

BY-LAWS

OF

FAIRWAY BEND VILLAGE HOMEOWNER'S ASSOCIATION, INC.

1. GENERAL PROVISIONS.

1.1 Identity. These are the By-Laws of FAIRWAY BEND VILLAGE HOMEOWNER'S ASSOCIATION, INC. hereinafter referred to as the "Association", a corporation not-for-profit, formed under the laws of the State of Florida. The Association has been organized for the purposes stated in the Articles and shall have all of the powers provided in these By-Laws, the Articles, and Declaration, and any statute or law of the State of Florida, or any other power incident to any of the above powers.

1.2 Principal Office. The principal office of the Association shall be at such place as the Board may determine from time to time.

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

1.4 Seal. The seal of the Association shall have inscribed upon it the name of the Association, the year of its incorporation and the words "Corporation Not-For-Profit". The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed or otherwise reproduced upon any instrument or document executed in the name of the Association.

1.5 Inspection of Books and Records. The books and records of the Association shall be open to inspection by all Owners or their authorized representatives, and all holders, insurers or guarantors of any first mortgage encumbering a Lot, upon request, during normal business hours or under other reasonable circumstances. Such records of the Association shall include current copies of the Declaration, Articles and By-Laws, and any amendments thereto, any contracts entered into by the Association, and the books, records and financial statements of the Association. The Association shall be required to make available to prospective purchasers of Lots, current copies of the Declaration, Articles and By-Laws, and the most recent annual financial statement of the Association.

1.6 Definitions. Unless the context otherwise requires, all terms used in these By-Laws shall have the same meaning as are attributed to them in the Articles and the Declaration.

2. MEMBERSHIP IN GENERAL.

2.1 Qualification. Pursuant to the Articles, the members of the Association shall consist of all of the record owners of Lots. Membership shall be established as to each Lot upon the recording of the Declaration. Prior to the recording of the Declaration, the incorporator shall be the sole member of the Association, but its membership shall terminate upon the recording of the Declaration, unless it owns any Lot(s).

2.2 Changes in Membership. Upon the transfer of ownership of fee title to, or fee interest in, a Lot, whether by conveyance, devise, judicial decree, foreclosure, or otherwise, and upon the recordation amongst the public records in the county in which the Subject Property is located of the deed or other instrument establishing the acquisition and designating the Lot affected thereby, the new Owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to the Lot designated shall be terminated, provided, however, that the Association shall not have the responsibility or obligation of recognizing any such change in membership until it has been delivered a true copy of the

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applicable deed or other instrument, or is otherwise informed of the transfer of ownership of the Lot.

2.3 Member Register. The secretary of the Association shall maintain a register in the office of the Association showing the names and addresses of the members of the Association. It shall be the obligation of each member of the Association to advise the secretary of any change of address of the member, or of the change of ownership of the member's Lot, as set forth above. Any member who mortgages his Lot shall notify the Association of the name and address of his mortgagee and shall file a copy of the mortgage and underlying promissory note with the Association. Any member who satisfies the mortgage encumbering his Lot shall also notify the Association thereof, and shall file a copy of the satisfaction of mortgage with the Association. The names and addresses of any such mortgagee shall also be maintained in the member register.

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3. MEMBERSHIP VOTING.

3.1 Voting Rights. There shall be one vote for each Lot. In the event any Lot is owned by more than one person, or is owned by a person other than an individual, the vote for such Lot shall be cast as set forth below, and votes shall not be divisible. In the event any member owns more than one Lot, the member shall be entitled to one vote for each such Lot.

3.2 Majority Vote and Quorum Requirements. The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum is present, shall be binding upon all members and Owners for all purposes, except where otherwise provided by law, in the Declaration, in the Articles, or in these By-Laws. Unless otherwise so provided, at any regular or special meeting, the presence in person or by proxy of persons entitled to cast the votes for one-third (1/3) of the Lots shall constitute a quorum.

3.3 Determination as to Voting Rights.

3.3.1 In the event any Lot is owned by one person, his right to cast the vote for the Lot shall be established by the record title to his Lot.

