

AMENDED AND RESTATED
BY-LAWS
OF
THE VINEYARDS COMMUNITY ASSOCIATION, INC.

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AMENDED AND RESTATED BY-LAWS
OF
THE VINEYARDS COMMUNITY ASSOCIATION, INC.

Article I

Identity

Section 1. Name. The name of the corporation is The Vineyards Community Association, Inc. (the "Association").

Section 2. Principal Office. The principal office of the Association is at 400 Vineyards Boulevard, Naples, Florida 33999, c/o Vineyards Services, Inc.

Section 3. Adoption. These By-Laws have been adopted as the By-Laws of the Association.

Section 4. Definitions. Terms used in these By-Laws which are defined in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Vineyards of Naples (the "Declaration") shall have the same meaning in these By-Laws as in the Declaration.

Article II

Powers and Duties of the Association
and the Exercise Thereof

The Association shall have all powers granted to it by Florida law, the Declaration, the Articles of Incorporation, and these By-Laws, all of which shall be exercised by its Board of Governors unless the exercise thereof is otherwise restricted in the Declaration, the Articles, these By-Laws or by law. The powers of the Association shall include, but not be limited to, the following:

1. All of the powers specifically provided for in the Declaration and in the Articles of Incorporation.

2. The power to adopt a corporate seal for the Association.

3. The power to levy and collect Assessments against Owners as provided for in the Declaration.

4. The power to expend monies collected for the purpose of paying the expenses of the Association.

5. The power to purchase equipment, supplies and materials required in the maintenance, repair, replacement, operation and management of Areas of Common Responsibility.

6. The power to employ the personnel required for the maintenance and operation of the Association and Areas of Common Responsibility.

7. The power to pay utility bills for utilities serving the Areas of Common Responsibility.

8. The power to contract for the management of the Association and to delegate to its contractor as manager, such of its powers and duties as the Board may determine, except those matters which must be approved by Neighborhood Representatives.

9. The power to make reasonable rules and regulations and to amend them from time to time.

10. The power to enforce by any legal means the provisions of the Articles of Incorporation, the By-Laws, the Declaration, rules and regulations and the Traffic Regulations promulgated by the Association.

11. The power to enforce by any legal means the provisions of the Neighborhood Documents, including without limitation the architectural and use restrictions contained therein.

12. The power to control and regulate the use of the Common Areas by the Owners.

13. The power to enter into a long term contract with any person, firm, corporation or real estate management agent of any nature or kind, to provide for the maintenance, operation, repair and upkeep of the Areas of Common Responsibility, of any facilities on lease to the Association or otherwise provided for the Association Member's usage. The contract may provide that the total operation of the managing agent, firm or corporation shall be at the cost of the Association as a Common Expense. The Contract may further provide that the managing agent shall be paid from time to time a reasonable fee either stated as a fixed fee or as a percentage of the total costs of maintenance, operation, repair and upkeep or of the total funds of the Association handled and managed by the managing agent. Such fee shall be another of the management function costs to be borne by the Association as a Common Expense, unless the contract provides to the contrary.

Article III

Membership

The Association shall have the following three (3) classes of membership: Class "A" Members, Class "B" Member, and Class "C" Member, as described in the Declaration. Each Owner of a Unit shall be a Member of the Association. Members shall have no voting rights on Association matters. Neighborhood Representatives shall cast votes on behalf of Members of the Association. Neighborhood Representatives shall be entitled to cast the number of votes attributable to Units within their Neighborhood which have been sold to other than a Merchant Builder. The Declarant shall be considered the Neighborhood Representative entitled to cast votes attributable to Units which it or a Merchant Builder owns in any Neighborhood. Neighborhood Representatives shall not be required to obtain a consensus or approval on voting matters from the Owners within their Neighborhood, except as otherwise provided in the Declaration or the applicable Neighborhood Documents.

Article IV

Appointment of Neighborhood Representative

The president of the Neighborhood Association shall serve as the Neighborhood Representative and the vice-president as the Alternate Neighborhood Representative, unless otherwise provided by the Neighborhood Documents.

Article V

Meetings of Neighborhood Representatives

Section 1. Date and Place of Meetings. Meetings of the Neighborhood Representatives shall be held on the date and at the place designated by the Board of Governors. THE ASSOCIATION SHALL NOT BE REQUIRED UNDER ANY CIRCUMSTANCES TO HOLD MEETINGS OF THE MEMBERS.

