

AMENDED AND RESTATED BY-LAWS OF
CAPTIVA COVE HOMEOWNER'S ASSOCIATION, INC.

A corporation not for profit organized
under the laws of the State of Florida

1. **Identity.** These are the Amended and Restated By-Laws of CAPTIVA COVE HOMEOWNER'S ASSOCIATION, INC. (the "Association"), a not for profit corporation under the laws of the State of Florida, and organized for the purpose of administering those certain townhomes located in Okaloosa County, Florida, and known as CAPTIVA COVE TOWNHOMES, A TOWNHOME (the "Townhome").

RECITALS

Whereas, the By-Laws of Captiva Cove Homeowners Association, Inc. were recorded in Official Records Book 1898, at Page 1210, et seq., as amended, all of the Public Records of Okaloosa County, Florida.

Whereas, Captiva Cove Homeowners Association, Inc. has the authority and power to amend its By-Laws;

Whereas, the Association desires to amend and restate the By-Laws, as more fully set forth herein; and,

Whereas, the Amended and Restated By-Laws were approved by the membership of the Association and the number of votes cast in favor of adoption of the Amended and Restated By-Laws was sufficient for approval;

Now, therefore, the Association hereby amends and restates the By-Laws so that same read in their entirety as follows:

1.1 **Principal Office.** The principal office of the Association shall be at c/o P. O. Box 4123, Fort Walton Beach, Florida 32547 at such other place as may be subsequently designated by the Board of Directors. Notwithstanding the foregoing, all books and records of the Association shall be kept on the Townhome property.

1.2 **Fiscal Year.** The fiscal year of the Association shall be the calendar year.

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.

2. **Definitions.** For convenience, these By-Laws shall be referred to as the "By-Laws" and the Articles of Incorporation of the Association as the "Articles". The other terms used in these By-Laws shall have the same definition and meaning as those set forth in the Declaration for

the Townhome, unless herein provided to the contrary, or unless the context otherwise requires.

3. Members.

- 3.1 Annual Meeting. The annual members' meeting shall be held on the date, at the place and at the time determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and, to the extent possible, no later than twelve (12) months after the last preceding annual meeting. The purpose of the meeting shall be, except as provided herein to the contrary, to elect Directors and to transact any other business authorized to be transacted by the members, or as stated in the notice of the meeting sent to Unit Owners in advance thereof.
- 3.2 Special Meetings. Special members' meetings shall be held at such places as provided herein for annual meetings, and may be called by the President or by a majority of the Board of Directors of the Association, and must be called by the President or Secretary upon receipt of a written request from a majority of the members of the Association. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting. Special meetings may also be called by Unit Owners in the manner provided for in the Act.
- 3.3 Notice of Meeting; Waiver of Notice. Notice of a meeting of members, stating the time and place, the purpose(s) for which the meeting is called, and an identification of agenda items shall be given by the President or Secretary. A copy of the notice shall be posted at a conspicuous place on the Townhome Property as designated by the Board pursuant to 718.112 (2)(d)(2). The notice of the annual meeting shall be sent by mail or email to each Unit Owner, unless the Unit Owner waives in writing the right to receive notice of the annual meeting by mail or email. The delivery or mailing shall be to the address or email address of the member as it appears on the roster of members. The posting and mailing or emailing of the notice shall be effected not less than fourteen (14) days, nor more than sixty (60) days, prior to the date of the meeting. Notice for the election of Directors shall be given in accordance with 718.112(1)(d)(3). Proof of posting and mailing or emailing of the notice shall be given by Affidavit.

Notice of specific meetings may be waived before or after the meeting and the attendance of any member (or person authorized to vote for such member) shall constitute such member's waiver of notice of such meeting, except when his (or his authorized representative's) attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called.

An officer of the Association shall provide an affidavit, to be included in the official records of the Association, affirming that notices of the Association meeting were mailed, emailed or hand delivered in accordance with this Section and Section 718.112(2)(d) of the Act, to each Unit Owner at the address last furnished to the Association. No other proof of notice of a meeting shall be required.

3.4 Quorum. A quorum at members' meetings shall be attained by the presence, either in person or by proxy, of persons entitled to cast 50% of the total voting interests.

