUAL MEMBERS' MEETING. The annual members' meeting shall be held at a time and place designated by the board. The meeting shall be held in January of each year, for the purpose of electing directors and transacting any other business authorized to be transacted by the members.

Section 5.2. SPECIAL MEETINGS.

A. Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president and shall be called by the president or secretary at the request, in writing, of one-third (1/3) of the members. Such request shall state the purpose or purposes of the proposed meeting.

B. Business transacted at all special meetings shall be confined to the subjects stated in the notice thereof.

Section 5.3. RIGHT TO VOTE.

A. At any meeting of the members, every vote may be cast in person or by written proxy. A proxy may be made by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy, and any adjournments thereof but 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, and must be filed with the secretary before the appointed time of the meeting or any adjournment of the meeting.

B. The appearance at any meeting of any members of the Association who have previously designated a proxy shall automatically revoke and terminate a proxy previously given by such member.

Section 5.4. VOTE REQUIRED TO TRANSACT BUSINESS.

When a quorum is present at any meeting, the majority of the vote of the members present in person or represented by written proxy shall decide any question brought before the meeting, unless the question is one upon which, by express provision of the Florida Statutes, the Declaration of Condominium, or of these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 5.5. QUORUM. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership of the Association, including those members present in person and those represented by written proxy.

Section 5.6. WAIVER AND CONSENT. Whenever the vote of members at a meeting is required or permitted by any provision of the Florida Statutes or of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of members may be dispensed with if all the members who

would have been entitled to vote upon the action of such meeting if such a meeting were held, shall consent in writing to such action being taken.

Section 5.7. THE ORDER OF BUSINESS. The order of business at annual members' meetings, and as far as practical at other members' meetings, shall be:

- A. Calling of the roll and certifying of proxies.
- B. Proof of notice of meeting or waiver of notice.
- C. Reading and disposal of any unapproved minutes.
- D. Reports of officers.
- E. Reports of committees.
- F. Appointment of inspectors of election.
- G. Election of directors.
- H. Unfinished business.
- I. New business.
- J. Adjournment.

Section 5.8. ELECTION OF NEW DIRECTORS. Within sixty (60) days after unit owners other than the Developer are entitled to elect a member or members of the board (as defined by Section 718.301 of the Condominium Act) the Association shall call and give not less than thirty (30) days nor more than forty (40) days' notice of a membership meeting to be held for the purpose of electing such new directors. Such meeting may be called and notice given by any unit owner if the Association shall fail to do so in the time required.

Section 5.9. TURNOVER MEETING. Prior to, or not more than sixty (60) days after unit owners other than the Developer are entitled to elect a majority of the members of the board, a membership meeting shall be held for the purpose of relinquishing control of the Association from the Developer to

the members and to delivering to the Association the property of the unit owners and of the Association held by or controlled by the Developer. In determining the number of members to require such a mandatory turnover, all proposed phases to the condominium development shall be considered, unless the Developer shall have given notice of his intention not to develop future phases. This provision may be waived by the Developer.

ARTICLE 6
NOTICES

Section 6.1. DEFINITION. Whenever, under the provisions of the Florida Statutes or of these By-Laws, notice is required to be given to any director or member, it shall not be construed to mean a personal notice; but such notice may be given in writing by mail, by depositing the same in a post office or letter box in a postpaid envelope addressed to the address of the director or member as it appears on the books of the Association.

Section 6.2. SERVICE OF NOTICE: WAIVER. Whenever any notice is required to be given under the provisions of the Florida Statutes or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

Section 6.3. NOTICE. Written notice of any annual or special meeting of members, stating time, place and objective thereof, together with all of the names of the candidates for board membership, if applicable, shall be served upon or mailed to each member entitled to vote at such address as appears on the books of the Association. As to any annual meeting, fourteen (14) days' advance written notice shall be given to each member. The post office certificate of mailing shall be retained as proof of such mailing. In addition, such notice shall be posted in a conspicuous place on the condominium

property at least fourteen (14) days prior to such meeting. As to any special meeting, five (5) days' advance written notice shall be given to each member. Notice to the members of board meetings shall be as provided by Section 2.6 of these By-Laws.

Section 6.4. ACTION BY ASSOCIATION WITHOUT A MEETING.

Any action required by Florida Statutes, these By-Laws, or the Articles of Incorporation of this Association to be taken at any annual or special meeting of members of the Association, may be approved without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the members of the Association having not less than the minimum number of votes that would be necessary to authorize or take such action were they present and voted.

