

**BYLAWS**  
**OF**  
**WATERCOLOR PRIVATE RESIDENCE CLUB**  
**CONDOMINIUM ASSOCIATION, INC.**

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CONDOMINIUM ASSOCIATION, INC.

ARTICLE I. INTRODUCTION

WaterColor Private Residence Club Condominium Association, Inc. (hereinafter referred to as the Association) is a corporation not for profit, organized and existing under the laws of the State of Florida for the purpose of administering the condominium resort created by the Declaration of Condominium for WaterColor Private Residence Club, A Condominium, as lawfully amended and/or supplemented from time to time (hereinafter referred to as the Condominium Declaration).

ARTICLE II. GENERAL PROVISIONS

Section 1. Definitions. Unless expressly indicated to the contrary, capitalized terms used herein shall have the meanings ascribed to them in the Condominium Declaration.

Section 2. Conflicts. In the event of any conflict between these Bylaws, as amended from time to time, and the Condominium Declaration, the Condominium Declaration shall control.

Section 3. Application. All present and future Owners, Mortgagees of Record, and occupants of the Condominium Units located within The Private Residence Club at WaterColor, A Condominium (the "Resort"), as well as members of their families, their guests, tenants, licensees, and invitees, and any other persons who may use the Resort in any manner are subject to the Condominium Declaration, these Bylaws, the Rules and Regulations promulgated hereunder, and the other Resort Instruments, as the provisions of each of said instruments may lawfully be amended from time to time. The acceptance of a legal or equitable interest in a Condominium Unit or Fractional Interest, the occupancy of a Condominium Unit, or the entering into a Purchase Agreement to acquire a Condominium Unit or Fractional Interest shall constitute an agreement that the Condominium Declaration, these Bylaws, and the Rules and Regulations, as each may lawfully be amended from time to time, are accepted, ratified, and will be strictly observed.

Section 4. Membership. Each Owner and Developer, so long as it is deemed the Owner of any Condominium Unit(s) and/or Fractional Interest(s), pursuant to the provisions of the Condominium Declaration, shall be a member of the Association and shall continue to be a member until he ceases to be an Owner. Transfer of a Condominium Unit or Fractional Interest, whether such transfer occurs voluntarily or by operation of law, shall immediately and automatically terminate the transferor's membership in the Association, except to the extent that such transferor retains an interest in any

other Condominium Unit(s) or Fractional Interest(s); provided, however, that the transfer of a Condominium Unit or Fractional Interest shall not terminate the liability of the transferor for any unpaid Assessments or other amounts due the Association. The transferee shall, immediately and automatically upon the occurrence of all of the events set forth in Sections 7.1(c) and (d) of the Condominium Declaration, become a member of the Association. If a Condominium Unit or Fractional Interest is owned by more than one (1) person, then all of the persons so owning said Condominium Unit or Fractional Interest shall be members of the Association and shall be eligible to hold office, attend meetings, and exercise all of the other rights of an Owner that are granted by the Resort Instruments; provided, however, that the vote of a Condominium Unit or Fractional Interest Owner shall be cast only in the manner described in Article III hereof.

### ARTICLE III. ASSOCIATION MEETINGS

Section 1. Annual Association Meetings. An organizational meeting of the Association shall be held within 12 months following the date upon which the first Warranty Deed conveying a Condominium Unit or Fractional Interest in the Resort is recorded in the Public Records of Walton County, Florida. Thereafter, an annual Association meeting shall be held within the first 180 days of each calendar year, at such date and time as the Board of Directors shall designate, commencing with the calendar year immediately succeeding the year in which the organizational meeting was held. At the organizational meeting and at all subsequent annual meetings, the members shall elect a Board of Directors in accordance with the provisions of these Bylaws, subject to Article IV, Section 2 below, and shall transact such other business as may properly come before them.

Section 2. Special Association Meetings. Special Association meetings for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President, and shall be called by the President or the Secretary at the request, in writing, of a majority of the Board of Directors, or at the request, in writing, of members representing thirty percent (30%) of the total votes eligible to be cast by all of the members of the Association. Each such request shall state the purpose or purposes of the proposed meeting. Any business transacted at a special Association meeting shall be confined to the subject(s) described in the notice thereof.

Section 3. Place of Meetings. All Association meetings shall be held at the Resort or at such other suitable place that is reasonably convenient to the members as shall be designated by the Board and stated in the notice of the meeting. Each Association meeting shall be open to all of the members and such other persons as are not expressly excluded from such meeting by the affirmative vote of members representing a majority of the total votes eligible to be cast by the members present at such meeting, either in person or by proxy.

#### Section 4. Notice of Meetings.

(a) Unless a member waives in writing his right to receive notice of an Association meeting, the Manager shall mail or deliver written notice of the annual and any

special meetings of the Association to each member at his address as shown in the records of the Association. Such notice, which shall incorporate an identification of agenda items, shall be delivered or mailed to each member by first class mail, postage prepaid, at least 14 days prior to the date of such meeting. Each such notice shall specify the time, date, and place of the meeting and shall also state whether it is an annual or a special meeting. In the case of a special Association meeting, the notice thereof shall briefly describe the business to be transacted or anticipated to be transacted at such meeting.

(b) In the event that a Condominium Unit or Fractional Interest is owned by more than one person or entity, the Association shall provide notice, for meetings and all other purposes, to the address that one (1) or more of such co-Owners designate to the Association in writing or, if no such address is designated or such co-Owners do not agree on such a single address, to the address contained on such co-Owners' Warranty Deed.

(c) An Officer of the Association or the Manager shall provide an affidavit or United States Postal Service Certificate of mailing, to be included in the official records of the Association, affirming that the aforescribed notice was mailed or hand-delivered, in accordance with the provisions of this Sub-section, to each member at the address last furnished to the Association.

(d) Adequate notice of all Association meetings shall be posted in a conspicuous place at the Resort at least 14 continuous days prior to the meeting date, except in an emergency.

(e) Notice of any Association meeting at which the amount of any Assessments to be levied against the members is to be considered shall contain a specific statement to such effect, along with a reference to the nature of any such Assessments.

**Section 5. Quorum.** Except as otherwise provided in the Resort Instruments, the presence in person or by proxy of members representing fifteen percent (15%) of the total votes eligible to be cast by all of the members of the Association shall constitute a quorum at all meetings of the Association. In the event a quorum is not present at any Association meeting at which Directors are to be elected, the meeting may be adjourned and reconvened within 90 days for the sole purpose of electing Directors.

**Section 6. Voting.**

(a) Except as otherwise provided in the Condominium Declaration, each member (including Developer with respect to any Condominium Unit[s] and Fractional Interest[s] of which it is deemed the Owner, pursuant to the provisions of the Condominium Declaration) shall be entitled to one (1) vote for each Fractional Interest owned and eight (8) votes for each Condominium Unit owned.

(b) Except as otherwise provided by law, the Condominium Declaration, or by these Bylaws, the votes of members eligible to vote, present either in person or by proxy at any duly called Association meeting at which a quorum has been established,

casting a majority of the total votes eligible to be cast by such members shall decide any question under consideration, and shall constitute the act of, and be binding upon, the Association.

(c) Unless otherwise designated by the Board from time to time, and subject to Section 6.4 of the Community Declaration, the President of the Association shall be deemed the Resort's "Neighborhood Representative," as such term is defined in the Community Declaration, who will cast the "Class A" votes, as such term is defined in the Community Declaration, on behalf of the Owners of Fractional Interests and Condominium Units in the Resort. The Resort's Neighborhood Representative shall poll Owners within the Resort prior to casting votes on their behalves and allow a reasonable time for response. Such polling may occur in any manner permitted by the Community Declaration. Any notice shall provide specific instructions on how voting directions may be conveyed to the Resort's Neighborhood Representative. For each Fractional Interest or Condominium Unit for which specific voting direction is given, the Resort's Neighborhood Representative shall vote as directed. For each Fractional Interest or Condominium Unit for which no direction or conflicting direction is given, the Resort's Neighborhood Representative may cast the vote therefor as he or she, in his or her discretion, deems appropriate.

Section 7. Votes by Co-Owners and Companies.

(a) The vote(s) allocated to a Condominium Unit or Fractional Interest that is owned by more than one (1) person or entity shall be cast only as a unit, and fractional votes shall not be allowed. In the event that the co-Owners of a particular Condominium Unit or Fractional Interest are unable to agree among themselves as to how their vote(s) shall be cast, they shall forfeit the right to vote on the matter in question. If any co-Owner of a Condominium Unit or Fractional Interest casts a vote and no other co-Owner thereof casts a different vote, then it shall thereafter be conclusively presumed for any and all purposes that the co-Owner casting the vote was acting with the authority and consent of all of the other co-Owners of the Condominium Unit or Fractional Interest in question.

(b) If a Condominium Unit or Fractional Interest is owned by a corporation or partnership, the officer, partner, or employee thereof entitled to cast the vote of the Condominium Unit or Fractional Interest for the corporation or partnership shall be designated in a certificate that is signed by the president or a vice president of said corporation or a general partner of said partnership and filed with the Manager (or the Secretary of the Association during any period of time in which the Association is without a Manager). Such certificate shall be valid until revoked or until superseded by a subsequent certificate, or until a transfer of such Condominium Unit or Fractional Interest, whichever occurs earlier.

Section 8. Proxies. Subject to any applicable limitations and requirements set forth in Sections 718.112(2)(b) and 718.112(2)(d), Florida Statutes, and Rule 61B-23.002, Florida Administrative Code, as each may be amended from time to time, and except as otherwise prohibited by applicable statute or regulation, votes may be cast by



the members either in person or by proxy. All proxies shall be in writing, shall be signed and dated by the member entitled to vote (as set forth in Section 7 above), shall indicate the name of the person authorized to vote the proxy for such member, and shall be filed with the Secretary at or prior to the time of the meetings to which such proxies pertain. A proxy shall be effective only for the specific meeting for which it was originally given and any lawfully 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 prior to the vote in the sole discretion of the member who executed it.

**Section 9. Waiver and Consent.** Whenever the vote of members at an Association meeting is required or permitted by any provision of these Bylaws to be taken in connection with any action of the Association, the meeting and vote of members may be dispensed with, and the matter(s) in question may be voted upon by mail-in ballot if members representing a majority of the total votes eligible to be cast by all of the members consent in writing to dispense with the meeting and to vote upon the matter(s) in question by mail-in ballot. Mail-in ballots may accompany the requisite consent forms sent to members and may be completed and returned simultaneously therewith; however, written notice of such action shall be given to all members, unless all members approve of such action.

**Section 10. Adjournment.** Any Association meeting, whether or not a quorum is present, may be adjourned from time to time by the affirmative vote of members casting a majority of the total votes represented at said meeting, in person or by proxy. In the absence of a quorum, no other business may be transacted at such Association meeting; provided, however, that except as otherwise provided herein, any Association meeting that is adjourned due to the failure to establish a quorum shall be reconvened within 30 days, and any business which properly could have been conducted at the original meeting, pursuant to the provisions hereof, may be conducted at the reconvention thereof, provided a quorum has been established. It shall not be necessary to give any notice of adjournment or of the business to be transacted at any reconvened meeting, other than by an announcement at the meeting at which such adjournment occurs.