Section 2. Annual Meetings of Neighborhood Representatives. An annual meeting of the Neighborhood Representatives shall be held each year in February or March. At each annual meeting, the Neighborhood Representatives shall elect the Board of Governors of the Association and may conduct such other business as may properly be brought before the meeting.

Section 3. Special Meetings. The President of the Association may call special meetings of the Neighborhood Representatives to consider any matter which, pursuant to the Governing Documents of the Association, requires a vote of Neighborhood Representatives. In addition, it shall be the duty of

the President to call a special meeting of the Neighborhood Representatives if so directed by resolution of a majority of the Board of Governors or, if after the termination of the Class B Membership, upon a petition signed by Neighborhood Representatives representing at least twenty percent (20%) of the total votes in the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Advisory Meetings. The President of the Association may call advisory meetings of the Neighborhood Representatives representing Neighborhood Associations. Such meetings shall be for purposes of discussion only and no official vote of Neighborhood Representatives may be taken at any such advisory meeting, although straw polls may be solicited. Persons who are Neighborhood Representatives, pursuant to Section 5.04(B) of the Declaration, may be prohibited from attending advisory meetings.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Neighborhood Representatives shall be delivered, either personally or by mail, to each Neighborhood Representative, not more than fifty (50) nor less than twenty (20) days before the date of such meeting, by or at the direction of the President or the Secretary.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Neighborhood Representative at his address as it appears on the records of the Association.

Section 6. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of Neighborhood Representatives representing fifty percent (50%) of the total votes in the Association shall constitute a quorum at all meetings of the Association.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Neighborhood Representatives who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Neighborhood Representatives in the manner prescribed in Section 5.

Section 8. Vote Required. When a quorum is present at any meeting, a majority of the vote represented by the Neighborhood Representatives represented at such meeting shall decide any question brought before the meeting, unless the Declaration, the Articles of Incorporation, these By-Laws or any applicable law provides otherwise.

Section 9. No Proxies. Neighborhood Representatives may not vote by proxy, but may be represented by such Neighborhood Representative's Alternate Neighborhood Representative.

Section 10. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 11. Action Without a Meeting. Any action which may be taken at a meeting of the Neighborhood Representatives, may be taken without a meeting if written consent setting forth the action so taken is signed by all Neighborhood Representatives.

Section 12. Budget Workshop. Each year in October, the Board of Governors shall hold a budget workshop meeting which Neighborhood Representatives may attend and comment on the next fiscal year's proposed budget. Each Neighborhood Representative shall be provided a minimum of fifteen (15) day's notice of the budget workshop along with copies of the proposed budget. There shall be no requirement that a quorum of Neighborhood Representatives attend the budget workshop, and it shall not be necessary that Neighborhood Representatives vote to approve the budget. After the termination of the Class B Membership, any Neighborhood Representative present at the budget workshop may require the President to call a vote of the Neighborhood Representatives present at such workshop. Such vote shall be for the sole purpose of determining whether the budget will be disapproved in accordance with the Declaration.

ARTICLE VI

Election of Board of Governors

Section 1. Number of Governors. The governance and administration of the affairs of the Association shall be vested in a Board of Governors. The number of directors of the Association shall be not less than three (3) nor more than seven (7). The initial Board shall consist of the three (3) persons named in the Articles of Incorporation.

Section 2. Election of Governors. Prior to the termination of the Class B Membership, Governors shall be elected at large at the annual meeting of Neighborhood Representatives.

Governors elected by the Neighborhood Representatives at the meeting immediately subsequent to the termination of the Class B Membership shall serve for annual terms and shall be elected by Voting Group, each such Voting Group entitled to elect at least one (1) governor. At the expiration of the initial term of office of each elected governor, and at each annual meeting thereafter, a successor governor shall be elected from the respective Voting Group to serve for a term of one (1) year. Prior to the initial retail conveyance of all Units within the Property, the Declarant shall be entitled to appoint one (1) governor to the Board. Said Governor shall resign within thirty (30) days after the retail conveyance of one hundred percent (100%) of the Units within the Property.

All elections shall be by written ballot (unless dispensed with by unanimous consent). So long as there is a Class B Member, the Class B Member may cast all of its votes on one (1) ballot. No cumulative voting shall be allowed.