3.5 Voting.

- (a) Number of Votes. In any meeting of members, the Owners of Units shall be entitled to cast one vote for each Unit owned. The vote of a Unit shall not be divisible.
- (b) Majority Vote. The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum shall have been attained shall be binding upon all Unit Owners for all purposes, except where otherwise provided by law, the Declaration, the Articles or these By-Laws. Similarly, unless specifically stated to the contrary, if some greater percentage of members is required herein or in the Declaration or Articles, it shall mean such greater percentage of the votes of members present at a meeting at which a quorum is attained.
- (c) Voting Member. If a Unit is owned by one person, his right to vote shall be established by the roster of members. If a Unit is owned by more than one person, those persons (including husbands and wives) shall decide among themselves as to who shall cast the vote of the Unit. In the event that those persons cannot so decide, no vote shall be cast. A person casting a vote for a Unit shall be presumed to have the authority to do so unless the President or the Board of Directors is otherwise notified. If a Unit is owned by a corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by an appropriate officer of the corporation and filed with the Secretary of the Association. Such person shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the vote for a Unit may be revoked by any record owner of an undivided interest in the unit. If a certificate designating the person entitled to cast the vote for a Unit for which such certificate is required is not on file or has been revoked, the vote attributable to such Unit shall not be considered in determining whether a quorum is present, nor for any other purpose, and the total number of authorized votes in the Association shall be reduced accordingly until such certificate is filed.

3.6 Proxies. Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote, but shall only be valid for the specific meeting for which originally given and any lawful adjourned meetings thereof. In no event shall any proxy be valid for a period longer than 90 days after the date of the first meeting for which it was given. A proxy shall be revocable at any time at the pleasure of the person executing it. A proxy must be in writing, dated, signed by the person authorized to cast the vote for the Unit, name the person(s) voting by proxy and the person authorized to vote for such person(s) and filed with the Secretary before the appointed time of the meeting, or before the time in which the meeting is adjourned. Each proxy shall contain the date, time and place of the meeting for which it is given and, if a limited proxy holder may vote and the manner in which the vote is to be cast. Holders of proxies need not be Unit owners. If required by Chapter 718, Florida Statutes, limited proxies shall be used for (1) votes taken to waive

or reduce reserves; (2) for votes taken to waive financial statement requirements as provided by 718.111 (II); (3) for votes taken to amend the Declaration pursuant to 718.110. (4) for votes taken to amend the Articles or By-Laws pursuant to 718.112; and for any other matter for which Chapter 718, Florida Statutes requires or permits a vote of Unit Owners. General proxies may be used for other matters for which limited proxies are not required.

3.7 Adjourning Meetings. If any proposed meeting cannot be organized because a quorum has not been attained, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present, provided notice of the newly scheduled meeting is given in the manner required for the giving of a meeting. Except as required above, proxies given for the adjourned meeting shall be valid for the newly scheduled meeting unless revoked for reasons other than the new date of the meeting.

3.8 Order of Business. If a quorum has been attained, the order of business at annual members' meetings, and, if applicable, at other members' meetings, shall be:

- (a) Call to order by President;
- (b) Appointment by the President of a chairman of the meeting (who need not be a member, officer or a director);
- (c) Proof of notice of the meeting or waiver of notice;
- (d) Reading of minutes;
- (e) Reports of officers;
- (1) Reports of committees;
- (g) Appointment of inspectors of election;
- (h) Determination of number of Directors to be elected;
- (i) Election of Directors;
- (j) Unfinished business;
- (k) New Business;
- (I) Adjournment,

Such order may be waived in whole or in part by direction of the chairman.

3.9 Minutes of Meeting. The minutes of all meetings of Unit Owners shall be kept in a book

available for inspection by Unit Owners or their authorized representatives and Board members at any reasonable time. The Association shall retain these minutes for a period of not less than seven years.

3.10 Action without Meeting. Anything to the contrary herein notwithstanding, to the extent lawful, any action required to be taken at any annual or special meeting of members, or any action which may be taken at any annual or special meeting of such members, may be taken 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 (or persons authorized to cast the vote of any such members as elsewhere herein set forth) having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting of members at which a quorum of members (or authorized persons) entitled to vote thereon were present and voted. Within ten (10) days after obtaining such authorization by written consent, notice must be given to members who have not consented in writing, the notice shall fairly summarize the material features of the authorized action.

4. Directors.

4.1 Membership. The affairs of the Association shall be governed by a Board of not less than three (3) nor more than five (5) directors, the exact number to be determined in the first instance in the Articles, and, thereafter, except as provided herein, from time to time upon majority vote of the membership. Directors must be unit Owners.