**Section 11. Parliamentary Rules.** The conduct of all Association meetings shall be governed by the Condominium Declaration, these Bylaws, the decisions of the President, or the rulings of the Board of Directors.

**Section 12. Attendance By Manager.** Each Manager, as long as its Management Agreement with the Association remains in effect, shall be entitled to notice of all Association meetings, shall be entitled to attend the Association's meetings, and may designate such person(s) as it desires to attend such meetings on its behalf.

#### ARTICLE IV. BOARD OF DIRECTORS

**Section 1. Number, Term, and Qualification.** The affairs of the Association shall be governed by a Board of Directors comprised of three (3) persons, each of whom, with the exception of the initial Directors appointed by Developer, pursuant to Section 2

below, shall be a member of the Association or the spouse of a member; provided, however, that in no event shall a member and his or her spouse both serve on the Board of Directors concurrently. For purposes of this Section only, all officers and directors of a corporate member and all general partners of a general or limited partnership shall be considered members and shall qualify to serve on the Board. The number of Directors may be increased or decreased from time to time by an amendment to these Bylaws; provided, however, that the Board shall be comprised of at least 3 but no more than 7 persons, and the Board shall at all times be comprised of an odd number of Directors. No decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director.

Except for those Directors appointed by Developer, each Director shall serve for a term of 2 years or until the election of his successor, whichever occurs later, or until his death, incapacity, resignation, or removal; provided, however, that initially 2 of the first Directors elected by the members shall serve for a 1 year term and the remaining 3 Directors first elected by the members shall serve for a 2 year term, and thereafter, the term of no more than 3 of the Directors shall expire annually, unless and until the number of Directors is increased, whereupon such system of staggered terms shall be modified accordingly.

Section 2. Election.

(a) Notwithstanding any provision of the Resort Instruments to the contrary, Developer shall have the sole and exclusive right initially to appoint and remove all of the Association's Directors. Any such Director appointed by Developer shall serve until such time as Developer appoints a replacement Director or until his successor has been qualified and duly elected by the members of the Association, pursuant to the provisions hereof.

(b) Pursuant to Sub-sections 718.301(1) and (2), Florida Statutes, at such time as members other than Developer hold title to Condominium Units and/or Fractional Interests representing an aggregate undivided ownership interest of fifteen percent (15%) or more of all of the Common Elements ultimately to be submitted to the Condominium Declaration (including those contained in any Additional Phases), the members other than Developer shall be entitled to elect not less than one-third (1/3) of the Directors.

(c) Subject to Sub-sections 718.301(1)(a) through (e), Florida Statutes, and Rule 61B-23.003, Florida Administrative Code, as amended from time to time, members other than Developer shall be entitled to elect not less than a majority of the Directors upon the earliest to occur of the following:

(i) Three (3) years following the date as of which Warranty Deeds to Condominium Units and/or Fractional Interests representing an aggregate undivided ownership interest of fifty percent (50%) or more of all of the Common Elements ultimately to be submitted to the Condominium Declaration have been recorded in the Public Records of Walton County, Florida, in the names of members other than Developer;

(ii) Three (3) months following the date as of which Warranty Deeds to Condominium Units and/or Fractional Interests representing an aggregate undivided ownership interest of ninety percent (90%) or more of all of the Common Elements ultimately to be submitted to the Condominium Declaration have been recorded in the Public Records of Walton County, Florida, in the names of members other than Developer;

(iii) The date as of which all of the Condominium Units that will ultimately be contained within the Resort have been completed, some of the Condominium Units (including Fractional Interests therein) have been conveyed to purchasers thereof, and none of the remaining Condominium Units (including Fractional Interests therein) are being offered for sale by Developer in the ordinary course of business;

(iv) The date as of which some of the Condominium Units (including Fractional Interests therein) have been conveyed to purchasers thereof and none of the remaining Condominium Units (including Fractional Interests therein) are being constructed or offered for sale by Developer in the ordinary course of business; or

(v) Seven (7) years after recordation of the Condominium Declaration in the Public Records of Walton County, Florida.

(d) Notwithstanding the foregoing provisions of Sub-section (c) above, Developer shall be entitled to elect at least one (1) Director for so long as Developer holds for sale, in the ordinary course of business, Condominium Units and/or Fractional Interests representing at least five percent (5%) of the aggregate undivided ownership interest in all of the Common Elements ultimately to be submitted to the Condominium Declaration.

(e) Within 75 days after the date as of which members other than Developer are entitled to elect one (1) or more Directors, the Association shall call a special Association meeting for the purpose of electing such Director(s) by mailing or delivering written notice thereof to each member not less than 60 days prior to the date of said meeting. Such meeting may be called and notice thereof given by any member in the event the Association fails to do so. Upon the election of the first Director(s) by the members other than Developer, Developer shall promptly forward the name(s) and mailing address(es) of such person(s) to the Bureau of Standards and Registration. The subsequent election of the Association's Directors shall be governed by Sections 718.112(2)(d)1. and 3., Florida Statutes (to the extent applicable), and Rule 61B-23.0021, Florida Administrative Code, as each such provision may be amended from time to time.

(f) Both prior to and following the relinquishment by Developer of its control over the Association, Developer may nevertheless exercise the right to vote with respect to any Condominium Unit(s) and Fractional Interest(s) of which it is deemed the Owner, pursuant to the provisions of the Condominium Declaration, in the same manner as any other Owner, except for purposes of reacquiring control of the Association, selecting a majority of its Directors, or on any matter for which a vote of Owners other than

Developer is allowed or required by Chapters 718 or 721, Florida Statutes, or any Rules promulgated thereunder.

(g) On or before 90 days following the date as of which members other than Developer actually elect a majority of the Directors, Developer shall comply fully with the provisions of Section 718.301(4), Florida Statutes, as amended from time to time.

Section 3. Recall and Removal of Directors. At any annual Association meeting, or at any special Association meeting duly called for such purpose by members representing ten percent (10%) of the total votes eligible to be cast by all of the members of the Association, any one (1) or more of the Directors, other than those Directors appointed by Developer, may be recalled and removed, with or without cause, by the affirmative vote of members casting a majority of the total votes eligible to be cast by all of the members of the Association, or by the written ballots of members representing a majority of the total votes eligible to be cast by all of the members of the Association. Notice of such recall meeting shall be delivered or mailed to each member at least 10 but not more than 60 days prior to the date of such meeting, shall be accompanied by a dated copy of a signature list of members representing at least an aggregate ten percent (10%) undivided ownership interest in the Common Elements submitted to the Condominium Declaration, and shall specify a person, other than a Director subject to recall, who shall call the meeting to order and determine whether a quorum is present. A successor shall be elected at such meeting for the remainder of the term to fill the vacancy thus created. Should the membership fail to elect such a successor, the Board of Directors shall fill the vacancy in the manner provided in Section 5 below. Any Director whose removal has been proposed by the members shall be given prompt written notice of his proposed removal and shall be provided with a reasonable opportunity to attend and be heard at the meeting at which his removal is voted upon. Any recall shall be conducted strictly in conformity with the provisions of Section 718.112(2)(j), Florida Statutes, and Rules 61B-23.0026, 23.0027, and 23.0028, Florida Administrative Code, as each may be amended from time to time.

Section 4. Resignation of Directors. Any Director may resign at any time by sending written notice of his resignation to the Manager. Such resignation shall take effect upon receipt thereof by the Manager. Except for those Directors appointed by Developer, any Director who ceases to be an Owner shall automatically be deemed to have resigned. In addition, any Director who is more than 30 days delinquent in the payment of any Assessment or other amount owed to the Association shall be deemed to have resigned from the Board, effective upon the Board's receipt of notification of such delinquency from the Manager.

Section 5. Vacancies in General. Subject to Rules 61B-23.0021 and 61B-23.0027, Florida Administrative Code, as amended from time to time, if the office of any Director becomes vacant by reason of his death, incapacity, resignation, removal from office, or otherwise, a majority of the remaining Directors, though less than a quorum, may choose a successor or successors to fill such vacancy. Each Director so elected shall serve out the remaining term of his predecessor. Notwithstanding the foregoing and subject to Section 2 above, only Developer may vote, in person or by proxy, to fill a

vacancy on the Board previously occupied by a Director elected or appointed by Developer, and only members other than Developer may vote, in person or by proxy, to fill a vacancy on the Board previously occupied by a Director elected or appointed by the members other than Developer, in which case a quorum for purposes of such vote shall consist of a majority of members other than Developer.

**Section 6. Vacancies Due to Increase in Directors.** Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting or special meeting of the Association called for that purpose.

**Section 7. Organizational Board Meetings.** The organizational meeting of each newly constituted Board of Directors shall be held immediately following each annual Association meeting. No notice of each such organizational Board meeting shall be required.

**Section 8. Regular Board Meetings.** Regular meetings of the Board of Directors may be held at such time, date, and place as shall be determined from time to time by the President; provided, however, that at least one (1) such meeting shall be held during each calendar year. Notice of regular meetings of the Board of Directors shall be given to each Director and to the Manager, personally or by mail, telephone, electronic facsimile, or telegraph, at least 14 but not more than 60 days prior to the scheduled meeting date. Adequate notice of all Board meetings (which specifically incorporates an identification of all agenda items) shall also be posted conspicuously at the Resort (at that place at which the Board by duly adopted resolution shall have designated for the posting of notices to all unit owners of all Board meetings) at least 48 continuous hours prior to the scheduled meeting time, except in an emergency; provided, however, that written notice of any Board meeting at which non-emergency Special Assessments, or at which the amendment of any rules regarding Condominium Unit use will be proposed, discussed, or approved, shall be mailed or delivered to the members and posted conspicuously at the Resort not less than 14 days prior to the scheduled meeting date. Compliance with such 14 day notice requirement shall be evidenced by an affidavit executed by the Association's Secretary and filed among the official records of the Association. Upon notice to the members, the Board shall designate a specific location at the Resort upon which all notices of Board meetings shall be posted. Board meetings (and meetings of any committees of the Board) shall be open to all members. Notice of any Board meeting at which Common Expense Assessments or Fractional Maintenance Fees to be levied against the members are to be considered shall contain a specific statement to such effect, along with a reference to the nature of any such Assessments.