Section 3. Qualifications for Election. Governors elected prior to the termination of the Class B Membership need not be Members. Governors elected after the termination of the Class B Membership must be Members, provided the Governor elected by the Declarant need not be a Member.

Section 4. Voting Groups. Prior to the termination of the Class B Membership, the Declarant shall segregate the Neighborhoods into Voting Groups as described in the Declaration. The Voting Groups shall have the sole purpose of electing the Board of Governors. On and after the termination of the Class B Membership, each Voting Group shall be entitled to elect at least one (1) director to the Board of Governors. All Neighborhood Representatives will cast their collective votes to elect the director from their respective Voting Groups. At the meeting immediately subsequent to the termination of the Class B Membership and each annual meeting thereafter, each Voting Group shall elect one (1) director.

Section 5. Nomination of Governors. Prior to each annual meeting of the Neighborhood Representatives, the Board shall appoint a nominating committee consisting of three (3) individuals, using such procedures as the board may establish. The nominating committee, using procedures established by the Board, shall nominate no less than one individual for each vacancy to be filled. After the termination of the Class B Membership, nominations shall also be accepted by written recommendation from Neighborhood Representatives. Notice of the annual meeting shall contain the names and qualifications of candidates for election.

Nominations may also be made from the floor at the annual meeting of Neighborhood Representatives.

Section 6. Removal of Governors and Vacancies. Any director elected by the Class B Member (or Declarant) may be removed, with or without cause, only by the Class B Member. Any director elected by a Voting Group may be removed, with or without cause, by the vote of the Voting Group who was entitled to elect such director. Upon removal of a director, a successor shall be elected by the party entitled to elect or appoint the director so removed to fill the vacancy for the remainder of the term of such director. A director may resign by providing written notice to the Board.

Any director who has three (3) consecutive unexcused absences, as determined by the Board, from Board meetings or who is delinquent in the payment of any Assessment or other charges due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the remaining directors. In the event of the death, disability, removal, or resignation of a director, the members of the Board may elect a successor to fill the vacancy for the remainder of the term of such director.

Section 7. Compensation. No director shall receive a salary or any other compensation whatsoever from the Association for acting as such, but shall be entitled to be reimbursed for expenses reasonably incurred on behalf of the Association.

Section 8. Fiduciary Duty. The directors shall act in good faith in a manner they reasonably believe to be in the best interests of the development of the Vineyards and the goals of the Association.

ARTICLE VII

Meetings of Board of Governors

Section 1. Organizational Meeting. The organizational meeting of the Board of Governors shall be held within ten (10) days after the annual meeting of the Neighborhood Representatives at such time and place as shall be fixed by the Board of Governors.

Section 2. Regular Meetings. Regular meetings of the Board of Governors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) regular meetings shall be held during each fiscal year with at least one (1) per quarter, provided, however, that the annual meeting shall constitute a regular meeting. Notice of the time and place of any meeting, other than an annual meeting, shall be communicated to the directors not less than ten (10) days prior to the meeting.

Section 3. Special Meetings. Special meetings of the Board of Governors shall be held when called by written notice signed by

the President or by any three (3) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by personal delivery, first class mail or telephone at least ten (10) days prior to the date of the meeting, unless the special business is of a nature which, in the President's discretion, requires more immediate action, and then a minimum of twenty-four (24) hours notice shall be deemed sufficient.

Section 4. Waiver of Notice. Any action taken at a meeting of the Board of Governors, however called and noticed or wherever held, shall be as valid as when taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 5. Quorum of Board of Governors. At all meetings of the Board of Governors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Governors. If any meeting of the Board of Governors cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 6. Conduct of Meetings. The President shall preside over all meetings of the Board of Governors and the Secretary shall keep a minute book of meetings of the Board of Governors, recording therein all resolutions adopted by the Board of Governors and all transactions and proceedings occurring at such meetings.

Section 7. Open Meetings. All meetings of the Board shall be open to all Neighborhood Representatives, but Neighborhood Representatives other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director and granted by the President. In such case, the President may limit the time any Neighborhood Representative may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Governors and reconvene in executive session, excluding Neighborhood Representatives, when such action is necessary in the reasonable judgment of the President.