4.2 Election of Directors. The election of Directors shall be conducted in the following manner:

- (a) Election of Directors shall be held at the annual members' meeting, except as provided herein to the contrary. There shall be no quorum requirement; however, at least twenty percent (20%) of the eligible voters must cast a ballot for an election to be valid.
- (b) Nominations for Directors shall be made in accordance with the requirements of 718.112(2)(d)(3).
- (c) The election shall be by secret written ballot and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting. No Unit Owner shall permit any other person to vote his ballot and any such ballots improperly cast shall be deemed invalid. A unit owner who needs assistance in casting the ballot for the reasons stated in section 101.051, Florida Statutes, may obtain assistance in casting the ballot. No proxy shall be used in the election of the Board.

4.3 Vacancies and Removal.

- (a) Except as to vacancies resulting from removal of Directors by members, vacancies in

the Board of Directors occurring between annual meetings of members shall be filled by the remaining Directors.

- (b) Any Director elected by the members may be removed by concurrence of a majority of the votes of the members at a special meeting of members called for that purpose (which shall be called upon the demand of ten percent (10%) or more of the voting interests of the Associations Members) or by written agreement signed by a majority of the owners of all units. The vacancy in the Board of Directors so created shall be filled by the members at the same meeting, or by the Board of Directors in the case of removal by a written agreement unless said agreement also designates a new Director to take the place of the one removed. In the event a majority of the board members are removed, the vacancies shall be filled in accordance with the rules promulgated by the Division pursuant to Florida Statutes 718.112(2)(k)(4). The conveyance of all Units owned by a Director in the Townhome shall constitute the resignation of such Director.
- (c) If a vacancy on the Board of Directors results in the inability to obtain a quorum of Directors in accordance with these By-Laws, any Owner may apply to the Circuit Court within whose jurisdiction the Townhome lies for the appointment of a receiver to manage the affairs of the Association. At least thirty (30) days prior to applying to the Circuit Court, the Unit Owner shall mail to the Association and post it in a conspicuous place as designate by the board, on the Townhome Property a notice describing the intended action and giving the Association an opportunity to fill the vacancy(ies) in accordance with these By-Laws. If, during such time, the Association fails to fill the vacancy(ies), the Unit Owner may proceed with the petition. If a receiver is appointed, the Association shall be responsible for the salary of the receiver, court costs and attorneys' fees. The receiver shall have all powers and duties of a duly constituted Board of Directors, and shall serve until the Association fills the vacancy(ies) on the Board sufficient to constitute a quorum in accordance with these By-Laws.

4.4 Term. Except as provided herein to the contrary, the term of each Director's service shall extend until the next annual meeting of the members and subsequently until his successor is duly elected and has taken office, or until he is removed in the manner elsewhere provided. After such time as the Unit Owners, have elected a majority of the Board of Directors, the Board may elect, by resolution of a majority of the Directors, to 'provide for increased and/or staggered terms of service. Such resolution shall set forth the method by which the terms may be staggered and the procedures for electing directors to the terms thus established.

4.5 Organization Meeting. The organizational meeting of newly-elected or appointed Directors shall be held within ten (10) days of their election or appointment at such place and time as shall be fixed by the Directors at the meeting at which they were elected or appointed, and no further notice to the Board of the organizational meeting shall be necessary.

- 4.6 Regular Meetings. 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 telegraph, and shall be transmitted at least three (3) days prior to the meeting. Regular meetings of the Board of Directors shall be open to all Unit Owners and notice of such meetings shall be posted conspicuously at a location designated by the Board on the Townhome Property at least forty-eight (48) continuous hours in advance for the attention of the members of the Association, except in the event of an emergency, provided that Unit Owners shall be permitted the right to speak at such meetings with reference to all designated agenda items, subject to rules established by the Board.
- 4.7 Special Meetings. Special meetings of the Directors may be called by the President, and must be called by the President or Secretary at the written request of one-third (1/3) of the Directors. Notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting, and shall be transmitted not less than three (3) days prior to the meeting. Special meetings of the Board of Directors shall be open to all Unit Owners and notice of a special meeting shall be posted conspicuously on the Townhome property at least forty-eight (48) continuous hours preceding the meeting for the attention of the members of the Association, except in the event of an emergency. However, written notice of any meeting at which nonemergency special assessments, or at which amendment to rules regarding unit use will be proposed, discussed, or approved, shall be mailed or delivered to the Unit Owner and posted conspicuously on the Townhome property not less than 14 days prior to the meeting. Evidence of compliance with this 14-day notice shall be made by an affidavit executed by the secretary and filed among the official records of the Association. Upon notice to the Unit Owners, the Board shall by duly adopted rule designate a specific location on the Townhome property upon which all notices of Board meetings shall be posted.
- 4.8 Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting and that waiver shall be deemed equivalent to the due receipt by said Director of notice. Attendance by any Director at a meeting shall constitute a waiver of notice of such meeting, except when his attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called.
- 4.9 Quorum. A quorum at Directors' meetings shall consist of a majority of the Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of Directors is specifically required by the Declaration, the Articles or these By-Laws.
- 4.10 Adjourned Meeting. If, at any proposed meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present, provided notice of such newly scheduled meeting is given as required hereunder. At any newly scheduled meeting any business that might