**Section 9. Budget Meetings.** Pursuant to Section 718.112(2)(e), Florida Statutes, and Rule 61B-40.004(8), Florida Administrative Code, the members shall be given written notice of the time, date, and place of all Board meetings at which the Association's annual budget will be considered. Not less than 14 days prior to any such meeting (which must be open to all members), a copy of the proposed annual budget shall be mailed or delivered to each member at the address last furnished to the Association. Evidence of compliance with such notice requirement must be made by an affidavit executed by an Officer of the Association or the Manager and filed among the official

records of the Association. If an adopted budget requires Assessments levied against members in any fiscal or calendar year that exceed one hundred fifteen percent (115%) of the Assessments levied with respect to the preceding year, the Board, upon written application of members representing ten percent (10%) of the total votes eligible to be cast by all of the members of the Association received within 21 days after adoption of the budget, shall call a special Association meeting within 60 days after adoption of the budget, upon not less than 14 days' prior written notice to each member. At such special meeting, members shall consider and enact a budget by a vote of a majority of the voting interests represented by all members in attendance at such meeting, whether in person or by proxy. The Board may propose a budget to the members at a meeting thereof or in writing, and if said budget or proposed budget is approved by the members at the meeting or by a majority of all voting interests in writing, the budget is adopted. If a meeting of the members has been called and a quorum is not attained or a substitute budget is not adopted by the members, the budget adopted by the Board goes into effect as scheduled. In determining whether Assessments exceed one hundred fifteen percent (115%) of similar Assessments in the prior year, any authorized provisions for reasonable reserves for repair or replacement of the Condominium Units, Common Elements, or Common Furnishings, anticipated expenses by the Association that are not anticipated to be incurred on a regular or annual basis, or Assessments for betterments to the Resort must be excluded from the computation. Notwithstanding the foregoing, as long as Developer has the right to elect or appoint at least a majority of the Directors, the Board may not impose an Assessment for any year greater than one hundred fifteen percent (115%) of the prior fiscal or calendar year's Assessment without the approval of members eligible to cast a majority of the voting interests of all of the members of the Association.

**Section 10. Special Board Meetings.** Special meetings of the Board of Directors may be called by the President, or in his absence, by the Vice President, or by a majority of the Directors, by giving at least 14 days' notice to each Director and to the Manager, personally or by mail, telephone, electronic facsimile, or telegraph. Notices of special Board meetings shall state the time, date, place, and purpose of the special Board meetings to which they pertain. Adequate notice of all special Board meetings (which specifically incorporates an identification of all agenda items) shall also be posted conspicuously at the Resort (at that place at which the Board by duly adopted resolution shall have designated for the posting of notices to all unit owners of all Board meetings) at least 48 continuous hours prior to the scheduled meeting time, except in an emergency; provided, however, that written notice of any Board meeting at which non-emergency Special Assessments, or at which the amendment of any rules regarding Condominium Unit use will be proposed, discussed, or approved, shall be mailed or delivered to the members and posted conspicuously at the Resort not less than 14 days prior to the scheduled meeting date. Notwithstanding anything herein to the contrary, the requirement that Board meetings and Committee meetings be open to the unit owners shall be inapplicable to meetings between the Board or a Committee and the Association's attorney, with respect to proposed or pending litigation, when the meeting is held for the purpose of seeking or rendering legal advice.

**Section 11. Meetings by Telephone Conference.** Both regular and special Board meetings may be conducted by telephone conference. To the extent permitted by law, any Director who is not physically in attendance at any regular or special meeting of the Board of Directors, but who is in telephone contact with the other Directors during such meeting and is thereby able to participate in the discussions, reports, debates, votes, and other matters conducted thereat, shall be deemed to be in attendance at said meeting for all purposes, including but not limited to the purpose of creating a quorum. During any Board meeting conducted by telephone conference, each Director shall be in telephone contact with every other Director participating in such meeting, whether by direct telephone contact or through the use of a telephone speaker such that any discussion among Directors may be heard by each Director and any Owners present at such meeting.

**Section 12. Waiver of Notice.** Any Director may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed to be the equivalent of that Director having actually been given notice of such meeting. Attendance by a Director at any meeting of the Board, either physically or by telephone, shall constitute a waiver by him of notice of the time, date, and place thereof, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**Section 13. Quorum of Board of Directors.** At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business. The vote of a majority of the Directors present at a Board meeting at which a quorum has been established shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors a quorum is not established, a majority of those Directors present may adjourn the meeting, one (1) or more times, to a subsequent time, date, and place. At any such reconvened meeting of the Board at which a quorum has been established, any business that might have been transacted at the meeting prior to its adjournment may be transacted without further notice. Any Director who is present at a Board meeting at which action is taken on any Association matters shall be presumed to have consented to such action unless he votes against such action or abstains from voting with respect thereto because of an asserted conflict of interest. Directors may not vote by proxy or by secret ballot at Board meetings. All votes and abstentions by Directors present at a Board meeting shall be recorded in the meeting's minutes.

**Section 14. Attendance by Manager.** Each Manager, so long as its Management Agreement with the Association remains in effect, shall be entitled to notice of all Board meetings, shall be entitled to attend the Board meetings, and may designate such person(s) as it desires to attend such Board meetings on its behalf.

**Section 15. Compensation.** No Director shall receive any compensation from the Association for acting as such.

**Section 16. Insurance and Bonds.** The Association shall at all times fully comply with the provisions of Section 718.111(11) of the Florida Statutes, as amended from

time to time, and obtain and maintain adequate levels of insurance or fidelity bonding for the Manager and for all Officers, Directors, and employees of the Association who control or disburse Association funds. The premiums for such bonds shall constitute a Common Expense.

Section 17. Liability and Indemnification.

(a) No Director, Officer, employee, or agent of the Association, and no heir, executor, administrator, or personal representative of any such person, shall be liable to the Association for any loss or damage suffered by it on account of any action or omission by him as a Director, Officer, employee, or agent if he acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Association, unless with respect to an action or suit by or in the name of the Association to procure a judgment in its favor, such person shall have been adjudged to have been grossly negligent or acted with willful misconduct in the performance of his duties to the Association.

(b) The Association shall indemnify each person who was, is, or is threatened to be named a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the name of the Association) by reason of the fact that he is or was a Director, Officer, employee, or agent of the Association, against expenses (including reasonable attorneys' fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner that he reasonably believed to be in, or not opposed to, the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

The Association shall indemnify each person who was, is, or is threatened to be named a party to any threatened, pending, or completed action or suit by or in the name of the Association against expenses (including reasonable attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Association, except that no such indemnification shall be made with respect to any claim, issue, or matter as to which such person shall have been adjudged to be liable on the basis that personal benefit was improperly received by him or if such person was found liable for gross negligence or willful misconduct in the performance of his duties to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine, upon application, that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses that such court deems proper and equitable.



To the extent that a Director, Officer, employee, or agent of the Association has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in this Section, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including reasonable attorneys' fees), actually and reasonably incurred by him in connection therewith.

Any indemnification under this Section (unless pursuant to a determination by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee, or agent is proper under the circumstances because he has met the applicable standard of conduct set forth in this Section. Such determination may be made (i) by the Board upon a majority vote of a quorum consisting of Directors who were not parties to such action, suit, or proceeding; (ii) if such a quorum is not obtainable or, even if obtainable, by a majority vote of a committee duly designated by the Board (in which Directors who are parties may participate) consisting solely of two (2) or more Directors not at the time parties to the proceeding; (iii) by independent legal counsel selected by the Board or a committee of the Board by vote as set forth in Sub-section (i) or (ii) above, respectively, or if such a quorum of the Board cannot be obtained for purposes of Sub-section (i) and no committee is designated for purposes of Sub-section (ii), selected by a majority vote of all Directors (including those who are parties); or (iv) by majority vote of the members in a vote that excludes the vote of Directors who were parties to such proceeding.

Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Association in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Directors in a particular case, upon receipt of a written affirmation by the applicable Director, Officer, employee or agent of his good faith belief that he has satisfied the standard of conduct necessary for indemnification hereunder and a written undertaking by or on behalf of such Director, Officer, employee, or agent to reimburse the Association for the amount of such expenses if it is ultimately determined that he has not met those requirements, and after a determination that the facts then known to those making the determination would not preclude indemnification.

The indemnification and advancement of expenses provided pursuant to this Section shall not be deemed exclusive of any other rights to which those indemnified may be entitled, shall continue as to a person who has ceased to be a Director, Officer, employee, or agent, and shall inure to the benefit of the heirs, executors, administrators, and personal representatives of such person.

**Section 18. Powers and Duties.** On behalf of the Association, the Board of Directors shall have all of the powers and duties reasonably necessary for the maintenance, repair, replacement, restoration, improvement, and operation of the Resort, and for the operation and administration of the Association, and may do all such acts and things except as by law, by the Condominium Declaration, or by these Bylaws may not be delegated to the Board of Directors by the members. The powers and duties of the Board of Directors shall be subject to approval by the members only when such approval is specifically required by law or by the Resort Instruments. Such powers and duties shall include, but shall not be limited to, the following:

- (a) To exercise all of the powers specifically set forth in the Condominium Declaration and in these Bylaws, and all powers incidental thereto;
- (b) To repair, maintain, repaint, improve, alter, furnish, or refurnish the interior and exterior portions of all Units Committed to Fractional Ownership, together with the Common Elements, the Limited Common Elements, and the Common Furnishings; to establish reserves for anticipated costs, including but not limited to the costs of acquisition and replacement of the Common Furnishings; to acquire and pay for equipment, materials, supplies, furniture, Common Furnishings, labor, and services that the Board deems necessary or proper for the maintenance and repair of the Condominium Units, the Common Elements, the Limited Common Elements, and the Common Furnishings;
- (c) To levy, collect, and enforce Assessments against the Owners in the manner provided in the Condominium Declaration in order to pay all of the Common Expenses and Fractional Expenses of the Resort, and to do all things necessary to enforce each Owner's obligations under the Resort Instruments;
- (d) To employ, dismiss, and control whatever personnel are necessary for the maintenance and operation of the Resort;
- (e) To delegate all or a portion of the responsibilities of the Board for the physical and fiscal management of the Resort and the Association, respectively, to one (1) or more agents, including, without limitation, the Manager, which shall at all times fully comply with the provisions of Sections 468.432 and 468.438, Florida Statutes, as amended from time to time;
- (f) To adopt, publish, and enforce, from time to time, Rules and Regulations pertaining to the possession, use, and enjoyment of the Condominium Units, the Common Elements, the Limited Common Elements, and the Common Furnishings, which Rules and Regulations shall be consistent with the provisions of the Condominium Declaration, these Bylaws, and the other Resort Instruments;
- (g) To open bank accounts on behalf of the Association and its members, and to designate the signatures required therefor;
- (h) To procure and maintain insurance, pursuant to the provisions of the Condominium Declaration and these Bylaws;
- (i) To engage such legal, accounting, and other professional services as are necessary or proper for the operation of the Resort, the administration by the Association, and/or the enforcement of the Resort Instruments;
- (j) To pay the amount necessary to discharge any lien or encumbrance against a Condominium Unit, Fractional Interest, Common Element, Limited Common Element, or Common Furnishing, if deemed appropriate by the Board, in its sole discretion; provided, that if the Board determines that one (1) or more Owners are responsible for such lien or encumbrance, such Owner(s) shall be jointly and severally liable to the

Association for any costs incurred by the Association in discharging it, and for any other costs or losses incurred by the Association by reason of such lien or encumbrance;

(k) To appoint such committee(s) as the Board may deem appropriate that, to the extent provided in the resolution appointing such committee(s), shall have the powers of the Board of Directors in the affairs and business of the Association. Such committee(s) shall keep regular minutes of their proceedings and shall report their findings and recommendations to the Board of Directors, as appropriate;

(l) To enter into and terminate contracts and agreements, on behalf of the Association, pertaining to the provision of services to the Association and/or the members, including but not limited to contracts or agreements with respect to the rental of furniture, furnishings, equipment, and/or recreational facilities or other amenities from Developer or other persons or entities, as well as utility, cable television, security, and pest control services;

(m) To enter into and terminate agreements with organizations allowing Owners to exchange the use of their Fractional Interests with owners, lessees, or certificate holders of time periods at other resorts; and/or otherwise to provide for the trading by Owners with other Owners within the Resort and/or with owners, lessees, or certificate holders of time periods at other resorts;

(n) To act as agent for the members in connection with the collection of ad valorem taxes and special governmental assessments and the remittance thereof to the appropriate governmental authority;

(o) To convey a portion of the Common Elements to a condemning authority for the purpose of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as a result of eminent domain proceedings; and

(p) To perform all other acts deemed by the Board to be necessary, desirable, or appropriate in order to ensure the proper maintenance, repair, replacement, restoration, improvement, and operation of the Resort, and to ensure the proper operation and administration of the Association.