ARTICLE 7
FISCAL MANAGEMENT

Section 7.1. ACCOUNTS. The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

- A. Receipts from assessments and other sources;
- B. Costs for security;
- C. Professional and management fees and expenses;
- D. Taxes;
- E. Costs for recreation facilities;
- F. Expenses for refuse collection and utility services;
- G. Expenses for lawn care;
- H. Costs for building maintenance and repair;
- I. Insurance costs;
- J. Administrative and salary expenses;
- K. General reserves, maintenance reserves, and depreciation reserves; and
- L. Community Association expenses.

Section 7.2. BUDGET. The board of directors shall adopt a budget for each calendar year that shall include the estimated funds required to defray the common expenses and to provide and maintain funds for reserves. Such budget shall include maintenance, management and operation expenses, as to the proportionate share thereof, as shall be owing by the unit owners in MILLPOND LAKES. The adoption of a budget shall comply with the requirements hereinafter set forth:

A. Notice of Meeting. A copy of the proposed budget of common expenses shall be mailed to each unit owner not less than thirty (30) days prior to the meeting at which the budget will be considered, together with a notice of that meeting indicating the time and place of such meeting.

B. Proposed Annual Budget. The proposed annual budget of common expenses shall be detailed and shall show the amounts budgeted by accounts and expense classification including, as appropriate, the items required by Section 718.504 (20) of the Condominium Act. Additionally, the budget shall reflect reserve accounts for capital expenditures and deferred maintenance, including but not limited to, roof replacement, building painting and pavement resurfacing. Reserves as described herein shall include reserves as may be required and budgeted by the Community Association, as to the proportionate share owed by unit owners in MILLPOND LAKES. The reserve accounts established shall be computed by formula which is based on the estimated life and estimated replacement cost of each reserve item. In the event the members have determined by a vote of the majority of the members present at a properly called meeting to provide no reserves or to provide reserves less than adequate than required herein, the requirement for reserve accounts shall not be applicable to the extent the members so acted.

C. Adoption of Budget by Unit Owners. If a

budget is adopted by the board of directors which required assessments against the unit owners in any year exceeding one hundred fifteen percent (115%) of such assessments for the preceding year, as hereinafter defined, upon written application of ten percent (10%) of the unit owners, a special meeting of the unit owners shall be held within thirty (30) days of delivery of such application to the board of directors or any member thereof. A notice of the special meeting shall be given to all unit owners not less than ten (10) days prior to the special meeting. The notice to the unit owners shall state that the purpose of the meeting is to consider and adopt a budget by the unit owners. The adoption of the budget by the unit owners shall require the affirmative vote of not less than a majority of all unit owners.

D. Approval of Budget by Unit Owners.

Notwithstanding the foregoing, the board of directors may propose a budget to the unit owners at a meeting of members at which a quorum is present in person or by proxy or by writing and if such budget or proposed budget be approved by a majority of the unit owners at the meeting or by a majority of their whole number by writing, such budget shall be adopted.

E. Limitation. So long as Developer is in control of the board of directors of the Association, such board shall not impose an assessment for any year greater than one hundred fifteen percent (115%) of the prior year's assessment, as hereinafter defined, without the approval of a majority of the unit owners.

F. Computation of Budget Limitation. In determining whether a budget requires assessment against unit owners in any year exceeding one hundred fifteen percent (115%) of assessments for the preceding year, there shall be excluded in the computations any provision for reasonable reserves made by the board of directors for repair or replacement of the

condominium property, anticipated expenses by the condominium association which are not anticipated to be incurred on a regular or annual basis, and assessments for betterments to the condominium property.

G. Insufficient Annual Assessments. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the board of directors, providing the total assessments against the unit owners, including those as a result of the amended budget, do not exceed one hundred fifteen percent (115%) of the assessments against unit owners for the preceding year as computed according to Section 7.2 (F) of this Article. In the event the amended budget shall cause an increase in the total assessments against the unit owners in excess of one hundred fifteen percent (115%) of said assessment for the preceding year, then the provisions of this Section 7.2 shall apply prior to the amended budget becoming effective.

H. Special Assessments. At certain times, the necessity will arise to perform certain maintenance to the buildings, roadways, improvements, facilities, or structures comprising the condominium property. Providing said maintenance and repair is not the result of an emergency, then in such event such maintenance and repair shall be anticipated and budgeted in the annual report for the year within which the work will be done. If the reserve funds maintained by the Association are inadequate to defray the cost of any such maintenance and repair or in the event the provisions for reserves have been deleted pursuant to Section 7.2 (B), the board of directors shall have the authority to levy a special assessment to pay said cost. The amount of such special assessment shall be apportioned among the owners of all units so that the amount to be paid by the owner or owners of each unit shall be that portion of such special assessment which bears the same ratio to said elements

appurtenant to each unit as each unit bears to the total undivided interest in common elements appurtenant to all units.