have been transacted at the meeting as originally called may be transacted as set forth in the notice for the rescheduled meeting.

- 4.11 Joinder in Meeting by Approval of Minutes. The joinder of a Director in the action of a meeting shall constitute the approval of that Director of the business conducted at the meeting, but such joinder shall not allow the applicable Director to be counted as being present for purposes of quorum.
- 4.12 Presiding Officer. The presiding officer at the Directors' meetings shall be the President (who may, however, designate any other Unit Owner to preside).
- 4.13 Order of Business. If a quorum has been attained, the order of business at Directors' meetings shall be:
- (a) Proof of due notice of meeting;
 - (b) Reading and disposal of any unapproved minutes;
 - (c) Reports of officers and committees;
 - (d) Election of officers;
 - (e) Unfinished business;
 - (f) New business;
 - (g) Adjournment.

Such order may be waived in whole or in part by direction of the presiding officer.

- 4.14 Minutes of the Meetings. The minutes of all meetings of the Board of Directors shall be kept in a book available for inspection by Unit Owners, or their authorized representatives, and Board members at any reasonable time. The Association shall retain these minutes for a period of not less than seven years.
- 4.15 Executive Committee; Other Committees. The Board of Directors may, by resolution duly adopted, appoint an Executive Committee to consist of three (3) or more members of the Board of Directors. Such Executive Committee shall have and may exercise all of the powers of the Board of Directors in management of the business and affairs of the Townhome during the period between the meetings of the Board of Directors insofar as may be permitted by law, except that the Executive Committee shall not have power (a) to determine the Common Expenses required for the affairs of the Townhome, (b) to determine Assessments payable by the Unit Owners to meet the Common Expenses and regulations covering the details of the operation and use of the Townhome Property, or (d) to exercise any of the powers set forth in paragraph (i) amid (o) of Section 5 below.

The Board may by resolution also create other committees and appoint persons to such committees and invest in such committees such powers and responsibilities as the Board shall deem advisable.

5. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Townhome and may take all acts, through the proper officers of the Association, in executing such powers, except such acts which by law, the Declaration, the Articles or these By-Laws may not be delegated to the Board of Directors by the Unit Owners. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:
- (a) Operating and maintaining the Common Elements.
 - (b) Determining the expenses required for the operation of the Townhome and the Association.
 - (c) Employing and dismissing the personnel necessary for the maintenance and operation of the Common Elements.
 - (d) Adopting and amending rules and regulations concerning the details of the operation and use of the Townhome Property, subject to a right of the Unit Owners to overrule the Board as provided in Section 13 thereof.
 - (e) Maintaining bank accounts on behalf of the Association and designating the signatories required therefor.
 - (f) Purchasing, leasing or otherwise acquiring Units or other property in the name of the Association, or its designee,
 - (g) Purchasing Units at foreclosure or other judicial sales, in the name of the Association, or its designee
 - (h) Selling, leasing, mortgaging or otherwise dealing with Units acquired, and subleasing Units leased, by the Association, or its designee.
 - (i) Organizing corporations and appointing persons to act as designees of the Association in acquiring title to or leasing Units or other property.
 - (j) Obtaining and reviewing insurance for the Townhome Property.
 - (k) Making repairs, additions and improvements to, or alterations of, the Townhome Property, and repairs to and restoration of the Townhome Property, in accordance with the provisions of the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or otherwise.