3.3.2 In the event any Lot is owned by more than one person or by an entity, the vote of the Lot may be cast at any meeting by any co-owner of the Lot, provided, however, that in the event a dispute arises between the co-owners as to how the vote for the Lot shall be cast, or in the event the co-owners are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to cast the vote for the Lot on the matter being voted upon at that meeting, but their membership shall be counted for purposes of determining the existence of a quorum. For purposes of this paragraph, the principals or partners of any entity (other than a corporation), owning a Lot shall be deemed co-owners of the Lot, and the directors and officers of a corporation owning a Lot shall be deemed co-owners of the Lot.

3.4 Proxies. Every member entitled to vote at a meeting of the members, or to express consent or dissent without a meeting, may authorize such member or his attorney-in-fact. Any proxy shall be delivered to the secretary of the meeting at or prior to the time designated in the order of business for delivering proxies. Any proxy shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the member executing it. Every proxy shall specifically set forth the name of the person voting by proxy, and the name of the person authorized to vote the proxy for him. Every proxy shall contain the date, time and place of the meeting for which the proxy

is given, and if a limited proxy shall set forth those items which the proxy is holder may vote, and the manner in which the vote is to be cast.

4. MEMBERSHIP MEETINGS.

4.1 Who May Attend. In the event any Lot is owned by more than one person, all co-owners of the Lot may attend any meeting of the members. In the event a Lot is owned by a corporation, any director or officer of the corporation may attend any meeting of the members. However, the vote for any Lot shall be cast in accordance with the provisions of Paragraph 3 above. Institutional Lenders have the right to attend all members meetings.

4.2 Place. All meetings of the members shall be held at the principal office of the Association or at such other place and at such time as shall be designated by the Board and stated in the notice of meeting.

4.3 Notices. Written notice stating the place, day and hour of any meeting an, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each member entitled to vote at such meeting not less than ten (10), nor more than sixty (60) days before the date of the meeting, by or at the direction of the president, the secretary or the officer or persons calling the meeting. For the purpose of determining members entitled to notice of, or to vote at, any meeting of the members of the Association, or in order to make a determination of the members for any other purpose, the Board shall be entitled to rely upon the member register as same exists ten (10) days prior to the giving of the notice of any meeting, and the Board shall not be required to take into account any changes in membership occurring after that date, but may, in their sole and absolute discretion, do so. Notwithstanding the foregoing, if a Lot is owned by more than one person or by an entity, only one notice shall be required to be given with respect to the Lot, which may be given to any co-owner as defined in Paragraph 3.3.2 of these By-Laws. Notice to any member or co-owner shall be sent to the Lot of such member or co-owner, unless the Lot Owner(s) of the Lot otherwise request.

4.4 Waiver of Notice. Whenever any notice is required to be given to any member under the provisions of the Articles or these By-Laws, or as otherwise provided by law, 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 equivalent to the giving of such notice. Attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except when the member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

4.5 Annual Meeting. The annual meeting for the purpose of electing directors and transacting any other business shall be held at eight o'clock, p.m., on the second Tuesday in February of each year, or at such other time in the months of February or March of each year as shall be selected by the Board and as is contained in the notice of such meeting. However, so long as Declarant appoints a majority of the directors of the Association, no annual meetings will be required.

4.6 Special Meetings. Special meetings of the members may be called at any time by any director, the president, or at the request, in writing, by not less than 25% of the members, or as otherwise provided by law. Such request shall state the purpose of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the notice of meeting. Notice of any special meeting shall be given by the secretary, or other officer of the Association, to all of the members within

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thirty (30) days after same is duly called, and the meeting shall be held within forty-five (45) days after same is duly called.

4.7 Adjournments. Any meeting may be adjourned or continued by a majority vote of the members present in person or by proxy and entitled to vote, or if no member entitled to vote is present, then any officer of the Association, may adjourn the meeting from time to time. If any meeting is adjourned or continued to another time or place, it shall not be necessary to give any notice of the adjourned meeting, if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and any business may be transacted at the adjourned meeting that might have been transacted at the original meeting. If the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, notice of the adjourned meeting may be given to members not present at the original meeting, without giving notice to the members which were present as such meeting. Notwithstanding the foregoing, if a meeting is adjourned for lack of a quorum, notice of the adjourned meeting must be given to all members in order for the quorum requirement at the adjourned meeting to be reduced as hereinabove stated in these By-Laws.