I. Furnishing of Financial Statements. Within sixty (60) days following the end of the fiscal or calendar year, the board of directors shall mail, or furnish by personal delivery to each member of the Association a complete financial report of the actual receipts and expenditures for the prior twelve months. The report shall show the amounts of receipts by account and receipt classifications and shall show the amounts of expenses by account and expense classifications. Any holder and insurer of a first mortgage on a unit in the condominium shall be entitled to, upon written request, a copy of the aforescribed financial statement.

Section 7.3. ASSESSMENTS. Assessments against the unit owners for their shares of the items of the budget shall be made against unit owners on an annual basis in amounts no less than are required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. Such annual assessment shall be divided into monthly installments and the payment shall be due on the first day of each month and shall be in default if not paid by the tenth day of each month. Each assessment against a unit shall also be the personal obligation of the owner at the time the assessment fell due. Such personal obligation shall not pass to successors in title unless assumed by them, or required by applicable law.

Section 7.4. WORKING CAPITAL FUND. The Developer, as the agent of the board will collect from each initial purchaser at the time of settlement a "working capital fund" equivalent of twice the estimated monthly assessment for common expenses for such purchaser's unit. The Developer will deliver the funds so collected to the board to provide the necessary working capital for the Association. Such funds may be used for certain prepaid

items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the board may determine.

Section 7.5. DEPOSITORY. The depository of the Association shall be such financial institutions as shall be designated from time to time by the directors and in which the monies from such accounts shall be withdrawn only by checks signed by such persons as are authorized by the directors.

Section 7.6. AUDIT. An audit of the accounts of the Association may be made from time to time as directed by the board of directors. A copy of any audit report received as a result of an audit shall be made available for inspection by unit owners and a copy of such audit report shall be furnished to unit owners upon request. In addition, upon written request from the United States Department of Housing & Urban Development ("HUD"), Veterans' Administration ("VA"), Federal National Mortgage Association ("FNMA"), or the Federal Home Loan Mortgage Corporation ("FHLMC"), which have an interest or prospective interest in a Unit, the Association shall furnish them within a reasonable time a copy of the audit report. The board shall cause annual financial reports to be prepared and available as required under Florida Statutes 718.111 (13).

ARTICLE 8
COMPLIANCE AND DEFAULT

Section 8.1. RELIEF. Each unit owner shall be governed by, and shall comply with, all of the terms of the Declaration, Articles, these By-Laws, and the Condominium Act. In addition to the remedies provided by the condominium documents and the Condominium Act, a default by a unit owner shall entitle the Association, acting through its board of directors or through its authorized agent, to the following relief:

A. Additional Liability. Each unit owner shall be liable for the expense of all maintenance, repair or

replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Association. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver of any insurance company of its right of subrogation.

B. Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a unit owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

C. No Waiver of Rights. The failure of the Association, the board or of a unit owner to enforce any right, provision, covenant or condition which may be granted by the condominium documents or the Condominium Act shall not constitute a waiver of the right of the Association, the board or the unit owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the board or any unit owner pursuant to any term, provision, covenant or condition of the condominium documents or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the condominium documents or the Condominium Act or a law or in equity.

D. Interest. In the event of a default by any unit owner in paying any sum assessed against his condominium

unit within ten (10) days from when it is due, interest at the highest rate allowable under the laws of the State of Florida may be imposed in the discretion of the board on the principal amount unpaid from the date due until paid.

E. Abating and Enjoining Violations by Unit Owners. The violation of any of the rules and regulations adopted by the board, the breach of any By-Law contained herein or the breach of any provision of the Declaration or the Condominium Act shall give the board the right, in addition to any other rights set forth in these By-Laws: (i) to enter the unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the board shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

F. Legal Proceedings. Failure to comply with any of the terms of the condominium documents shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these By-Laws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the board, the managing agent or, if appropriate, by any aggrieved unit owner and shall not constitute an election of remedies.

Section 8.2. LIEN FOR ASSESSMENTS.

A. Lien. The total annual assessment of each unit owner for common expenses or any special assessment, including the proportionate share owed by each unit owner to the Community Association, or any other sum duly levied (including

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without limitation fines, interest, late charges, etc.), made pursuant to these By-Laws, is hereby declared to be a lien levied against the condominium unit of such unit owner as provided in Section 718.116 of the Condominium Act, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Association and, as to special assessments and other sums duly levied, on the first day of the next month beginning more than seven (7) days after delivery to the unit owner of notice of such special assessment or levy. The board or its agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien.