- (l) Enforcing obligations of the Unit Owners, allocating profits and expenses and taking such other actions as shall be deemed necessary and proper for the sound management of the Townhome.
- (m) Levying fines against appropriate Unit Owners for violations of the rules and regulations established by the Association to govern the conduct of such Unit Owners. No fine shall exceed \$100.00 (or such greater amount as may be permitted by law from time to time) nor may any fine be levied except after giving reasonable notice and opportunity for a hearing to the affected Unit Owner and, if applicable, his tenant, licensee or invitee. No fine shall become a lien upon a Unit.
- (n) Purchasing or leasing Units for use by resident superintendents and other similar persons.
- (o) Borrowing money on behalf of the Townhome when required in connection with the operation, care, upkeep and maintenance of the Common Elements or the acquisition of property, and granting mortgages on and/or for security interests in Association owned property; provided, however, that the affirmative vote of the Owners of at least two-thirds (2/3rds) of all Units shall be required for the borrowing of any sum which would cause the total outstanding indebtedness of the Association to exceed \$10,000.00. If any sum borrowed by the Board of Directors on behalf of the Townhome pursuant to the authority contained in this subparagraph (o) is not repaid by the Association, a Unit Owner who pays to the creditor such portion thereof as his interest in his Common Elements bears to the interest of all the Unit Owners in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against, or which will affect such Unit Owner's Unit.
- (p) Contracting for the management and maintenance of the Townhome Property and authorizing a management agent to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of rules and maintenance, repair, and replacement of the Common Elements with such funds as shall be made available by the Association for such purposes. The Association and its officers shall, however, retain at all times the powers and duties granted by the Townhome documents and the Act, including, but not limited to, the making of Assessments, promulgation of rules and execution of contracts on behalf of the Association.
- (q) At its discretion, authorizing Unit Owners or other persons to use portions of the Common Elements for private parties and gatherings (and imposing reasonable charges for such private use, but only if pursuant to a lease of the applicable facility).
- (r) Exercising (i) all powers specifically set forth in the Declaration, the Articles, these By-Laws and in the Act, (ii) all powers incidental thereto, and (iii) all other powers of a Florida corporation not for profit.

- (t) Imposing a lawful fee in connection with the approval of the lease or sublease not to exceed the maximum amount permitted by law in any one case.

6. Officers.

- 6.1 Executive Officers. The executive officers of the Association shall be a President, a Vice-President, a Treasurer and a Secretary (none of whom need be Directors), all of whom shall be elected by the Board of Directors and who may hold more than one office, except that the President may not also be the Secretary. No person shall sign an instrument or perform an act in the capacity of more than one office. The Board of Directors from time to time shall elect such other officers and designate their powers and duties as the Board shall deem necessary or appropriate to manage the affairs of the Association. Officers, other than designees of Developer, may be Unit Owners.
- 6.2 President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties that are usually vested in the office of president of an association.
- 6.3 Vice-President. The Vice-President shall exercise the powers and perform the duties of the president in the absence or disability of the President. He also shall assist the President and exercise such other powers and perform such other duties as are incident to the office of the vice-president of an association and as may be required by the Directors or the President.
- 6.4 Secretary. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving of all notices required by law. He shall have custody of the seal of the Association and shall affix it 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 the secretary of an association and as may be required by the Directors or the President.
- 6.5 Treasurer. Treasurer shall have custody of all property of the Association, including funds, securities and evidence of indebtedness. He shall keep books of account for the Association in accordance with good accounting practices, which, together with substantiating papers, shall be made available to the Board of Directors for examination at reasonable times. He shall submit a treasurer's report to the Board of Directors at reasonable intervals and shall perform all other duties incident to the office of treasurer and as may be required by the Directors or the President. All monies and other valuable effects shall be kept for the benefit of the Association in such depositories as may be designated by a majority of the Board of Directors.
7. Compensation. Neither Directors nor officers shall receive compensation for their services as such, but the provision shall not preclude the Board of Directors from employing a Director or officer as an employee of the Association, nor preclude contracting with a Director or officer for the management of the Townhome or for any other service to be supplied by such Director or officer. Directors and officers shall be

compensated for all actual and proper out of pocket expenses relating to the proper discharge of their respective duties.

8. Resignations. Any Director or officer may resign his post at any time by written resignation, delivered to the President or Secretary, which shall take effect upon its receipt unless a later date is specified in the resignation, in which event the resignation shall be effective from such date unless withdrawn. The acceptance of a resignation shall not be required to make it effective. The conveyance of all Units owned by any Director or officer shall constitute a written resignation of such Director or officer.
9. Fiscal Management. This provision for fiscal management of the Association set forth in the Declaration and Articles shall be supplemented by the following provisions:

9.1 Budget

- (a) Adoption by Board; Items. The Board of Directors shall from time to time, and at least annually prepare a budget for the Townhome (which shall detail all accounts and items of expense and contain at least all items set forth in Section 718.504(20) of the Act, if applicable), determine the amount of Assessments payable by the Unit Owners to meet the expenses of such Townhome and allocate and assess such expenses among the Unit Owners in accordance with the provisions of the Declaration. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance (to the extent required by law). These accounts shall include, but not be limited to, roof replacement, building painting and pavement resurfacing regardless of the amount of deferred maintenance expense or replacement costs, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000.00. The amount of reserves shall be computed by means of a formula which is based upon the estimated life and the estimated replacement costs of each reserve item. The Association may adjust replacement reserve assessments annually to take into account any extension of the useful life of a reserve item caused by deferred maintenance. Reserves shall not be required if the members of the Association have, by a majority vote at a duly called meeting of the members, determined for a specific fiscal year to provide no reserves or reserves less adequate than required hereby. However, prior to turnover of control of the Association by the Developer, the Developer may vote to waive time reserves for the first two (2) years of the operation of the Association, after which time reserves may only be waived or reduced upon the vote of a majority of nondeveloper voting interests present at a duly called meeting of the Association. If a meeting of Unit Owners has been called to determine to provide no reserves or reserves less adequate than required, and such result is not attained or a quorum is not attained, the reserve as included in the budget, shall go into effect.

The adoption of a budget for the Townhome shall comply with the requirements hereinafter set forth:

- (i) Notice of Meeting. A copy of the proposed budget of Common Expenses shall be

mailed to each Unit Owner no less than thirty (30) days prior to the meeting of the Board of Directors at which the budget will be considered, together with a notice of that meeting indicating time and place of such meeting. The meeting shall be open to the Unit Owners, provided that the Unit Owners shall not have the right to participate, and need not be recognized, at such meeting.

(ii) Special Membership Meeting. If a budget is adopted by the Board of Directors which requires Assessments against such Unit Owners in any year exceeding one hundred fifteen percent (115%) of such Assessments for time preceding year, upon written application of ten percent (10%) of the Unit Owners (i.e., 10% of the voting interest in the Association), a special meeting of the Unit Owners shall be held within thirty (30) days of delivery of such application to the Board of Directors. Each Unit Owner shall be given at least ten (10) days' notice of said meeting. At the special meeting, Unit Owners shall consider and adopt a budget. The adoption of said budget shall require a vote of Owners of not less than 50% of all Units. If a meeting of the Unit Owners has been called as aforesaid and a quorum is not obtained or a substitute budget has not been adopted by the Unit Owners, the budget adopted by the Board of Directors shall go into effect as scheduled.

(iii) Determination of Budget Amounts. In determining whether a budget requires Assessments 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 authorized provisions for reasonable reserves made by the Board of Directors in respect of repair or replacement of the Townhome Property or in respect of anticipated expenses of the Association which are not anticipated to be incurred on a regular or annual basis, and there shall be excluded further from such computation Assessments for improvements to the Townhome Property.

(b) Adoption by Membership. In the event that the Board of Directors shall be unable to adopt a budget for a fiscal year in accordance with the requirements of Subsection 9.1(a) above, the Board of Directors may call a special meeting of Unit Owners for the purpose of considering and adopting such budget, which meeting shall be called and held in the manner provided for such special meetings in said subsection, or propose a budget in writing to the members, and if such budget is adopted by the members, upon ratification by a majority of the Board of Directors, it shall become the budget for such year.

9.2 Assessments. Assessments against Unit Owners for their share of the items of the budget shall be made for the applicable fiscal year annually in the year preceding the year for which the Assessments are made. Such Assessments shall be due in equal installments, payable in advance on the first day of each month (or each quarter at the election of the Board) of the year for which the Assessments are made. If annual assessments are not made as required, Assessments shall be presumed to have been made in the amount of the last prior Assessments, and monthly (or quarterly) installments on such Assessments shall

be due upon each installment payment date until changed by amended Assessments. In the event the annual Assessments prove to be insufficient, the budget and Assessments may be amended at any time by the Board of Directors, subject to time provisions of Section 9.1 hereof if applicable. Unpaid Assessments for the remaining portion of the fiscal year for which amended Assessments are made shall be payable in as many equal installments as there are full months (or quarters) of the fiscal year left as of the date of such amended Assessments, each such monthly (or quarterly) installment to be paid on the first day of the month (or quarter), commencing the first day of the next ensuing month (or quarter). If only a partial month (or quarter) remains, the amended Assessments shall be paid with the next regular installment in the following year, unless otherwise directed by the Board in its resolution.