Section 8. Telephone Meetings. Any regular or special meeting of the Board of Governors may be held by telephone conference, at which each participating director can hear and be heard by all other participating directors.

Section 9. Action Without a Meeting. Any action to be taken at a meeting of the directors or any action that may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as an unanimous vote.

ARTICLE VIII

Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer to be elected from among the members of the Board. The Board of Governors may appoint such other officers, including one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Governors. Any two (2) or more offices may be held by the same person, except the offices of President and Vice-President, President and Secretary or President and Treasurer. After termination of the Class B Membership, no more than one (1) officer may be elected from any particular Voting Group.

Section 2. Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board of Governors at the first meeting of the Board of Governors during a fiscal year. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Governors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by a majority vote of the Board of Governors in the sole discretion of the Board and the removal of a director who also is an officer shall automatically act as a removal from such director's position as an officer.

Section 4. Resignation. Any officer may resign at any time by giving written notice to the Board of Governors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at a later time specified in the notice and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

ARTICLE IX

Duties of Officers

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as are from time to time specifically conferred or imposed by the Board of Governors.

Section 1. President. The President shall be the chief executive officer of the Association and shall:

(a) Act as presiding officer at all meetings of the Neighborhood Representatives and the Board of Governors.

(b) Call special meetings of the Neighborhood Representatives and the Board of Governors.

(c) Sign, with the Secretary or Treasurer if the Board of Governors so requires, all checks, contracts, promissory notes, leases, subleases and other instruments on behalf of the Association, except those which the Board of Governors specifies may be signed by other persons.

(d) Perform all acts and duties usually required of a chief executive to ensure that all orders and resolutions of the Board of Governors are carried out.

(e) Act as an ex-officio member of all committees and render an annual report at the annual meeting of Neighborhood Representatives.

Section 2. Vice President. The Vice President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. The Vice President also shall assist the President generally, and exercise other powers and perform other duties as shall be prescribed by the directors.

Section 3. Secretary. The Secretary shall have the following duties and responsibilities:

(a) Attend all regular and special meetings of the Neighborhood Representatives and the Board of Governors and keep all records and minutes of proceedings thereof or cause the same to be done. The secretary shall provide copies of minutes of Neighborhood Representative and Board meetings to the Neighborhood Representatives and Governors no later than sixty (60) days from the date of the meeting.

(b) Have custody of the corporate seal, if any, and affix the same when necessary or required.

(c) Attend to all correspondence on behalf of the Board of Governors, prepare and serve notice of meetings and keep membership books.

(d) Have custody of the minute book of the meetings of the Board of Governors and Neighborhood Representatives and act as agent for the transfer of the corporate books.

Section 4. Treasurer. The Treasurer shall:

(a) Receive monies as shall be paid into his hands for the account of the Association and disburse funds as may be ordered by the Board of Governors, taking proper vouchers for disbursements and be custodian of all contracts, leases and other important documents of the Association which he shall keep safely deposited.

(b) Supervise the keeping of accounts of all financial transactions of the Association in books belonging to the Association and deliver the books to his successor. He shall prepare and distribute to all of the members of the Board of Governors prior to each annual meeting, and whenever else required, a summary of the financial transactions and condition of the Association from the preceding year. He shall make a full and accurate report on matters and business pertaining to his office to the Neighborhood Representatives at the annual meeting and make all reports required by law. He shall be the chairman of the Finance Committee.

(c) The Treasurer may have the assistance of an accountant or auditor, who shall be employed by the Association. In the event the Association enters into a management agreement, it shall be proper to delegate any or all of the Treasurer's functions to the management agent as is deemed appropriate by the Board of Governors.

ARTICLE X

Committees

Section 1. Advisory Board of Governors. Within sixty (60) days of recordation of the Declaration, the Board of Governors shall establish an advisory Board of Governors. The advisory Board of Governors shall meet with the Board of Governors of the Association regarding the operation and maintenance of the Association and the Areas of Common Responsibility. The advisory Board of Governors shall serve purely in an advisory capacity and shall not be authorized to act on behalf of or to bind the Association or the Members. The Board of Governors will annually appoint all of the members of the advisory Board of Governors. The advisory Board of Governors shall be disbanded upon the termination of the Class B Membership.