#### ARTICLE V. OFFICERS

Section 1. Designation. The Officers of the Association shall be the President, Vice President, Secretary, and Treasurer, all of whom shall be elected by the Board of Directors and each of whom, with the exception of the initial Officers elected by the initial Board of Directors, shall be a member of the Association. The Board of Directors may also elect an Assistant Treasurer, an Assistant Secretary, and such other Officers as in its judgment may be necessary or appropriate. One (1) individual may simultaneously hold more than one (1) of the aforementioned offices in the Association.

Section 2. Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each newly constituted Board of Directors.

**Section 3. Term and Removal of Officers.** Each Officer of the Association shall hold office until his successor is elected; provided, however, that with the exception of the Officers elected by the initial Board of Directors, each Officer's position shall immediately become vacant when and if he ceases to be an Owner or, in the case of the President, Secretary, and Treasurer, if he ceases to be a Director, whether by resignation, removal, death, incapacity, ineligibility, or otherwise. Any Officer may be removed at any Board meeting, with or without cause, by the Board of Directors; provided, however, that no Officer shall be removed except by the affirmative vote for removal of a majority of the Directors. Any Officer whose removal has been proposed shall be given prompt written notice of his proposed removal and shall be provided with a reasonable opportunity to attend and be heard at the Board meeting at which his removal is voted upon. If the office of any Officer becomes vacant for any reason, the vacancy shall promptly be filled through the election of a successor by the Board of Directors.

**Section 4. President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors and, in general, shall have all of the powers and duties which are incident to the office of president of a stock corporation organized under the laws of the State of Florida, to the extent that such duties have not been delegated to the Manager. In addition, the President shall fulfill all duties imposed on such officer by the Condominium Declaration or the Community Declaration.

**Section 5. Vice President.** The Vice President shall assume the powers and duties of the President whenever the President is absent from any meeting of the Association or the Board of Directors or is unable to act in his capacity as President. If neither the President nor the Vice President is able to act, a majority of the remaining Directors shall appoint some other Officer 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 delegated to him by the Board of Directors or by the President.

**Section 6. Secretary.** The Secretary shall keep the minutes of all meetings of the Association and the Board of Directors and shall make such minutes available for inspection by members, their authorized representatives, and the Directors at reasonable times. The Secretary shall take such steps as are necessary or appropriate to ensure that the Association retains such minutes for a period of not less than 7 years from the date of the meetings to which they pertain. The Secretary shall also perform all of the duties incident to the office of secretary of a stock corporation organized under the laws of the State of Florida, to the extent that such duties have not been delegated to the Manager. In addition, the Secretary shall, during any period of time in which the Association is temporarily without a Manager, issue notices of all meetings of the Association and the Board of Directors, have charge of the Association's books and records, and receive and incorporate into the records of the Association all notices which are required or permitted to be transmitted to the Manager, including notices from Owners designating voting members and providing changes of address, and requests from Mortgagees of Record for copies of notices from the Association to their respective mortgagors.

**Section 7. Treasurer.** The Treasurer shall, during any period of time in which the Association is temporarily without a Manager, keep full and accurate financial records and books of account, be responsible for the preparation of all required financial data, and be responsible for the deposit of all money and other valuables in such repositories as may from time to time be designated by the Board of Directors. The Treasurer shall perform all of the duties incident to the office of treasurer of a stock corporation organized under the laws of the State of Florida, to the extent that such duties have not been delegated to the Manager.

**Section 8. Execution of Instruments.** All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by any two (2) Officers, or by such other person or persons, including the Manager, as may be designated by the Board of Directors.

**Section 9. Compensation of Officers.** No Officer shall receive any compensation from the Association for acting in his capacity as an Officer unless such compensation is approved by the affirmative vote of members casting a majority of the total votes eligible to be cast by all of the members of the Association.

#### ARTICLE VI. MANAGER

**Section 1. Management Agreement.** The Board, on behalf of the Association, shall at all times engage a responsible managing agent (which may be Developer or an affiliate of Developer) as the Manager, pursuant to the Management Agreement. Following expiration of an initial 3 year term of the Management Agreement, the Management Agreement shall be automatically renewed for successive 3 year terms, unless the members vote to discharge the Manager in the manner described in Section 2 below.

**Section 2. Discharge of Manager.** Members other than Developer casting sixty-six percent (66%) of the total votes eligible to be cast by the members present, either in person or by proxy, at any duly called Association meeting at which a quorum has been established, so long as such members present represent at least fifty percent (50%) of the total votes eligible to be cast by all of the members of the Association other than Developer, may discharge the Manager at any time. In the event the Manager is so discharged, the Board, on behalf of the Association, shall promptly engage a new Manager. If the Board fails to do so, any member may petition the circuit court of Walton County, Florida, for the appointment of a receiver to manage the affairs of the Association, provided that such member complies fully with the requirements of Section 721.14(2), Florida Statutes, as amended from time to time.

**Section 3. Compensation.** The compensation of the Manager shall be determined by the Board and set forth in each Management Agreement.

**Section 4. Powers and Duties.** The Manager, which shall at all times fully comply with the provisions of Sections 468.432 and 468.438, Florida Statutes, as amended from time to time, shall have all such powers and duties as are delegated to or imposed upon it by the Board, from time to time, as set forth in the Management Agreement.

Such powers and duties shall at all times include, but shall not necessarily be limited to, the following:

(a) To be responsible for the immediate management and operation of the Resort and the affairs of the Association;

(b) To arrange for the regular cleaning, maintenance, repair, replacement, and restoration of the Common Elements, the Units Committed to Fractional Ownership, and the contents thereof, including but not limited to all Common Furnishings, and any additions or alterations thereto, as needed and/or as directed to do so by the Board;

(c) To enter into any Condominium Unit for the purpose of abating a nuisance or other dangerous, unlawful, or prohibited activity being conducted therein;

(d) To employ or otherwise engage, dismiss, and control, on behalf of the Association, such personnel as it deems necessary for the maintenance and operation of the Resort and the Association, including attorneys, accountants, contractors, and other professionals, as needed;

(e) To enter into contracts (and subcontracts), in the name of and on behalf of the Association, for the furnishing of such services as it deems necessary and appropriate for the proper execution of its duties, including but not limited to contracts and subcontracts with one (1) or more Affiliates of the Manager.

(f) To arrange for the preparation and submission of a proposed annual budget and schedule of Assessments to the Board for its review and approval, at least sixty (60) days prior to the start of each fiscal year;

(g) To supervise the preparation of, and submit to the Board, within 120 days after the close of each fiscal year, a complete set of financial statements of the Association for the previous fiscal year as described in Article VII, Section 6 below, and to ensure that copies thereof are mailed or delivered to each member along with written notice of each annual meeting of the Association;

(h) To arrange each year for an independent audit of all of the Association's books and financial records by a certified public accountant in accordance with generally accepted auditing standards, as defined by the rules of the Board of Accountancy of the Florida Department of Business and Professional Regulation, to file a copy of said audit with the Bureau of Standards and Registration, to forward a copy thereof to each Officer of the Association, and to make copies thereof available for inspection and reproduction by the members at reasonable times in the office of the Manager;

(i) To assess and collect from the members all Assessments, ad valorem and other taxes, and any other amounts due and owing the Association or a third party pursuant to the provisions of any applicable law or the Resort Instruments;

(j) To arrange for the payment of all of the Association's bills, to the extent of available Association funds;

(k) To procure and maintain in effect insurance on behalf of the Association, as required by the Condominium Declaration and these Bylaws;

(l) To ensure that a copy of the then current Rules and Regulations is kept in each Condominium Unit and/or is furnished to each individual occupying a Unit Committed to Fractional Ownership, at check in or otherwise, and to each member upon request, and to ensure that the provisions of the Resort Instruments are strictly observed and enforced;

(m) Subject to Article X, Section 1 below, to maintain all books and records of the Association, including but not limited to detailed and accurate records of the Association's receipts and disbursements, an individual account for each member designating such member's name and address and the amounts of any Assessments paid and/or due by such member, minutes of all Association and Board meetings, correspondence, amendments to the Condominium Declaration, the Bylaws, and the Rules and Regulations, and a list of the names and current mailing addresses of all members and Mortgagees of Record. All books and financial records related to the Resort or the Association shall be maintained in accordance with generally accepted accounting principles;

(n) To establish and maintain federally insured deposits of the Association's funds in such manner as to indicate the custodial nature thereof;

(o) To procure all necessary supplies, equipment, and services on the Association's behalf;

(p) To arrange for an inspection and inventory of each Unit Committed to Fractional Ownership to be conducted at the end of each Unit Occupant's stay;

(q) To the extent reasonably possible, to arrange for comparable alternative accommodations for Fractional Owners unable to occupy their Assigned Units because of the occupancy thereof by a Holdover Occupant or as a result of needed maintenance or repairs;

(r) To organize and/or attend all Association, Board, and Master Association meetings;

(s) To make available for inspection by the Bureau of Standards and Registration all books and records of the Association, upon the request of said agency, and to file with said agency any and all reports required by law, including but not necessarily limited to Section 192.037(6)(e), Florida Statutes, as amended from time to time;

(t) To pay the Bureau of Standards and Registration, on or before January 1 of each year, the annual fee required to be paid pursuant to Section 721.27, Florida Statutes, as amended from time to time;

(u) To maintain, provide to the Bureau of Standards and Registration, upon request, and update no less frequently than quarterly, a complete list of the names and addresses of all of the members;

(v) To administer the reservation system established in the Rules and Regulations, together with any applicable reciprocal exchange program in which one (1) or more members are entitled to participate; and

(w) To fulfill such other duties and responsibilities of the Association under the Resort Instruments as from time to time may be delegated to the Manager by the Board or as may be required by any applicable provision of law, rule, or regulation.

Section 5. Change in Scope of Duties. The Board of Directors may, in its discretion, from time to time, grant additional powers to and/or impose additional duties upon the Manager, or limit any powers previously granted to the Manager, but only to the extent that such powers and duties are not expressly granted to or imposed upon the Manager by law or by the Resort Instruments.

Section 6. Legal Action. The Manager, subject to the direction of the Board of Directors, may engage legal counsel to represent the Association in any action, suit, or other proceeding concerning one (1) or more members or one (1) or more Condominium Units or Fractional Interests, provided that any such action shall be brought in the name of the Association.