4.8 Organization. At each meeting of the members, the president, vice president or any person chosen by a majority of the members present, in that order, shall act as chairman of the meeting. The secretary, or in his absence or inability to act, any person appointed by the chairman of the meeting, shall act as secretary of the meeting.

4.9 Order of Business. The order of business at the annual meetings of the members shall be:

- 4.9.1 Determination of chairman at the meeting;
- 4.9.2 Calling of the roll and certifying of proxies;
- 4.9.3 Proof of notice of meeting or waiver of notice;
- 4.9.4 Reading and disposal of any unapproved minutes;
- 4.9.5 Election of inspectors of election;
- 4.9.6 Determination of number of directors;
- 4.9.7 Election of directors;
- 4.9.8 Reports of directors, officers or committees;
- 4.9.9 Unfinished business;
- 4.9.10 New business; and
- 4.9.11 Adjournment.

4.10 Minutes. The minutes of all meetings of the members shall be kept in a book available for inspection by the members or their authorized representatives, and the directors, at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.

4.11 Actions without a Meeting. Any action required or permitted to be taken at any annual or special meeting of the members of the Association, 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 having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted. Within ten (10) days after obtaining such authorization by written consent, notice

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shall be given to those members who have not consented in writing. The notice shall fairly summarize the material features of the authorized action. If a Lot is owned by more than one person or by a corporation, the consent for such Lot need only be signed by one person who would be entitled to cast the vote for the Lot as a co-owner pursuant to Paragraph 3.3.2 of these By-Laws.

5. DIRECTORS.

5.1 Membership.

5.1.1 The affairs of the Association shall be managed by a Board of not less than three (3) nor more than nine (9) directors. So long as the Declarant is entitled to appoint any director pursuant to the Articles, the number of directors will be determined, and may be changed from time to time by the Declarant by written notice to the Board. After the Declarant is no longer entitled to appoint any director, the number of directors may be changed at any meeting where the members are to elect any directors (i) by the then existing Board, if prior to such meeting of the members the Board votes to change the number of directors and such change is indicated in the notice of the meeting sent to the members, or (ii) by the members at the meeting prior to the election of directors. If the number of directors on the Board is not changed, then the number of directors shall be the same as the number on the Board prior to such meeting (plus any unfilled vacancies created by the death, resignation or removal of a director). In any event, there shall always be an odd number of directors.

5.2 Election of Directors by Members. Election of directors to be elected by the members of the Association shall be conducted in the following manner.

5.2.1 Within sixty (60) days after the members other than the Declarant are entitled to elect any directors, as provided in the Articles, or within sixty (60) days after the Declarant notifies the Association that it waives its right to appoint one or more directors, the Association shall call, and give not less than thirty (30) days nor more than forty (40) days notice of a special meeting of the members to elect any directors the members are then entitled to elect, or to replace the appropriate number of directors previously appointed by the Declarant. Such special meeting may be called and the notice given by any member if the Association fails to do so. At such special meeting the members shall be required to elect any directors which they are entitled to elect, and if they fail to do so, any directors appointed by Declarant which would have been replaced by any directors elected by the members may resign without further liability or obligation to the Association. In the event such a special meeting is called and held, at the meeting the members may elect not to hold the next annual meeting of the members if such next annual meeting would be less than four (4) months after the date of the special meeting, and upon such election the next annual meeting of the members shall not be held.

5.2.2 Except as provided above, the members shall elect directors at the annual members' meetings.

5.2.3 Prior to any special or annual meeting at which directors are to be elected by the members, the existing Board may nominate a committee, which committee shall nominate one person for each director to be elected by the members, on the basis that the number of directors to serve on the Board will not be altered by the members at the members' meeting. Nominations for additional directorships created at the meeting shall be made from the floor.

5.2.4 The election of directors by the members shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each member 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.

5.3 Term of Office. All directors elected by the members shall hold office until the next annual meeting of the members and until their successors are duly elected, or until such director's death, resignation or removal, as hereinafter provided or as otherwise provided by statute or by the Articles.

5.4 Organizational Meeting. The newly elected Board shall meet for the purposes of organization, the election of officers and the transaction of other business immediately after their election or within ten (10) days of same at such place and time as shall be fixed by the directors of the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

5.5 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the directors.