Section 2. Standing Committees. Each year after the termination of the Class B Membership, the President, subject to the approval of the Board of Governors, shall designate the chairman (who shall be a director) and members of each of the following committees:

(a) Grounds Committee. The Grounds Committee shall advise the Board of Governors on matters concerning maintenance of the Common Areas. No live trees shall be moved from the Common Areas nor shall any alteration or Improvement be made to the Common Areas except with the approval of the Board of Governors and in accordance with the Declaration.

(b) Newsletter Committee. The Newsletter Committee shall supervise and control the preparation of a newsletter for distribution to all Members.

(c) Legal and By-Laws Committee. The Legal and By-Laws Committee shall be charged with the publication and interpretation of the rules and regulations, By-Laws, and Declaration and generally, with all matters of a legal nature pertaining to the Association.

Section 3. Ad Hoc Committees. The President, subject to the approval of the Board of Governors, may, from time to time, appoint such ad hoc committees, with such powers and composition as the President, with the approval of the Board of Governors shall determine.

Section 4. Powers of Committees. The several committees shall act only as committees and the individual members thereof shall have no power or authority to act on behalf of the Board or the Association.

ARTICLE XI

Discipline

Section 1. Enforcement. The Board of Governors shall have the power to impose reasonable fines, which shall constitute an automatic and continuing lien upon a Unit of the violating Owner, to suspend an Owner's right to use the Common Property, and to preclude contractors, subcontractors, agents and other invitees of a Owner or occupant from the Property for violation of any duty imposed under the Declaration or these By-Laws; provided, however, nothing herein shall authorize the Association or the Board of Governors to limit an Owner's or occupant's ingress and egress to or from a Unit. In the event that any occupant of a Unit violates the Declaration or these By-Laws, and a fine is imposed, the fine shall first be assessed against the occupant residing therein; provided, however, if the fine is not paid by the occupant within the time period set by the Board of Governors, the Owner shall pay

the fine upon notice from the Association. The failure of the Board of Governors to enforce any provision of the Declaration or By-Laws shall not be deemed a waiver of the right of the Board of Governors to do so thereafter.

Section 2. Notice. Prior to imposition of any sanction hereunder, the Board of Governors or its delegate shall serve the accused with written notice describing (a) the nature of the alleged violation, (b) the proposed sanction to be imposed, (c) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Governors for a hearing; and (d) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge has been requested within ten (10) days of the notice.

Section 3. Hearing. If a hearing is requested within the allotted ten (10) day period, the hearing shall be held in executive session of the Board of Governors at the next regularly scheduled meeting or at a special meeting affording the accused a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the accused appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Governors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Any suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions by any Person.

Section 4. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association may elect to enforce any provisions of the Declaration or these By-Laws by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of Traffic Regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.

ARTICLE XII

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall commence upon the first day of January and conclude on the thirty-first day of December.

Section 2. Depositories. The funds of the Association shall be deposited in such accounts as may be selected by the Board of Governors, including checking and savings accounts in one (1) or more banks and/or savings and loan associations, Certificates of Deposit, U.S. Treasury Bills and money market accounts with an investment firm or firms, all in accordance with resolutions approved by the Board of Governors. The funds shall be used only for lawful purposes of the Association.

Section 3. Expenses. The receipts and expenditures of the Association may be credited and charged to accounts as the Board of Governors may determine, in accordance with good accounting practices as set forth in Section 7 below.

Section 4. Reserve Accounts. The Association shall establish and maintain an adequate reserve account for the periodic maintenance, repair and replacement of the Common Areas.

Section 5. Budget. The Board of Governors shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the expenses of the Association for the fiscal year and to provide and maintain funds for the accounts established by the Board of Governors, in accordance with good accounting practices as set forth in Section 7 below.

Section 6. Fidelity Bonds. To the extent available at a reasonable cost, the Association shall purchase blanket fidelity bonds for all directors, officers and employees of the Association and for any management agent who controls or disburses funds of the Association and any contractor handling or responsible for Association funds. The following provisions shall govern the Association's purchase of the bonds.

(a) Each fidelity bond purchased by the Association shall name the Association as an obligee of the bond.

(b) The premiums for bonds shall be paid by the Association.

(c) The fidelity bonds shall cover the maximum funds that will be in the custody of directors, officers or employees of the Association, or a management agent, at any time while the bonds are in force.