B. Acceleration. In any case where an assessment against a unit owner is payable in installments, upon a default by such unit owner in the timely payment of any two (2) consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the board, and the entire balance of the yearly assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting unit owner and his mortgagee by the board or the agent of the board.

C. Enforcement. The lien for assessments may be enforced and foreclosed in any manner permitted by the laws of the State of Florida, by action in the name of the board, or the authorized agent of the board, acting on behalf of the Association. During the pendency of such suit, the unit owner shall be required to pay a reasonable rental for the unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver.

Section 8.3. SUBORDINATION AND MORTGAGE PROTECTION.

Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these By-Laws upon any unit (and any penalties, interest on assessments, late charges or the like) becoming payable on or after the date of recordation of the first mortgage on the unit shall be subordinate to, and shall in no way affect the rights of the holder of a mortgage made in good faith for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such unit pursuant to a decree of foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the unit at such sale from liability for any assessments thereafter becoming due, nor from the lien of such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein. Anything herein to the contrary notwithstanding, prior to the recording a claim of lien, the Association shall give all institutional mortgagee(s) notice of the lien and a period of ten (10) days in which to cure any default alleged in the claim of lien by the Association.

ARTICLE 9
INSURANCE

Section 9.1. AUTHORITY TO PURCHASE; NOTICE.

A. Except as may be otherwise provided in the condominium documents, all insurance policies or bonds relating to the condominium property shall be purchased by the board as a common expense. The board shall maintain in effect casualty and liability insurance and fidelity bond coverage as specified in the FNMA Lending Guide, Chapter Three, Part 5, Insurance Requirements. The board, the managing agent (if any) and the Developer shall not be liable for failure to obtain any coverage required by this Article 9 or for any loss or damage resulting from such failure if such failure is due to the unavailability

of such coverages from reputable insurance companies, or if such coverages are so available only at a demonstrably unreasonable cost.

B. Each such policy or bond shall provide that:

1. The insured waives right to claim by way of subrogation against the Developer, the Association, the board, the managing agent (if any) or the unit owners, and their respective agents, employees, guests and, in the case of the unit owners, the members of their households;

2. Such policy shall not be cancelled, invalidated or suspended due to the conduct of any unit owner (including his invitees, agents and employees) or of any member, officer or employee of the board or the managing agent (if any) without a prior demand in writing that the board or the managing agent (if any) cure the defect and neither shall have so cured such defect within sixty (60) days after such demand;

3. Such policy or bond may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least sixty (60) days' prior written notice to the board or the managing agent (if any) and, to all mortgagees and, in addition, in the case of fidelity coverage, to the FNMA servicer on behalf of FNMA. Each unit owner hereby appoints the Association as attorney-in-fact for the purpose of purchasing such insurance, including the collection and disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

C. The Developer, so long as Developer shall own any unit, shall be protected by all such policies as a unit owner.

D. All policies of insurance shall be written by reputable companies licensed to do business in the State of

Florida. Physical damage policies shall be in form and substance and with carriers acceptable to mortgagees holding a majority of the mortgages (based upon one vote for each mortgage owned).

E. The deductible, if any, on any insurance policy purchased by the board shall be a common expense, except where the claim is for components of a unit.

F. All policies of insurance shall show the Association as named insured, for the use and benefit of the individual unit owners. The Association shall have exclusive authority to negotiate losses under any policy and to perform such other functions as are necessary to accomplish this purpose.

G. The "loss payable" clause should show the owners' association or the insurance trustee as a trustee for each unit owner and the holder of each unit's mortgage.

H. All policies must also contain the standard mortgage clause and must name as mortgagee either FNMA and FHLMC or the servicer for the mortgages held by FNMA and FHLMC on units in the project. When a servicer is named as the mortgagee, its name should be followed by the phrase "its successors and assigns".

Section 9.2. PHYSICAL DAMAGE INSURANCE.

A. The board shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, sprinkler leakage (if applicable), debris removal, cost of demolition and water damage endorsements, insuring the entire condominium property (including all of the units and the bathroom and kitchen fixtures initially installed therein by the Developer and the replacements thereto installed by the Developer but not including furniture, wall coverings, furnishings or other personal property supplied or installed by unit owners),

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together with all air-conditioning and heating equipment and other service machinery contained therein, personal property and supplies belonging to the Association, and covering the interests of the Association, the board and all unit owners and their mortgagees, as their interests may appear (subject, however, to the loss payment and adjustment provisions in favor of the board as insurance trustee contained in Section 9.6), in an amount equal to one hundred percent (100%) of the then current replacement cost of the condominium property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the board with the assistance of the insurance company affording such coverage).