5.6 Special Meetings. Special meetings of the Board may be called by any director, or by the President, at any time.

5.7 Notice of Meetings. Notice of each meeting of the Board shall be given by the secretary, or by any other officer or director, which notice shall state the day, place and hour of the meeting. Notice of such meeting shall be delivered to each director either personally or by telephone or telegraph, at least 48 hours before the time at which such meeting is to be held, or by first class mail, postage prepaid, addressed to such director at his residence, or usual place of business, at least three (3) days before the day on which such meeting is to be held. Notice of a meeting of the Board need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waive of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, an objection to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in any notice or waiver of notice of such meeting.

5.8 Quorum and Manner of Acting. A majority of the directors determined in the manner provided in these By-Laws shall constitute a quorum for the transaction of any business at a meeting of the Board. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number of directors is required by statute, the Declaration, the Articles or these By-Laws. A director may join by written concurrence in any action taken at a meeting of the Board, but such concurrence may not be used for the purposes of creating a quorum.

5.9 Adjourned Meetings. A majority of the directors present at a meeting, whether or not a quorum exists, may adjourn any meeting of the Board to another place and time. Notice of any such adjourned meeting shall be given to the directors who are not present at the time of the adjournment, and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors. At any adjourned meeting, any business that might have been transacted at the meeting as originally called, may be transacted without further notice.

5.10 Presiding Officer. The presiding officer of the Board meetings shall be the chairman of the Board if such an officer is elected; and if none, the president of the Association shall

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preside. In the absence of the presiding officer, the directors shall designate one of their members to preside.

5.11 Order of Business. The order of business at a Board meeting shall be:

- 5.11.1 Calling of role;
- 5.11.2 Proof of due notice of meeting;
- 5.11.3 Reading and disposal of any unapproved minutes;
- 5.11.4 Reports of officers and committees;
- 5.11.5 Election of officers;
- 5.11.6 Unfinished business;
- 5.11.7 New business; and
- 5.11.8 Adjournment

5.12 Minutes of Meetings. The minutes of all meetings of the Board shall be kept in a book available for inspection by the members of the Association, or their authorized representatives, and the directors at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.

5.13 Committees. The Board may, by resolution duly appointed, appoint committees. Any committee shall have and may exercise such powers, duties and functions as may be determined by the Board from time to time, which may include any powers which may be exercised by the Board which are not prohibited by law from being exercised by a committee.

5.14 Action without a Meeting. Any action required or permitted to be taken at a meeting of the Board or a Board Committee may be taken without a meeting if the action is taken by all members of the Board or committee. The action must be evidenced by one or more written consents describing the action taken and signed by each director or committee member.

5.15 Resignation. Any director may resign at any time by giving written notice of his resignation to another director or officer. Any such resignation shall take effect at the time specified therein, or, if there is no time specified therein, immediately upon its receipt and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make such resignation effective.

5.16 Removal of Directors. Directors may be removed as follows:

5.16.1 Any director other than a director appointed by the Declarant may be removed by majority vote of the remaining directors, if such director (1) has been absent for the first three (3) consecutive Board meetings, and/or adjournments and continuances of such meetings; or (b) is an Owner and has been delinquent for more than thirty (30) days after written notice in the payment of Assessments or other monies owed to the Association.

5.16.2 Any director other than a director appointed by the Declarant may be removed with or without cause by the vote of a majority of the members of the Association at a special meeting of the members called by not less than ten percent (10%) of the members of the Association expressly for that purpose. The vacancy on the Board caused by any such removal may be filled by the members at such meeting or, if the members shall fail to fill such vacancy, by the Board, as in the case of any other vacancy on the Board.

5.17 Vacancies.

5.17.1 Vacancies in the Board may be filled by a majority vote of the directors then in office, though less than a quorum, or by a sole remaining director, and a director so chosen shall hold office until the next annual election and until his successors is duly elected, unless sooner displaced. If there are no directors, then a special election of the members shall be called to elect the directors. Notwithstanding anything contained herein to the contrary, the Declarant at all times shall have the right to appoint the maximum number of directors permitted by the Articles, and any vacancies on the Board may be filled by the Declarant to the extent that a number of directors then serving on the board were appointed by the Declarant is less than the number of directors the Declarant is then entitled to appoint.