(d) Each bond shall include a provision requiring ten (10) days' written notice to the Association before the bond can be cancelled or substantially modified for any reason.

Section 7. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting (exclusive of depreciation and amortization), as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by a Manager from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise;

(e) any financial or other interest which a Manager may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Governors;

(f) commencing at the end of the month in which the first Unit is sold, financial reports shall be prepared for the Association at least annually containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iii) a balance sheet as of the last day of the preceding period; and

(iv) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent (An Assessment shall be considered delinquent fifteen (15) days after the date due unless otherwise determined by the Board of Governors); and

(g) an annual report consisting of at least the following shall be distributed to all Neighborhood Representatives within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be reviewed by a Certified Public Accountant selected by the Board of Governors.

Section 8. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by the President and Secretary or by such other members of the Board or officers of

the Association as may be designated by resolution of the Board of Governors.

Section 9. Books and Records.

(a) Inspection by Owners and Mortgagees. The Declaration, Articles of Incorporation, By-Laws, membership register, books of account and minutes of meetings of the Neighborhood Representatives, the Board, and committees shall be made available for inspection and copying by any Mortgagee, Owner or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as an Owner at the office of the Association. Such records shall include a record of receipts and expenditures and accounts for each Owner, which accounts shall designate the names and addresses of the Owners, the due dates and amount of each Assessment, the amounts paid upon the account and the balance due. Accounts of Owners shall only be available for inspection by the Board, the officers and the Owner or such Owner's Mortgagee. Minutes of grievance hearings will not be released to any person other than the person subject to the disciplinary action. Books and records of the Association may be kept at the Association office at the Property or off-site at the office designated by the Declarant.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Governors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 10. Insurance. The Association shall procure, maintain and keep in full force and effect insurance as may be required by the Declaration to protect the interests of the Association and the Owners.

Section 11. Nature of Association. The Association is a not-for-profit corporation, and the income of the Association shall be used only for the purposes of the Association described in the Declaration, Articles of Association and the By-Laws. No part of

the income shall be distributed to the Members, directors or officers of the Association.

ARTICLE XIII

Miscellaneous

Section 1. Parliamentary Rules. Robert's Rules of Order (then current edition) shall govern the conduct of Association proceedings when not in conflict with Florida law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 2. Construction. If there are conflicts between the provisions of Florida law, the Articles of Incorporation, the Declaration and/or these By-Laws, the provisions of Florida law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 3. Validity. If any By-Law or Rule or Regulation is adjudicated to be invalid, such fact shall not affect the validity of any other By-Law or Rule or Regulation.

Section 4. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to an Owner or Member, at the address which the Owner or Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Site of the Owner or Member; or

(b) if to the Association, the Board of Governors, or the manager, at the principal office of the Association or the manager, if any, or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

Section 5. Amendments. Until the termination of the Class B Membership, the Declarant may amend these By-Laws in its sole and absolute discretion. After the termination of the Class B Membership, the Declarant may amend these By-Laws in its sole and absolute discretion at any time and from time to time if such amendment is (a) necessary to bring any provisions hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on a Unit; (c) required by an institutional lender or a government mortgage agency or purchaser of mortgage loans, to enable the same to make, insure or purchase mortgage loans on a Unit; (d) necessary to enable any governmental agency or reputable private insurance

company to insure mortgage loans on Units subject to this Declaration; or (e) correct any stenographic, scrivener's or surveyor's error or any error of a like nature; provided, however, any such amendment shall not adversely affect the title to Units unless the Owner thereof shall consent thereto in writing. So long as it still owns any part of the Property for development, the Declarant may amend these By-Laws in its sole and absolute discretion for any other purpose, provided the amendment has no material adverse effect upon the rights of any Owner of a Unit. After the termination of the Class B Membership, (a) any non-Declarant initiated amendment or (b) any Declarant initiated amendment which has a materially adverse effect upon the rights of an Owner of Units shall require the affirmative vote (in person or by alternate) or written consent, or any combination thereof, of Neighborhood Representatives voting a minimum of a majority of the total votes in the Association (other than the Declarant), and the consent of the Declarant, so long as the Declarant owns any portion of the Property. Any amendment requiring Neighborhood Representative approval shall be distributed with notice of the meeting of the Neighborhood Representatives. However, the percentage of votes necessary to amend a specific clause shall be not less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.