B. Such policy shall also provide:

1. A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these By-Laws not to do so;

2. To the extent available and required, the following provisions or endorsements (or equivalent): (i) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or unit owner or their agents when such act or neglect is not within the control of the insured, or the unit owners collectively; nor by any failure of the insured, or the unit owners collectively, to comply with any warranty or condition with regard to any portion of the condominium over which the insured, or the unit owners collectively, have no control; (ii) "contingent liability from operation of building laws or codes"; (iii) "increased cost of construction" or "condominium replacement cost"; (iv) "agreed amount" or elimination of co-insurance clause; and (v) "construction code endorsements" if any applicable construction code provision requires changes to the undamaged portions of the buildings even when only part of the condominium property is

destroyed by an insured hazard; (vi) that any applicable insurance trust agreement will be recognized; and

3. That any "no other insurance" clause expressly excludes individual unit owners' policies from its operation so that the physical damage policy purchased by the board shall be deemed primary coverage and any individual unit owners' policy shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the board hereunder provide for or be brought into contribution with insurance purchased by individual unit owners or their mortgagees, unless otherwise required by law.

C. A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any mortgagee requesting same, at least thirty (30) days prior to expiration of the then current policy. Prior to obtaining any policy of physical damage or any renewal thereof the board shall obtain an appraisal from an insurance company, or such other source as the board may determine, of the then current replacement cost of the condominium property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Section 9.2. All mortgagees shall be notified promptly of any event giving rise to a claim under such policy arising from damage to the common elements in excess of one percent (1%) of the then current replacement cost of the condominium property. The mortgagee of a unit shall be notified promptly of any event giving rise to a claim under such policy arising from damage to such unit.

Section 9.3. LIABILITY INSURANCE. The board shall

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obtain and maintain comprehensive general liability (including bodily injury, employment contract liability, libel, slander, false arrest and invasion of privacy coverage and errors and omissions coverage for directors) and property damage insurance with coverage of at least One Million and no/100 Dollars (\$1,000,000.00) for bodily injury and property damage or for such additional amounts as the board may from time to time determine, insuring each member of the board, the managing agent (if any), each unit owner and the Developer against any liability to the public or to the unit owners (and their invitees, agents and employees) arising out of, or incident to the ownership and/or use of the common elements. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another name insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Association; (v) contractual and all-written contract insurance; and (vi) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a unit owner because of negligent acts of the Association or of another unit owner. The board shall review such limits once each year, but in no event shall such insurance be less than One Million and no/100 Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of primary limits shall also be obtained in an amount not less than Three Million and no/100 Dollars (\$3,000,000.00).

Section 9.4. OTHER INSURANCE. The board shall obtain and maintain:

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A. Adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association, including the managing agent (if any). Such fidelity bonds shall:

(i) name the Association as an obligee; (ii) be written in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the managing agent at any given time during the term of each bond; provided, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all units plus reserve funds; and (iii) contains waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

B. If required by any government or quasi-governmental agency, flood insurance in accordance with the then-applicable regulations of such agency;

C. Workmen's Compensation insurance if and to the extent necessary to meet the requirements of law;

D. Broad form machinery and pressure vessel explosion insurance (if applicable) in an amount not less than Five Hundred Thousand and no/100 Dollars (\$500,000.00) per accident per location; and

E. Such other insurance as the board may determine or as may be requested from time to time by a majority of the unit owners.

Section 9.5. SEPARATE INSURANCE. Each unit owner shall have the right, at his own expense, to obtain insurance for his own unit and for his own benefit and to obtain insurance coverage upon his personal property, for his personal liability, upon any improvements made by him to his unit under coverage normally called "improvements and betterments coverage";

provided, however, that no unit owner shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the board, on behalf of all unit owners, may realize under any insurance policy maintained by the board or to cause any insurance coverage maintained by the board to be brought into contribution with insurance coverage obtained by a unit owner. All such policies shall contain waivers of subrogation. No unit owner shall obtain separate insurance policies on the condominium except as provided in this Section 9.5.

Section 9.6. INSURANCE TRUSTEE.

A. All physical damage insurance policies purchased by the board shall be for the benefit of the Association, the unit owners, their mortgagees and the Developer, as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the board as "insurance trustee" to be applied pursuant to the terms of Article 10.

B. The sole duty of the board as insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these By-Laws, for the benefit of the insureds and their beneficiaries thereunder.