#### ARTICLE VII. FINANCES AND ASSESSMENTS

Section 1. Annual Budget. Prior to the end of each fiscal year, the Board shall review the budget submitted by the Manager, pursuant to Article VI, Sub-Section 4.(f) hereof, and shall establish and approve a budget for the next fiscal year that fully satisfies the requirements of Sections 718.112(2)(f), 721.07(5)(x), and 721.13(3)(c), Florida Statutes, and Rule 61B-40.004, Florida Administrative Code, as each such provision may be amended from time to time. A copy of such budget shall be provided to each member and filed with the Bureau of Standards and Registration within 30 days after the beginning of each fiscal year.

Section 2. Collection of Assessments. Assessments shall be paid by the members and collected by the Association in the manner and according to the terms and provisions set forth in Article X of the Condominium Declaration.

Section 3. Depositories. Subject to Section 721.13(2)(b), Florida Statutes, as amended from time to time, the funds of the Association shall be deposited in a federally insured financial institution, in a manner designed to indicate the custodial nature thereof, and shall be withdrawn by the Manager (or the Association during any period of time in which the Association is temporarily without a Manager) for the payment of the Association's Common Expenses and Fractional Expenses in accordance with the provisions of the Resort Instruments.



**Section 4. Fiscal Year.** The Association shall operate on a fiscal year that begins on the first day of January of each year; provided, however, that the Association may, in its sole discretion, change to a different fiscal year in the event that the Board of Directors deems it advisable to do so.

**Section 5. Application of Payments and Commingling of Funds.** All sums collected by the Association, from Assessments or otherwise, may be commingled in a single fund or divided into more than one (1) fund, as determined by the Board of Directors; provided, however, that reserve funds shall at all times be maintained separately from operating funds, and none of the Association's funds shall be commingled with the funds of any other person or entity. Furthermore, amounts collected by the Association and attributable to ad valorem taxes or special governmental assessments shall be maintained in the escrow account referenced in Section 7 below. Subject to Section 10.7 of the Condominium Declaration, reserve funds and any interest accruing thereon shall remain in the reserve account for authorized reserve expenditures, unless their use for other purposes is approved in advance by a vote of the members present, either in person or by proxy, at any duly called Association meeting at which a quorum has been established, casting a majority of the total votes eligible to be cast by such members. All Assessments paid by a member shall be applied to interest, delinquencies, costs, attorneys' fees, and other charges, expenses, and advances in such manner and amounts as the Manager determines to be appropriate, unless otherwise directed by the Board and except as otherwise provided in the Resort Instruments. The Manager shall be responsible, as the agent of each member, for paying the Common Expenses and Fractional Expenses of the Resort, subject to the supervision and direction of the Board. Neither the Board nor the Manager shall be individually liable for the payment of any of the Common Expenses or Fractional Expenses; rather, they shall merely serve to direct and authorize the payment, to the extent of available funds, of the Common Expenses and Fractional Expenses on behalf of the members.

**Section 6. Financial Statements: Audit.** As soon as practicable following the end of the Association's fiscal year, the Board or the Manager shall arrange for an independent audit of all books and records related to the Resort and the Association for the previous fiscal year, as required by Sections 721.13(3)(e) and 718.301(4)(c), Florida Statutes, and Rule 61B-40.007, Florida Administrative Code, as each such provision may be amended from time to time. Said financial statements, which shall be prepared on the accrual basis using fund accounting in accordance with generally accepted accounting principles, shall be audited in accordance with generally accepted auditing standards as defined by the rules of the Board of Accountancy of the Florida Department of Business and Professional Regulation, by such independent accounting firm as the Board selects, in its sole discretion. A copy of such audited financial statements shall be filed with the Bureau of Standards and Registration, forwarded to the Officers of the Association, and made available to the members for inspection during reasonable business hours in the office of the Manager, no later than five (5) calendar months following the end of each fiscal year of the Association.

**Section 7. Ad Valorem Taxes.** As provided by Section 192.037, Florida Statutes, for purposes of ad valorem taxation and special governmental assessments, the

Association shall be considered the taxpayer as the agent of each member. All funds received by the Association from members that are attributable to ad valorem taxes or special governmental assessments shall be placed in escrow with an independent escrow agent that complies with the provisions of Chapter 721, Florida Statutes, relating to escrow agents, until control of the Association has been turned over to members other than Developer in accordance with Article IV, Section 2 hereof, after which time said escrow account may be maintained by the Association.

#### ARTICLE VIII. AMENDMENTS TO THE BYLAWS

The provisions of these Bylaws may be amended at any duly called Association meeting upon the affirmative vote of members casting a majority of the total votes eligible to be cast by all of the members of the Association; provided, however, that these Bylaws shall not be amended in any manner that will materially impair or prejudice the rights and priorities of any Mortgagee of Record without the written consent of each such Mortgagee of Record so affected. Amendments to these Bylaws shall be effective only upon the recordation of an instrument in the Public Records of Walton County, Florida, signed and acknowledged by any two (2) Officers of the Association, setting forth the complete text of such amendment, and otherwise fully complying with Sections 718.112 and 721.07(3)-(4), Florida Statutes, as amended from time to time. Notwithstanding any provision to the contrary contained herein, Developer reserves the right to amend these Bylaws by recording an instrument in the Public Records of Walton County, Florida, setting forth the text of such amendment in full, in order to accomplish any of the purposes stated in Section 18.2 of the Condominium Declaration.

#### ARTICLE IX. RULES AND REGULATIONS

Section 1. Adoption. The Board of Directors shall have the right to establish and amend, from time to time, such uniform Rules and Regulations as the Board may deem necessary and appropriate for the management, preservation, safety, control, and orderly operation of the Resort and for the benefit of all of the members and Unit Occupants. Such Rules and Regulations may, to the extent not in conflict with the provisions of the Condominium Declaration or these Bylaws, impose such reasonable restrictions upon the use and occupancy of any portion of the Resort as the Board, in its sole discretion, deems necessary or appropriate.

Section 2. Compliance with Rules and Regulations. Each member shall obey the Rules and Regulations, as the same may lawfully be amended from time to time, and shall ensure that the same are faithfully observed by the members of his family, his guests, tenants, invitees, and licensees. Each person who comes within the Resort shall be subject to the Rules and Regulations for the duration of his presence therein. A copy of the Rules and Regulations, as amended from time to time, shall be made available to members upon request.

Section 3. Conflict. In the event of any conflict between the Rules and Regulations of the Association, as amended from time to time, and these Bylaws, these Bylaws shall control.

**ARTICLE X. MISCELLANEOUS PROVISIONS**

**Section 1. Association's Records.** The Association shall at all times maintain as the Association's official records each of the items described in Sections 718.111(12), 721.13(3)(d)-(e) and 721.13(4), Florida Statutes, Rules 61B-23.002, 61B-40.003, and 61B-40.004, Florida Administrative Code, or any other applicable law, rule, or regulation, as each may be amended from time to time. The Association's list of the complete names and addresses of all members shall be updated no less frequently than quarterly. The Association shall not publish or furnish the name or address of any member to any other member or authorized agent thereof unless the member whose name and address are requested first approves such disclosure in writing; provided, however, that the Association shall initiate a mailing to members upon the written request of any member if (a) the purpose of such mailing, in the Board's discretion, is to advance a legitimate Association business or interest (such as proxy solicitation) for any purpose, including the recall of one (1) or more Directors or the discharge of the Manager; and (b) the member who requests such mailing reimburses the Association in advance for the Association's actual costs in performing the mailing.

The Association's books and records, including all accounting records and the minutes of all Association and Board meetings, shall be reasonably available for inspection by any member or his authorized agent at any reasonable time, under reasonable conditions, and under the supervision of the custodian of such books and records. For purposes of this Section, the Association's books and records shall be considered reasonably available if copies of the requested portions thereof are delivered to the requesting member or his agent within 7 days following the date upon which the Manager receives a written request for such books and records that has been signed by the requesting member. Said minutes, which shall be available for inspection by members or their authorized representatives within 30 days following the meetings to which they pertain, shall be retained by the Manager, on behalf of the Association, for a minimum of 7 years from the date of the meetings to which they pertain. The right to inspect such official records includes the right to make or obtain copies, at the reasonable expense (not to exceed twenty-five cents [25¢] per page) of the member seeking same.

If the Association's books and records are not maintained at the Resort, the Manager shall inform the Bureau of Standards and Registration in writing of the location of such books and records and the name and address of the custodian of the books and records at that location. In the event that the location of the books and records changes, the Manager shall notify the Bureau of Standards and Registration of the change in location and the name and address of the new custodian within 30 days following the date as of which the books and records were moved. In addition, all members shall be notified of the location of the Association's books and records and the name and address of the custodian thereof in the copy of the annual budget provided to all members, pursuant to Article VII, Section 1 hereof.

**Section 2. Notices.** Each member shall register his mailing address with the Manager upon becoming a member, and shall promptly notify the Manager of any subsequent changes of address. Any notices required by Resort Instruments to be given to

the Association or the Board of Directors shall be sent by certified mail to the Manager, or in the event that the Association is without a Manager, to the office of the Association or to such other address as the Board of Directors may hereafter designate from time to time, by notice in writing to all of the members. All notices required by the Resort Instruments to be given to any member shall be sent by first class mail, postage prepaid, to such member's most recent address as shown in the records of the Association. All notices required by the Resort Instruments to be given to Mortgagees of Record shall be sent to their respective addresses, as designated by them from time to time, in writing, to the Manager. All notices shall be deemed to have been given when mailed, postage prepaid, except notices of changes of address, which shall be deemed to have been given when received.

Section 3. Liability Survives Transfer of Condominium Unit or Fractional Interest. The transfer or foreclosure of a Condominium Unit or Fractional Interest shall not relieve or release the former Owner thereof from any liabilities or obligations incurred in connection with the Resort during the period of his ownership, or impair any rights or remedies which the Association may have against such former Owner arising out of or in any way connected with such ownership and the covenants and obligations incident thereto.

Section 4. Severability. The provisions hereof shall be deemed to be independent and severable, and the invalidity or partial invalidity or unenforceability of any one (1) provision shall not affect the validity or enforceability of any other provision hereof.

Section 5. Captions. The captions used in these Bylaws are inserted solely for convenience of reference and in no way define, limit, or describe the scope of these Bylaws or the meaning or intent of any of the provisions hereof.

Section 6. Number and Gender. Whenever the context so requires, the use of any gender in these Bylaws shall be deemed to include both genders, and the use of the singular shall be deemed to include the plural, and the plural shall include the singular.

Section 7. Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

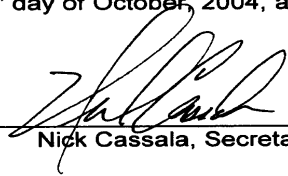
Section 8. Interpretation. The provisions of these Bylaws shall be liberally construed to effectuate the purpose of ensuring that the Resort shall at all times be operated and maintained in a manner so as to optimize and maximize its enjoyment and utilization by each member as a vacation resort.