- 9.3 Special Assessments and Capital Improvement Assessments. Special Assessments and Capital Improvement Assessments (as defined in the Declaration) shall be levied as provided in the Declaration and shall be paid in such manner as the Board of Directors of the Association may require in the notice of such Assessments.
- 9.4 Depository. The depository of the Association shall be such bank or banks in the State as shall be designated from time to time by the Directors and in which the monies of the Association, shall be deposited. Withdrawal of monies from those accounts shall be made only by checks signed by such person or persons as are authorized by the Directors. All sums collected by the Association for Assessments or contributions to working capital or otherwise may be commingled in a single fund or divided into more than one fund, as determined by a majority of the Board of Directors.
- 9.5 Acceleration of Installments Upon Default. If a Unit Owner shall be in default in the payment of an installment upon his Assessments, the Board of Directors or its agent may accelerate the Assessments due for the balance of the budget year and file a claim of lien therefor and the then unpaid balance of the Assessments for the balance of the year shall be due upon the date stated in the lien.
- 9.6 Fidelity Bond. Fidelity bonds shall be required by the Board of Directors for all persons handling or responsible for Association funds. If annual gross receipts do not exceed \$100,000.00, the bond shall be not less than \$10,000.00 per person. If annual gross receipts are between \$100,000.00 and \$300,000.00, the bond shall be not less than \$30,000.00 per person. Gross annual receipts in excess of \$300,000.00 shall require a bond of at least \$50,000.00 per person. The premiums on such bonds shall be paid by the Association as a Common Expense.
- 9.7 Accounting Records and Reports. The Association shall maintain accounting records in the State, according to accounting practices normally used by similar associations. The records shall be open to inspection by Unit Owners or their authorized representatives at reasonable times and written summaries of them shall be supplied at least annually. The records shall include, but not limited to, (a) a record of all receipts and expenditures, and (b) an account for each Unit designating the name and current mailing address of the Unit Owner, the amount of Assessments, the dates and amounts in which the Assessments

come due, the amount paid upon the account and the dates so paid, and the balance due. Written summaries of the records described in clause (a) above, in the form and manner specified below, shall be supplied to each Unit Owner annually.

Within sixty (60) days following the end of the fiscal year, the Board shall mail, or furnish by personal delivery, to each Unit Owner a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall show the amount of receipts by accounts and receipt classifications and shall show the amount of expenses by accounts and expense classifications, including, if applicable, but not limited to, the following:

- a. Cost for security;
- b. Professional and management fees and expenses;
- c. Taxes;
- d. Costs for recreation facilities;
- e. Expenses for refuse collection and utility services;
- f. Expenses for lawn care;
- g. Cost for building maintenance and repair;
- h. Insurance costs;
- i. Administrative and salary expenses; and
- j. General reserve, maintenance reserves anti depreciation reserves.

9.8 Application of Payment. All payments made by a Unit Owner shall be applied as provided in these By-Laws and in the Declaration or as otherwise determined by the Board in accordance with the Act.

9.9 Notice of Meetings. Notice of any meeting where Assessments against Unit Owners are to be considered for any reason shall specifically contain a statement that Assessments will be considered and the nature of any such Assessments.

10. Roster of Unit Owners. Each Unit Owner shall file with the Association a copy of the deed or other document showing his ownership. The Association shall maintain such information. The Association may rely upon the accuracy of such information for all purposes until notified in writing of changes therein as provided above. Only Unit Owners of record on the date notice of any meeting requiring their vote is given shall be entitled to notice of and to vote at such meeting, unless prior to such meeting other Owners shall produce adequate evidence, as provided above, of their interest and shall

waive in writing notice of such meeting.

11. Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Declaration, the Articles or these By-Laws.

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

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

12.2 Adoption. A resolution for the adoption of a proposed amendment may be proposed either by a majority of the Board of Directors 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 66-2/3% of the entire Board of Directors; or
- (b) after control of the Association has been turned over to the Unit Owners other than Developer, by not less than 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 100% of the entire Board of Directors.

12.3 Proviso. 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.

12.4 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 examined 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 Developer alone if the amendment has been adopted consistent with the provisions of the Declaration allowing such action by Developer. The amendment shall be effective when the certificate and a copy of the amendment is recorded in the Public Records of the County with an identification on the first page of the amendment of the Official Records Book and Page of said Public Records where the Declaration is recorded.