ARTICLE 10
REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 10.1. WHEN REPAIR AND RECONSTRUCTION ARE REQUIRED. Except as otherwise provided in Section 10.4, in the event of damage to or destruction of all or any part of a building located on condominium property as a result of fire or other casualty, the board shall arrange for and supervise the prompt repair and restoration of the building (including any damaged units, and the floor coverings, kitchen or bathroom fixtures and appliances initially installed therein by the Developer, and replacements thereof installed by the Developer,

but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the unit owners in the units). Notwithstanding the foregoing, each unit owner shall have the right to supervise the redecorating of his own unit.

Section 10.2. PROCEDURE FOR RECONSTRUCTION AND REPAIR.

A. Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of a building located on condominium property, the board shall obtain reliable and detailed estimates of the cost of repairing and restoring such portion (including any damaged units and any floor coverings and kitchen and bathroom fixtures and appliances initially installed by Developer, and the replacements thereof installed by the Developer, but not including any other furniture, furnishings, fixtures or equipment installed by the unit owner in the unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds by the board as insurance trustee determines to be necessary.

B. Assessments. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a common expense and a special assessment therefor shall be levied.

C. Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the condominium property, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible.

Section 10.3. DISBURSEMENTS OF CONSTRUCTION FUNDS.

A. Construction Fund and Disbursement. The proceeds of insurance collected on account of casualty, and the sums received by the board as insurance trustee from collections of assessments against unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

1. If the estimated cost of reconstruction and repair is less than Fifty Thousand and no/100 Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the board; provided, however, that upon request of twenty percent (20%) of the mortgagees (based upon one vote for each mortgage owned), such fund shall be disbursed pursuant to paragraph (2).

2. If the estimated cost of reconstruction and repair is Fifty Thousand and no/100 Dollars (\$50,000.00) or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Florida and employed by the board as insurance trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and material furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (i) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the

amount of the construction remaining after payment of the sum so requested.

B. Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all unit owners in proportion to their undivided interest of the common elements and shall be distributed in accordance with the priority of interest at law or in equity in each unit.

C. Common Elements. When the damage is to both common elements and units, the insurance proceeds shall be applied first to the cost of repairing those portions of the common elements which enclose and service the units, then to the cost of repairing the other common elements and thereafter to the cost of repairing the units.

D. Certificate. The board as insurance trustee shall be entitled to rely upon a certificate executed by the president or vice president, and the secretary, certifying: (i) whether the damaged condominium property is required to be reconstructed and repaired; (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund whether surplus funds to be distributed are less than the assessments paid by the unit owners; and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the board as insurance trustee promptly after request.

Section 10.4. WHEN RECONSTRUCTION IS NOT REQUIRED. In the event the board elects not to repair insubstantial damage to the common elements, the board shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the

condominium property and the balance of any insurance proceeds received on account of such damage shall be distributed among all unit owners in proportion to their respective undivided interest of the common elements. If the condominium shall be terminated pursuant to Section 718.117 of the Condominium Act, the net assets of the condominium together with the net proceeds of insurance policies, if any, shall be divided by the board as insurance trustee among all unit owners in proportion to their respective undivided interest of the common elements, after first paying out of the share of each unit owner, to the extent sufficient therefor, the amount of any unpaid liens on his unit in the order of priority of such liens.

Section 10.5. MORTGAGEE PROVISIO. Anything in this Article 10 to the contrary notwithstanding, mortgagee(s), as their interest appear, shall always be entitled to receive, in reduction of its mortgage debt, that portion of insurance proceeds apportioned to its mortgaged unit in the same share as the share in the common elements appurtenant to such unit, in the event: (a) its mortgage is not in good standing and is in default; (b) the insurance proceeds are not sufficient to complete restoration, reconstruction or repair and the Association has not made additional funds available for such purpose; or (c) the Association has determined to restore, repair, or reconstruct the improvements in a manner or condition substantially different from that existing prior to the casualty and such mortgagee has not consented in writing to such change or alteration.

ARTICLE 11
TRANSFER REQUIREMENTS

There are no restrictions on sale, lease or transfer of condominium units in the condominium development; provided, however, unit owners shall not lease their unit for an initial term of less than six (6) months.

ARTICLE 12
OPERATION OF THE CONDOMINIUM PROPERTY

Section 12.1. MAINTENANCE, REPAIR, REPLACEMENT AND OTHER COMMON EXPENSES.