Section 9. Certificate of Compliance. A certificate of compliance from a licensed electrical contractor or electrician may be accepted by the Board as evidence of the Resort's compliance with the applicable condominium fire and life safety code.

**Section 10. Arbitration.** Any dispute arising between Developer, other members, the Board, the Association, the Manager, and/or their agents or assigns, shall, if possible, be settled by voluntary mediation. If not settled thereby, such dispute shall be submitted to mandatory nonbinding arbitration as provided in Section 718.1255, Florida Statutes.

**KNOW ALL MEN BY THESE PRESENTS:** That the undersigned Secretary of the Association does hereby certify that the above and foregoing Bylaws were duly adopted by the Board of Directors of the Association as the Bylaws of said Association on the 14<sup>th</sup> day of October, 2004, and that they do now constitute the Bylaws of the Association.

ATTEST:

  
\_\_\_\_\_  
Nick Cassala, Secretary

**EXHIBIT "D"****Undivided Interests in Common Elements and Common Surplus  
Per Condominium Unit and Fractional Interest**

Condominium Unit Number	Undivided Interest in Com- mon Elements and Com- mon Surplus	Undivided Interest in Com- mon Elements and Com- mon Surplus Per Fractional Interest
101	1/11	1/88
102	1/11	1/88
201	1/11	1/88
202	1/11	1/88
203	1/11	1/88
301	1/11	1/88
302	1/11	1/88
303	1/11	1/88
401	1/11	1/88
402	1/11	1/88
403	1/11	1/88

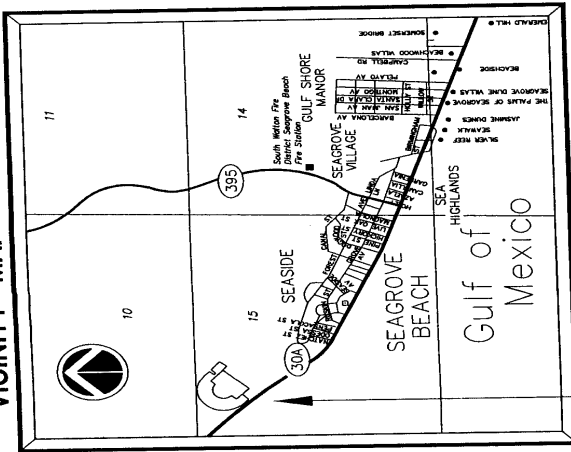
**EXHIBIT "E"**

**Survey; Graphic Description; Plot Plan; Certificate of Surveyor**

# WaterColor Private Residence Club a Condominium

Situating in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.

VICINITY MAP (NOT TO SCALE)



PROJECT LOCATION

## Legal Description:

COMMENCE AT THE EASTERN MOST CORNER OF PARK ROW AT WATERCOLOR AS RECORDED IN PLAT BOOK 14, PAGES 52 AND 52A OF THE PUBLIC RECORDS OF WALTON COUNTY, FLORIDA, SAID POINT ALSO LYING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF WALTON COUNTY ROAD 30A (100' RIGHT-OF-WAY); THENCE GO SOUTH 31 DEGREES 34 MINUTES 16 SECONDS EAST ALONG SAID RIGHT-OF-WAY LINE A DISTANCE OF 475.21 FEET TO A POINT OF CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A CENTRAL ANGLE OF 02 DEGREES 02 MINUTES 17 SECONDS TO THE LEFT AN ARC DISTANCE OF 69.73 FEET THROUGH A PARCEL OF LAND HEREIN DESCRIBED; (CB=SOUTH 32°35'25" EAST, CHORD=69.73') TO THE POINT OF BEGINNING OF THE PARCEL OF LAND HEREIN DESCRIBED; THENCE DEPARTING SAID SOUTHWESTERLY RIGHT-OF-WAY LINE GO SOUTH 55 DEGREES 46 MINUTES 29 SECONDS WEST A DISTANCE OF 12.46 FEET TO A POINT LYING ON THE NORTHERLY RIGHT-OF-WAY LINE OF GOLDENROD CIRCL (RIGHT-OF-WAY VARIES); THENCE GO SOUTH 34 DEGREES 18 MINUTES 33 SECONDS EAST ALONG SAID RIGHT-OF-WAY LINE A DISTANCE OF 184.86 FEET; THENCE GO SOUTH 34 DEGREES 13 MINUTES 13 SECONDS WEST, A DISTANCE OF 12.46 FEET TO A POINT LYING ON THE NORTHERLY RIGHT-OF-WAY LINE OF GOLDENROD CIRCL (RIGHT-OF-WAY VARIES); THENCE GO SOUTH 34 DEGREES 18 MINUTES 33 SECONDS EAST ALONG SAID RIGHT-OF-WAY LINE A DISTANCE OF 66.43 FEET TO A POINT OF CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 240.00 FEET; THENCE CONTINUE ALONG SAID CURVE TO THE LEFT AN ARC DISTANCE OF 28.86 FEET THROUGH A CENTRAL ANGLE OF 06 DEGREES 53 MINUTES 21 SECONDS (CB=SOUTH 37°45'13" EAST, CHORD=28.84') TO A POINT OF TANGENCY; THENCE GO SOUTH 41 DEGREES 11 MINUTES 53 SECONDS EAST, A DISTANCE OF 14.51 FEET; THENCE DEPARTING SAID RIGHT-OF-WAY LINE GO NORTH 55 DEGREES 46 MINUTES 29 SECONDS EAST A DISTANCE OF 194.91 FEET TO A POINT LYING ON THE AFOREMENTIONED SOUTHERLY RIGHT-OF-WAY LINE OF WALTON COUNTY ROAD 30A AND A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1960.34 FEET, THENCE GO ALONG SAID CURVE TO THE RIGHT AN ARC DISTANCE OF 114.23 FEET THROUGH A CENTRAL ANGLE OF 03 DEGREES 20 MINUTES 19 SECONDS (CHORD BEARING=NORTH 35°16'43" WEST, CHORD=114.22 FEET) TO THE POINT OF BEGINNING SAID PARCEL OF LAND CONTAINING 0.51± ACRES MORE OR LESS.

## General Notes:

1. NO SEARCH OF THE PUBLIC RECORDS WAS DONE BY WILSONMILLER, INC.
2. WILSONMILLER, INC. HAS NOT BEEN PROVIDED A CURRENT TITLE OPINION OR ABSTRACT OF TITLE AFFECTING THE SUBJECT PROPERTY.
3. VISIBLE EVIDENCE OF EASEMENTS WILL BE SHOWN HEREON, BUT NO CERTIFICATION IS GIVEN THAT DEED OVERLAPS AND UNDERGROUND IMPROVEMENTS OR ENCROACHMENTS DO NOT EXIST.
4. THERE MAY BE ADDITIONAL RESTRICTIONS THAT ARE NOT SHOWN ON WALTON COUNTY, FLORIDA.
5. NOT VALID WITHOUT THE SIGNATURE & ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER.
6. NO OWNERSHIP HAS BEEN DETERMINED BY WILSONMILLER, INC.

## Surveyor's Certificate:

I HEREBY CERTIFY THAT THIS IS A TRUE AND ACCURATE SURVEY OF THE BOUNDARIES OF THE CONDOMINIUM PROPERTY, AND THAT THE CONDOMINIUM UNITS ARE COMPLETE. THE WORDING OF THE DECLARATION RELATING TO THE MATTERS OF THE SURVEY TOGETHER WITH THE EXHIBITS ATTACHED HERETO AND THERE TO ARE A CORRECT REPRESENTATION OF THE IMPROVEMENTS DESCRIBED AND FURTHER THAT WITH SUCH MATERIAL THERE CAN BE DETERMINED THEREFROM THE IDENTIFICATION, LOCATION, DIMENSIONS, AND SIZE OF EACH CONDOMINIUM UNIT, AND THE COMMON ELEMENTS.

SCOTT W. ROSENHEIM, PROFESSIONAL SURVEYOR AND MAPPER NO. 5634  
 CHAD M. THURNER, PROFESSIONAL SURVEYOR AND MAPPER NO. 6483  
 WILSONMILLER, INC., L.B. NO. 43  
 12605 EMERALD COAST PARKWAY WEST, SUITE 2  
 DESTIN, FLORIDA 32550  
 (850) 837-7967

Prepared by:

## WilsonMiller

Member of the Florida Society of Professional Surveyors  
 Registered Professional Surveyors, Inc. - Certificate of Accreditation #43

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 Destin, Florida 32550  
 (850) 837-7967 • Fax (850) 837-7968

Date Prepared : October 4, 2004



# WaterColor Private Residence Club a Condominium

Situated in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.

Prepared by:



**Wilson Miller**  
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Date Prepared: October 4, 2004

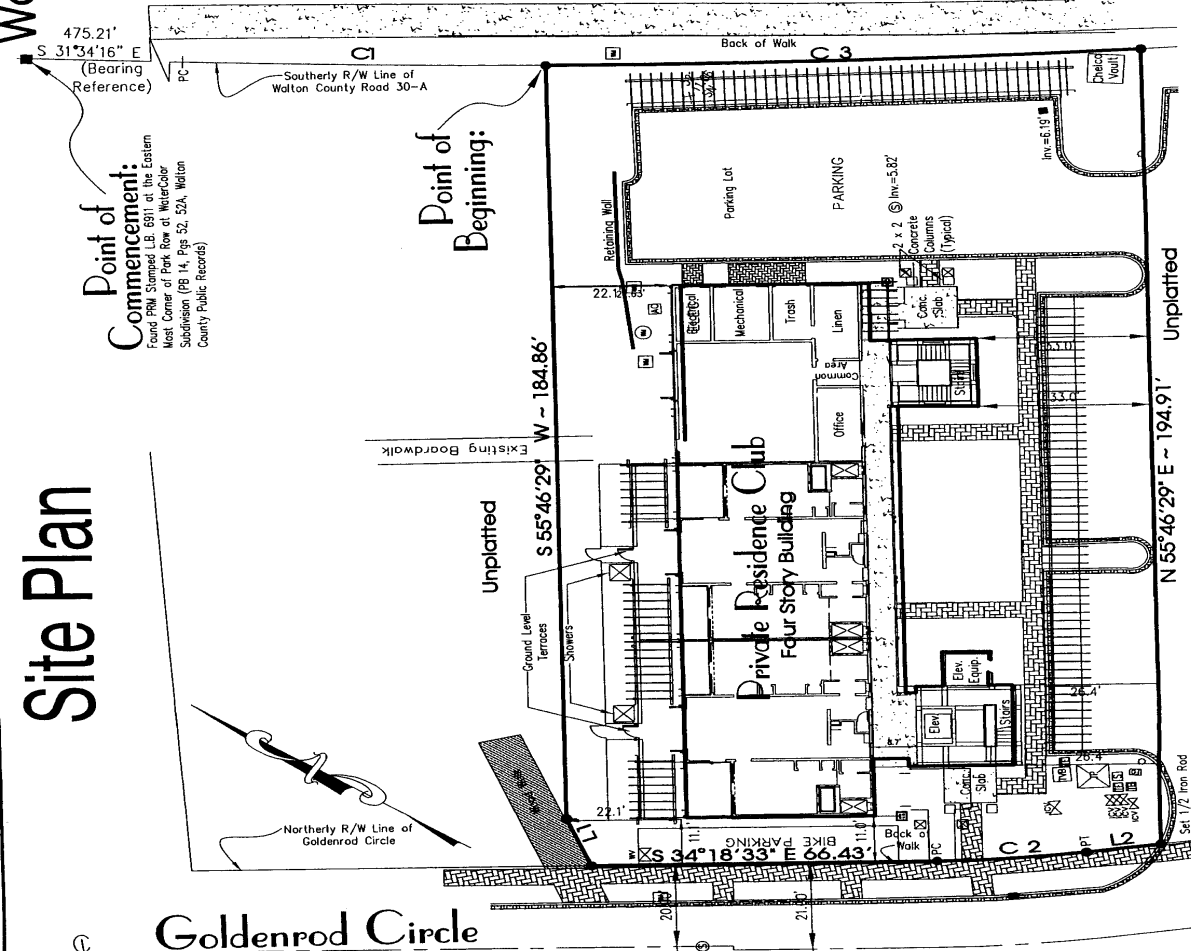
**Point of Commencement:**  
 Found PRM Stamped L.B. 6911 at the Eastern  
 Most Corner of Park Row at WaterColor  
 Subdivision (PB 14, Pgs 52, 52A, Walton  
 County Public Records)