5.17.2 In the event the Association fails to fill vacancies on the Board sufficient to constitute a quorum in accordance with these By-Laws, 33-1/3% of Lot Owners may apply to the Circuit Court of the County in which the Subject Property is located 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 Lot Owner shall mail to the Association, a notice describing the intended action giving the Association the opportunity to fill the vacancies. If during such time the Association fails to fill the vacancies, the Lot 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 member of the Board, and shall serve until the Association fills vacancies on the Board sufficient to constitute a quorum.

5.18 Directors Appointed by the Declarant. Notwithstanding anything contained herein to the contrary, the Declarant shall have the right to appoint the maximum number of directors in accordance with the privileges granted to the Declarant pursuant to the Articles. All directors appointed by the Declarant shall serve at the pleasure of the Declarant, and the Declarant shall have the absolute right, at any time, and in its sole discretion, to remove any director appointed by it, and to replace such director with another person to serve on the Board. Replacement of any director appointed by the Declarant shall be made by written instrument delivered to any officer or any other director, which instrument shall specify the name of the person designated as successor director. The removal of any director and the designation of his successor by the Declarant shall become effective immediately upon delivery of such written instrument by the Declarant.

5.19 Compensation. The Directors shall not be entitled to any compensation for serving as Directors unless the members approve such compensation, provided however, the Association may reimburse any director for expenses incurred on behalf of the Association without approval of the members.

5.20 Powers and Duties. The directors shall have the right to exercise all of the powers and duties of the Association, express or implied, existing under these By-Laws, the Articles, the Declaration, or as otherwise provided by statute or law.

6. OFFICERS.

6.1 Members and Qualifications. The officers of the Association shall include a president, a vice president, a treasurer, a secretary, two assistant secretaries and such other officers as the Board may from time to time create by resolution, all of whom shall be elected by the directors and may be preemptively removed from office with or without cause by the directors. Any person may hold two or more offices except that the

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president shall not also be the secretary. Each officer shall hold office until the meeting of the Board following the next annual meeting of the members, or until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall have resigned, or until he shall have been removed, as provided in these By-Laws.

6.2 Resignations. Any officer may resign at any time by giving written notice of his resignation to any director or officer. Any such resignation shall take effect at the time specified therein, or if there is no time specified therein, immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make such resignation effective.

6.3 Vacancies. A vacancy in any office, whether arising from death, resignation, removal of any other cause may be filled for the unexpired portion of the term of the office which shall be vacant in the manner prescribed in these By-Laws for the regular election or appointment of such office.

6.4 The President. The president shall be the chief executive officer, and representative to the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association or corporation including, but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion, deem appropriate to assist in the conduct of the affairs of the Association.

6.5 The Vice President. The vice president shall, in the absence or disability of the president, exercise the powers and perform the duties of the president. He shall also assist the president generally and exercise such other powers and perform such other duties as may be prescribed by the Board.

6.6 The Secretary and Assistant Secretaries. The secretary shall prepare and keep the minutes of all proceedings of the meetings of directors or members. He shall attend to the giving and serving of all notices to the members and directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly executed. He shall keep the records of the Association, except those of the treasurer, and shall perform all other duties incident to the office of secretary of an association, and as may be required by the Board or the president. The assistant secretaries shall perform the duties of the secretary in the secretary's absence and shall perform such other duties required by the Board or the president.

6.7 The Treasurer. The treasurer shall have custody of all property of the Association, including funds, securities, and evidences 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 for examination at reasonable times. He shall submit a Treasurer's Report to the Board at reasonable intervals and shall perform all other duties incident to the office of the treasurer. He shall collect all Assessments and shall report to the Board the status of collections as requested.

6.8 Compensation. The officers shall not be entitled to compensation unless the Board specifically votes to compensate them. However, neither this provision, nor the provision that directors will not be compensated unless otherwise determined by the members, shall preclude the Board from employing a director or an officer as an employee of the Association and compensating such employee, nor shall they preclude the Association from contracting with a director for the management of property subject to the jurisdiction of the Association, or for the provision of services

to the Association, and in either such event to pay such director a reasonable fee for such management or provision of services.

7. FISCAL MANAGEMENT.

7.1 Assessment Roll. The Association shall maintain an Assessment roll for each Lot, designating the name and current mailing address of the Owner, the amount of each Assessment against such Owner, the dates and amounts in which the Assessments come due, the amounts paid upon the account of the Owner, and the balance due.