A. By the Board of Directors. The board shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of not less than eighty percent (80%) of the board such expense was necessitated by the negligence, misuse or neglect of a unit owner) of all of the common elements (including the limited common elements) as defined herein or in the Declaration, whether located inside or outside of the units, the cost of which shall be charged to all unit owners as a common expense; provided, however, that each unit owner shall perform normal maintenance on the limited common elements appurtenant to his unit and any portion of the remaining common elements which the board pursuant to the regulations has given him permission to utilize, including without limitation the items enumerated in subsection (B) hereof. The Association has the irrevocable right of access to each unit and any limited common elements during reasonable hours, when necessary for the maintenance, repair, or replacement of any common elements or limited common elements or for making emergency repairs which are necessary to prevent damage to the common elements or limited common elements or to another unit or units.

B. By the Unit Owner.

1. Each unit owner shall keep his unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his unit. In addition, each unit owner shall be responsible for all damage to any other units or to the common elements resulting from his failure or negligence to make any of the repairs required by this Section. Each unit owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other unit owners.

Each unit owner shall promptly report to the board or the managing agent (if any), any defect or need for repairs for which the board is responsible.

2. The unit owner of any unit to which a limited common element is appurtenant shall perform the normal maintenance for such limited common element, including keeping it in a clean and sanitary condition and shall also make all repairs thereto caused or permitted by his negligence, misuse or neglect. All structural repair or replacement shall be made by the board as a common expense, as provided in subsection (a) above.

3. Any unit owner permitted by the board to use a specific portion of the common elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

C. Chart of Maintenance Responsibilities.

Notwithstanding the general provisions for maintenance set forth in subsection (A) and (B) above, specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined pursuant to the Chart of Maintenance Responsibilities attached as Exhibit "2" hereto.

D. Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials.

Section 12.2. ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY BOARD OF DIRECTORS. Except during the period that the Developer controls the board, whenever in the judgment of the board the common elements shall require additions, alterations or improvements costing in excess of One Thousand and no/100 Dollars (\$1,000.00) during any period of twelve consecutive

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months, the making of such additions, alterations or improvements require the prior approval of a majority of the unit owners, and the board shall assess all unit owners benefited for the cost thereof as a common expense. Any additions, alterations or improvements costing One Thousand and no/100 Dollars (\$1,000.00) or less during any period of twelve consecutive months may be made by the board without such approval of the unit owners and the cost thereof shall constitute a common expense. The One Thousand and no/100 Dollars (\$1,000.00) limitation shall be included in the annual budget of the condominium. Notwithstanding the foregoing, if, in the opinion of not less than eighty percent (80%) of the members of the board, such additions, alterations, or improvements are exclusively or substantially exclusively for the benefit of the unit owner or unit owners requesting the same, such requesting unit owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportion as may be determined by the board.

Section 12.3. ADDITIONS, ALTERATIONS OR IMPROVEMENTS

BY UNIT OWNERS. No unit owner shall make any structural addition, alteration or improvements in or to his unit without the prior written consent of the board. No unit owner shall paint or alter the exterior of his unit, including the doors and windows, nor shall any unit owner paint or alter the exterior of any building, without the prior written consent of the board. The board shall be obligated to answer any written request by a unit owner for approval of a proposed structural addition, alteration or improvement in such unit owner's unit within forty-five (45) days after such request, and failure to do so within said period will constitute approval of the stipulated addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural

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addition, alteration or improvement in or to any unit requires execution by the Association, and provided consent has been given by the board, then the application shall be executed on behalf of the Association by the board only, without, however, incurring any liability on the part of the board or any of them to any contractor, subcontractor or materialmen on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom.

Section 12.4. STORAGE, DISCLAIMER OF BAILEE LIABILITY.

Any storage cubicles are common elements and may be assigned to units by appropriate resolution of the board (unless such cubicles have been assigned as limited common elements). The board, the Association, any unit owner and the Developer shall not be considered a bailee, however, of any personal property stored on the common elements (including property located in storage cubicles and vehicles parked on the common elements), whether or not exclusive possession of the particular area is given to a unit owner for storage or parking purposes, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

ARTICLE 13
PARLIAMENTARY RULES

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

ARTICLE 14
AMENDMENT TO BY-LAWS

Except as in the Declaration provided otherwise, these By-Laws may be amended in the following manner:

Section 14.1. NOTICE. Notice of subject matter of a proposed amendment shall be included in the notice of a meeting at which a proposed amendment is to be considered.