**Point of Beginning:**

# Site Plan

Goldenrod Circle

Walton County Road 30-A



- Legend:**
- Δ DELTA
  - ° DEGREES
  - MINUTES OR FEET
  - SECONDS OR INCHES
  - DISTANCE NOT TO SCALE
  - BACK OF CURB
  - CENTERLINE
  - CURVE #1
  - LAND SURVEYING BUSINESS
  - PLAT BOOK
  - MONUMENT REFERENCE MONUMENT
  - POINT OF TANGENCY
  - PLUS/MINUS
- Legend:**
- Air Conditioner
  - ⊗ Curb Inlet
  - ⊞ Fiber Optics
  - Light Pole
  - ⊙ Sanitary Sewer Manhole
  - ⊞ Sprint
  - ⊞ Temporary Electric Meters
  - ⊞ Transformer Pad
  - ⊞ Television Cable Box
  - ⊞ Water Meter
  - ⊞ Water Valve
- Legend:**
- ▨ Common Element
  - ▨ Limited Common Element

CURVE	RADIUS	LENGTH	DELTA	BEARING	CHORD
C1	1960.34'	69.73'	2°02'17"	S 32°35'25" E	69.73'
C2	240.00'	28.86'	6°53'21"	S 37°45'13" E	28.84'
C3	1960.34'	114.23'	3°20'19"	N 35°16'43" W	114.22'

Scale:  
1" = 30'

LINE	BEARING	LENGTH
L1	S 34°13'13" W	12.46'
L2	S 41°11'53" E	14.51'

# WaterColor Private Residence Club a Condominium

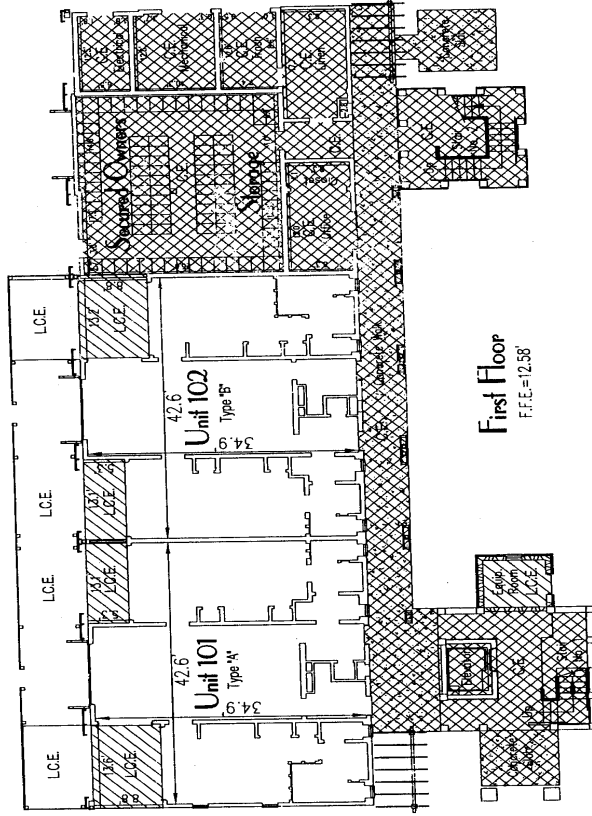
Situated in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.

### Legend:

-  Common Element
-  Limited Common Element

### Scale:

1 inch = 20 ft.



Prepared by:

## WilsonMiller

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Wilson Miller, Inc. is a Certified Minority Business Enterprise

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Date Prepared : October 4, 2004

# WaterColor Private Residence Club a Condominium

Situated in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.

**Legend:**



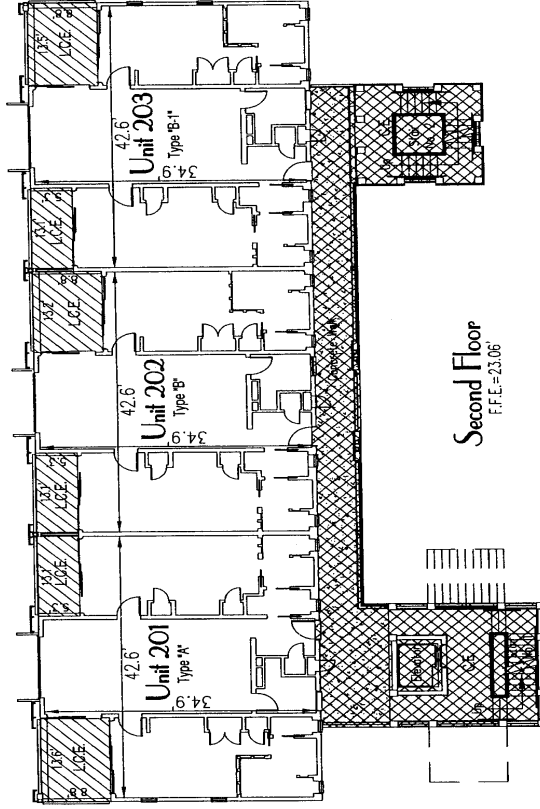
Common Element



Limited Common Element

**Scale:**

1 inch = 20 ft.



Prepared by:

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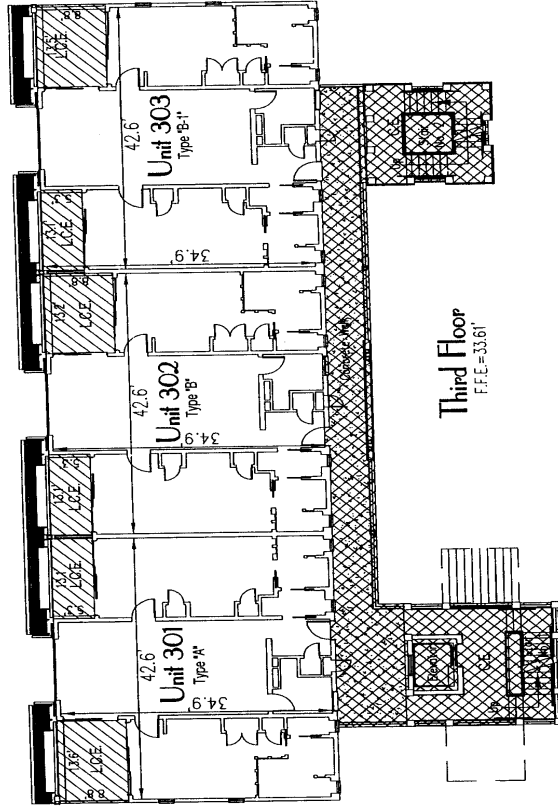
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Date Prepared : October 4, 2004

# WaterColor Private Residence Club a Condominium

Situated in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.



### Legend:

-  Common Element
-  Limited Common Element

Scale:  
1 inch = 20 ft.

Prepared by:

## WilsonMiller

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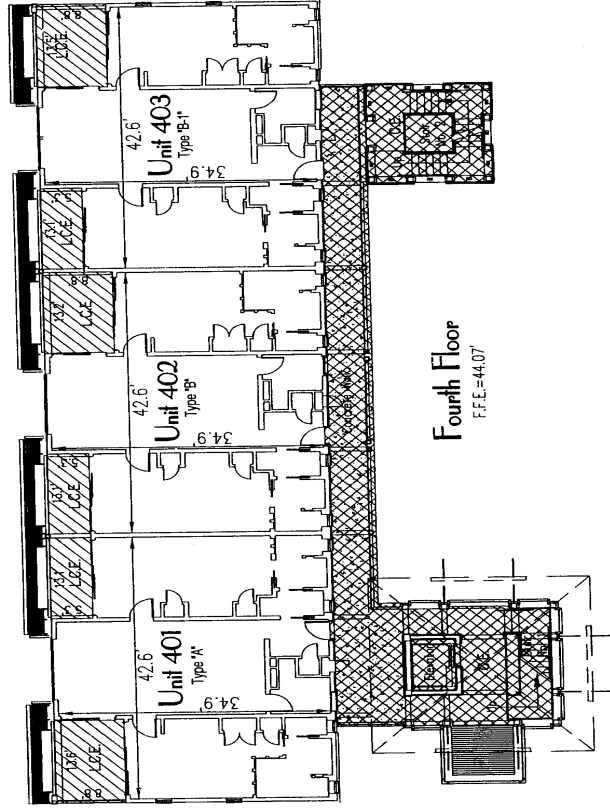
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Date Prepared : October 4, 2004

# WaterColor Private Residence Club a Condominium

Situated in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.



### Legend:



Common Element



Limited Common Element

### Scale:

1 inch = 20 ft.