13. Rules and Regulations. Attached hereto as Schedule A and made a part hereof are initial rules and regulations concerning the use of portions of the Townhome. The Board of Directors may, from time to time, modify, amend or add to such rules and regulations, except that subsequent to the date control of the Board is turned over by the Developer to Unit Owners other than Developer, Owners of a majority of the Units may overrule the Board with respect to any such modifications, amendments or additions. Copies of such modified, amended or additional rules and regulations shall be furnished by the Board of Directors to each affected Unit Owner not less than thirty (30) days prior to the effective date thereof. At no time may any rule or regulation be adopted which would prejudice the rights reserved to Developer.
14. Construction. Wherever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall be deemed to include all genders.
15. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define or limit the scope of these By-Laws or the intent of any provision hereof.
16. Official Records. From the inception of the Association, the Association shall maintain a copy of each of the following, where applicable, which shall constitute the official records of the Association:
 - (a) The plans, permits, warranties, and other items provided by Developer pursuant to Section 718.301(4) of the Act;
 - (b) A photocopy of the recorded Declaration of Townhome and all amendments thereto;
 - (c) A photocopy of the recorded By-Laws of the Association and all amendments thereto;
 - (d) A certified copy of the Articles of Incorporation of the Association or other documents creating the Association and all amendments thereto;
 - (e) A copy of the current Rules and Regulations of the Association;
 - (f) A book or books containing the minutes of all meetings of the Association, of the Board of Directors, and of Unit Owners, which minutes shall be retained for a period of not less than 7 years.
 - (g) A current roster of all Unit Owners, their mailing addresses, Unit identifications, voting certifications, and if known, telephone number;
 - (h) All current insurance policies of the Association and the Townhome;
 - (i) A current copy of any management agreement, lease, or other contract to which the

Association is a party or under which the Association or the Unit Owners have an obligation or responsibility;

- (j) Bills of sale or transfer for all property owned by the Association;
- (k) Accounting recordings for the Association and the accounting records for the Townhome, according to the good accounting practices. All accounting records shall be maintained for a period of not less than 7 years. The accounting records shall include, but not be limited to:
- (l) Accurate, itemized, and detailed records for all receipts and expenditures.
 - 1. A current account and a monthly, bimonthly, or quarterly statement of the account for each Unit designating the name of the Unit Owner, the due date and amount of each Assessment, the amount paid upon the account, and the balance due.
 - 2. All audits, reviews, accounting statements, and financial reports of the Association or Townhome.
 - 3. All contracts for work to be performed. Bids for work to be performed shall also be considered official records and shall be maintained for a period of 1 year;
- (m) Ballots, sign-in sheets, voting proxies and all other papers relating to elections, which shall be maintained for a period of 1 year from the date of the meeting to which the documents relates;
- (n) All rental records where the Association is acting as agent for the rental of Units.
- (o) A copy of the current Question and Answer Sheet as described by the Section 718.504, Florida Statutes.
- (p) All other records of the Association not specifically included in the foregoing which are related to the operation of the Association.

The official records of the Association shall be maintained on the Townhome property.

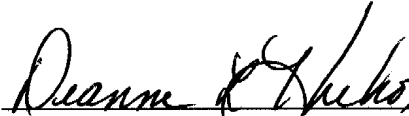
The official records of the Association shall be open to inspection by any Association member or the authorized representative of such member at all reasonable times. The failure of the Association to provide the records within 10 working days after receipt of a written request shall create a rebuttable presumption that the Association willfully failed to comply with this paragraph. A Unit Owner who is denied access to official records is entitled to the actual damages or minimum damages of \$50.00 per calendar day up to ten (10) days, the calculation to begin on the eleventh working day after receipt of the written request. Failure to permit inspection of the Association records as provided herein entitles any person prevailing in an enforcement action to recover reasonable attorneys' 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 or obtain copies, at the reasonable expense, if any, of the Association member.

17. Arbitration. Any internal disputes arising from the operation of the Townhome between or among Unit Owners and the Association, or the agent or assigns of Unit Owners or the Association may be resolved through mandatory nonbinding arbitration as provided for in Statute 118.1255.

The foregoing was adopted as the By-Laws of CAPTIVA COVE HOMEOWNER'S ASSOCIATION, INC., a corporation not for profit on the 19 day of May, 2015.

Approved:


Dianne L. Hrehor, Secretary


Joe Napier, President

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this 19 day of May, 2015 by Joe Napier, the President and Dianne L. Hrehor, the Secretary of CAPTIVA COVE HOMEOWNERS ASSOCIATION, INC. a not for profit Florida corporation, on behalf of the corporation who are personally know to me or who have produced their Drivers Licenses, as identification




NOTARY PUBLIC
Linda Barringer

Print or type name

My Commission Expires: June 10, 2017

Prepared by: Dianne L. Hrehor