Section 14.2. ADOPTION. A resolution for the adoption of a proposed amendment may be proposed either by a majority of the board or by not less than one-third (1/3) of the members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided that such approval is delivered to the secretary at or prior to the meeting. The approval must be:

A. by not less than a majority of the votes of all members of the Association represented at a meeting at which a quorum has been attained and by not less than sixty-six and two-thirds percent (66 2/3%) of the entire board; or

B. after control of the Association has been turned over to unit owners other than the Developer, by not less than eighty percent (80%) of the votes of the members of the Association represented at a meeting at which a quorum has been attained; or

C. by not less than one hundred percent (100%) of the entire board.

PROVIDED, HOWEVER, the consent of owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of eligible holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to a mortgage appertain, shall be required to materially amend any provisions hereof, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

1. Voting;
2. Assessments, assessment liens or subordination of such liens;
3. Reserves for maintenance, repair and replacement of the common elements;

4. Insurance or Fidelity Bonds;
5. Rights to use of the common elements;
6. Responsibility for maintenance and repair of the several portions of the condominium;
7. Expansion or contraction of the condominium regime or the addition, annexation or withdrawal of property to or from the regime;
8. Boundaries of any Units;
9. The interest in the general or limited common elements;
10. Convertibility of Units into common elements or of common elements into Units;
11. Leasing of Units;
12. Imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer, or otherwise convey his or her Unit in the condominium; and
13. Establishment of self-management by the Association where professional management has been required by HUD, VA, FNMA, or FHLMC; and provided, further, that the consent of the owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of eligible holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to a mortgage appertain, shall be required to amend any provisions herein which are for the express benefit of holders or insurers of first mortgages on Units in the condominium. (For first mortgagees to be "eligible holders" hereunder, they must request notice in accordance with the provisions of Article 16 of the By-Laws.)

Section 14.3. PROVISIO. No amendment may be adopted which would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities

granted or reserved to the Developer or mortgagees of units without the consent of said Developer and mortgagees in each instance. No amendment shall be made that is in conflict with the Articles or Declaration. No amendment to this Section shall be valid.

Section 14.4. EXECUTION AND RECORDING. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Declaration and By-Laws, which certificate shall be executed by the president or vice president and attested by the secretary or assistant secretary of the Association with the formalities of a deed, or by the Developer alone if the amendment has been adopted consistent with the provisions of the Declaration allowing such action by the Developer. The amendment shall be effective when the certificate and a copy of the amendment is recorded in the public records of the county in which the condominium is located.

ARTICLE 15
CONSTRUCTION

Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, whenever the context so requires. Should any of the covenants herein imposed be void or become unenforceable at law, or in equity, the remaining provisions of this instrument shall, nevertheless, be and remain in full force and effect.

ARTICLE 16
MISCELLANEOUS

Section 16.1. INFORMATION. The Association shall make available to unit owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws, Rules and Regulation and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Any holder of a first mortgage is entitled and shall be provided upon written request a financial statement for the immediately preceding fiscal year.

Section 16.2. PERMITS, ETC. The Association shall have the right through the board to grant permits, licenses and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the project.

Section 16.3. LENDER'S NOTICES AND INSPECTIONS. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the unit number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

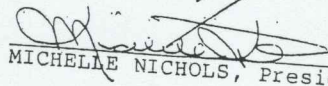
- A. Any condemnation or casualty loss that affects either a material portion of the condominium property or the unit securing its mortgage.
- B. Any sixty (60) day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage.
- C. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.
- D. Any proposed action that requires the consent of a specified percentage of mortgage holders.
- E. Any proposed amendment of the condominium instruments effecting a change in: (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto; (ii) the interests in the general or limited common elements appertaining to any Unit or the liability for common expenses appertaining thereto; (iii) the number of votes in the Association appertaining to any Unit; or (iv) the purpose to which any Unit or the common elements are restricted.
- F. Any proposed termination of the condominium regime.

In addition, upon request, during normal business hours or under other reasonable circumstances, the Association shall make available for inspection to lenders and the holders and insurers of the first mortgage on any unit, current copies of the Declaration, By-Laws and other rules governing the condominium, and other books, records and financial statements of the Association.

Section 16.4. ARBITRATION. Internal disputes arising from the operation of the condominium among unit owners, the Association, and their agents and assigns may, on a voluntary basis, with the consent of all relevant parties, be resolved through binding arbitration. Rules for arbitration shall be established by the board of directors of the Association and in the event the board shall not enact any such rules then the Rules of the American Arbitration Association shall apply. Decisions resulting from such arbitration shall be binding upon the parties.

The foregoing were adopted as the By-Laws of MILLPOND LAKES CONDOMINIUM ASSOCIATION, INC., a Florida corporation not-for-profit, this 31st day of October, 1989.


ROBERT KREITZER, Secretary


MICHELLE NICHOLS, President

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