Prepared by:

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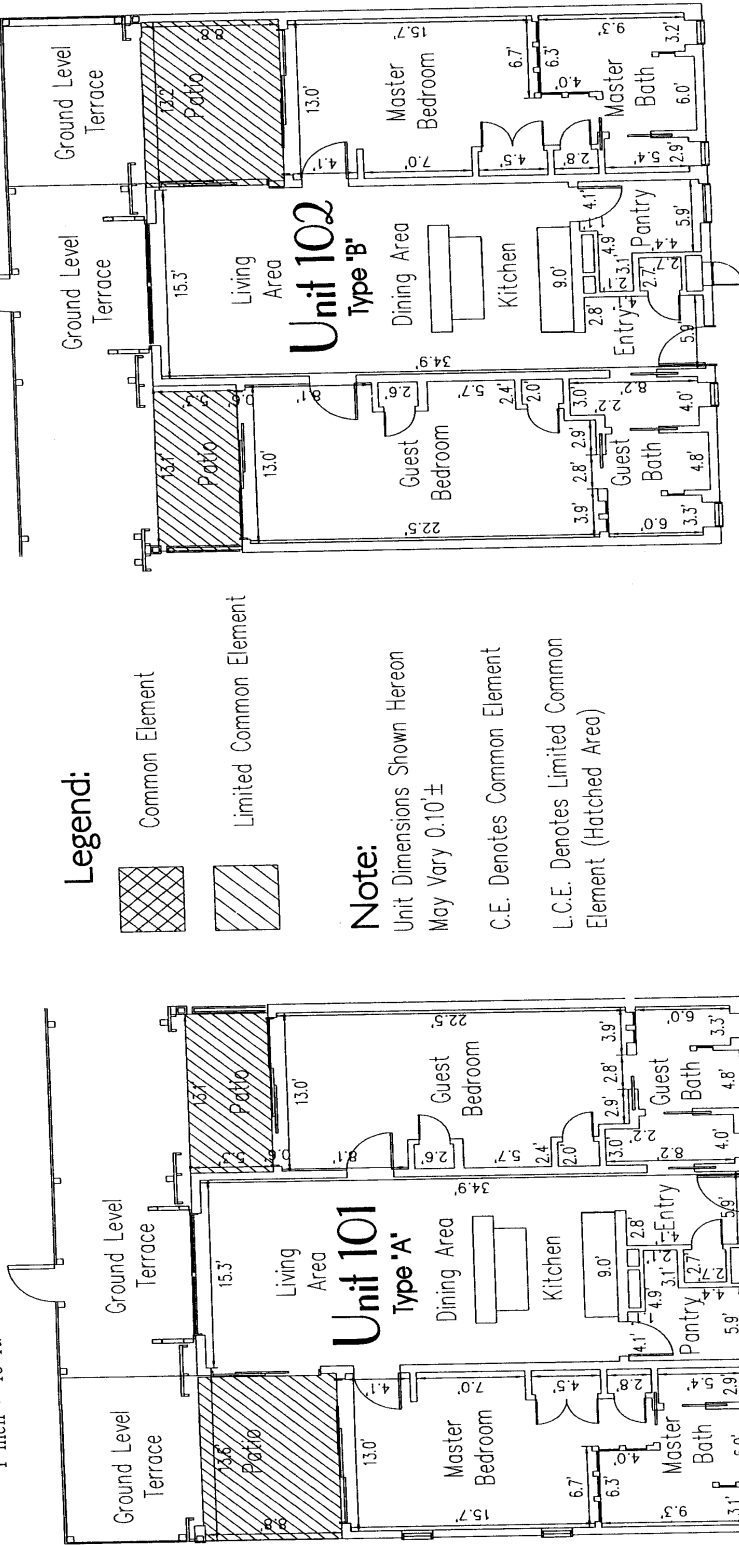
Date Prepared : October 4, 2004

# WaterColor Private Residence Club a Condominium



Situated in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.

Scale:

1 inch = 10 ft.



**Legend:**

-  Common Element
-  Limited Common Element

**Note:**

Unit Dimensions Shown Hereon  
May Vary 0.10'±  
C.E. Denotes Common Element  
L.C.E. Denotes Limited Common  
Element (Hatched Area)

Prepared by:

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**Typical Unit  
Type 'A'**

TYPICAL UNIT DIMENSIONS  
MEASURED FROM UNIT 101

**1296 S.F.**

(101, 201, 301 & 401)

**Typical Unit  
Type 'B'**

TYPICAL UNIT DIMENSIONS  
MEASURED FROM UNIT 102



**1296 S.F.**

(102, 202, 302 & 402)

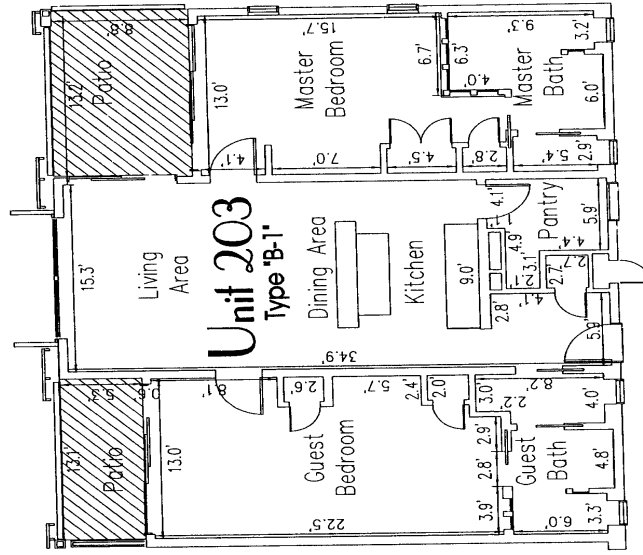
# WaterColor Private Residence Club a Condominium

Situated in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.

Scale:  
1 inch = 10 ft.

- Legend:**
-  Common Element
  -  Limited Common Element

**Note:**  
Unit Dimensions Shown Hereon  
May Vary 0.10'±  
C.E. Denotes Common Element  
L.C.E. Denotes Limited Common  
Element (Hatched Area)



**Typical Unit  
Type 'B-1'**

TYPICAL UNIT DIMENSIONS  
MEASURED FROM UNIT 203

**1296 S.F.**

**(203, 303 & 403)**

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 Destin, Florida 32550  
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Date Prepared : October 4, 2004

# WaterColor Private Residence Club a Condominium

Situated in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.

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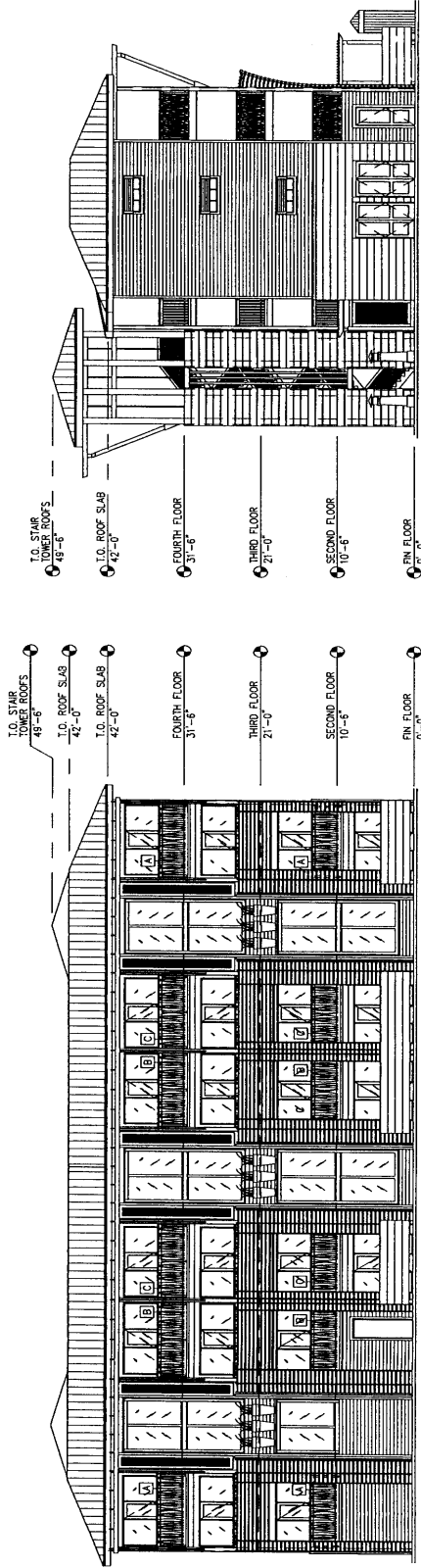
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12806 Emerald Coast Parkway West, Suite 2  
Destin, Florida 32550

(850) 837-7967 • Fax (850) 837-7958

Date Prepared : October 4, 2004

Scale:

1 inch = 20 ft.



## West Elevation

## North Elevation

**Note:**

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OR VERIFIED PER WILSONMILLER, INC.  
"FOR INFORMATIONAL PURPOSES ONLY"



# WaterColor Private Residence Club a Condominium

Situated in Fractional Section 15, Township 3 South,  
Range 19 West, Walton County, Florida.

Prepared by:

## WilsonMiller

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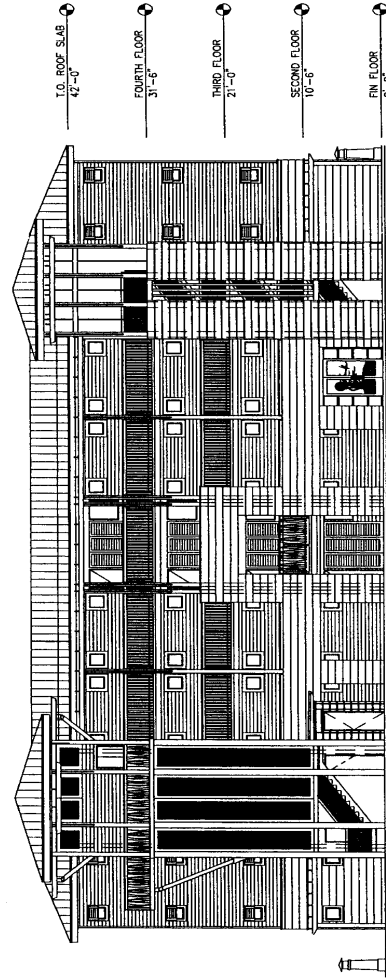
Destin, Florida 32550

(850) 837-7957 • Fax (850) 837-7958

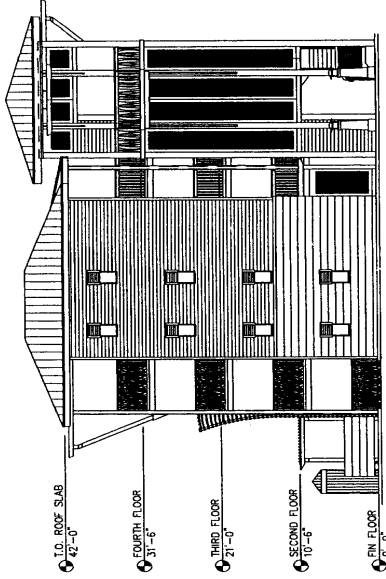
Date Prepared : October 4, 2004

Scale:

1 inch = 20 ft.



## East Elevation



## South Elevation

### Note:

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WATERCOLOR PRIVATE RESIDENCE CLUB, A CONDOMINIUM  
SURVEYOR'S CERTIFICATE

STATE OF FLORIDA  
COUNTY OF Walton

BEFORE ME, the undersigned authority duly authorized to administer oaths and take acknowledgments, personally appeared Chad M. Turner, after first being cautioned and sworn, deposes and says:

1. That he is a duly registered surveyor under the laws of the State of Florida, his certificate of registration number being No. 6483.
2. That the construction of the improvements described by the survey and the graphic description of the improvements of WaterColor Private Residence Club, a condominium, is substantially completed so that such material together with the provisions of the Declaration describing the condominium property is an accurate representation of the location and dimensions of the improvements and so that the identification, location and dimensions of the common elements and of each unit can be determined from these materials.

FURTHER AFFIANT SAITH NOT.

Chad M. Turner REGISTERED SURVEYOR NO. 6483  
SWORN TO AND SUBSCRIBED  
BEFORE ME THIS 14 DAY OF October, 2004.

Notary Public (Signature) Christine M. Wilkinson  
Name of Notary  
My Commission Expires:  
Commission No.