7.2 Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined and approved by appropriate resolutions of the Board from time to time. Funds shall be withdrawn only upon checks and demands for money signed by such officers, directors or other persons as may be designated by the Board.

7.3 Application of Payments and Commingling of Funds. All sums collected by the Association from Assessments may be commingled in a single fund or divided into more than one fund, as determined by the Board.

7.4 Accounting Records and Reports. The Association shall maintain accounting records according to good accounting practices. The records shall be open to inspection by Owners and Institutional Lenders or their authorized representatives, at reasonable times. The records shall include, but not be limited to, (1) a record of all receipts and expenditures, and (2) the Assessments roll of the members referred to above. The Board may, and upon the vote of a majority of the members, shall conduct a review of the accounts of the Association by a certified public accountant, and if such an audit is made, a copy of the report shall be furnished to each member, or their authorized representative, within fifteen (15) days after same is completed.

7.5 Reserves. The budget of the Association shall provide for a reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Areas and those other portions of the Subject Property which the Association is obligated to maintain.

8. PARLIAMENTARY RULES.

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

9. AMENDMENTS.

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

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

9.2 Initiation. A resolution to amend these By-Laws may be proposed either by any director, or by or at the direction of ten percent (10%) or more of the members of the Association.

9.3 Adoption of Amendments.

9.3.1 A resolution for the adoption of the proposed amendment shall be adopted either: (a) by unanimous vote of all of the directors; or (b) by not less than a majority of the votes of the entire membership of the Association. Any amendment approved

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by the members may provide that the Board may not further amend, modify or repeal such amendment.

9.3.2 Notwithstanding anything contained herein to the contrary, so long as the Declarant owns any Lot, the Declarant shall have the right to unilaterally amend these By-Laws without the joinder or approval of the Board or any member.

9.4 No amendment shall make any changes in the qualification for membership nor in the voting rights or property rights of members without approval by all of the members and the joinder of all record owners of mortgages upon the Lots. No amendment shall be made that is in conflict with the Declaration or the Articles. Prior to the closing of the sale of all Lots, no amendment shall make any changes which would in any way affect any of the rights, privileges, powers or options herein provided in favor of, or reserved to, the Declarant, unless the Declarant shall join in the execution of the amendment, including, but not limited to, any right of the Declarant to appoint directors.

9.5 No amendment to these By-Laws shall be made which discriminates against any Owner(s), or affects less than all of the Owners without the written approval of all of the Owners so discriminated against or affected.

9.6 Execution and Recording. No modification of, or amendment to, the By-Laws shall be valid until recorded in the public records of the county in which the Subject Property is located.

9.7 Any amendment made by Declarant or by the Members prior to the completion of seventy-five percent (75%) of all of the Units which may be built within the Subject Property must be approved by the Federal Housing Administration or by the Veterans Administration if any mortgage encumbering any Unit is guaranteed or insured by either such agency, if such amendment materially and adversely affects the Owners or materially and adversely affects the general scheme of development created by the Declaration. Such approval shall specifically not be required where the amendment is made to correct errors or omissions or is required by any Institutional Lender so that such lender will make, insure or guarantee mortgage loans for the Units, or is required by any governmental authority.

10. MISCELLANEOUS.

10.1 Tenses and Genders. The use of any gender or any tense in these By-Laws shall refer to all genders or to all tenses, wherever the context so requires.

10.2 Partial Invalidity. Should any of the provisions hereof be void or become unenforceable at law or in equity, the remaining provisions shall, nevertheless, be and remain in full force and effect.

10.3 Conflicts. In the event of any conflict, the Declaration, the Articles and these By-Laws shall govern, in that order.

10.4 Captions. Captions are inserted herein only as a matter of convenience and for reference, and in no way are intended to or shall define, limit or describe the scope of these By-Laws or the intent of any provisions hereof.

10.5 Waiver of Objections. The failure of the Board or any officers of the Association to comply with any terms and provisions of the Declaration, the Articles or these By-Laws which relate to time limitations shall not, in and of itself, invalidate the act done or performed. Any such failure shall be waived if it is not objected to by a member of the Association within ten (10) days after the member is notified, or becomes aware of the failure. Furthermore, if such failure occurs at a general or special

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