

APPENDIX "F"

TO

DECLARATION OF CONDOMINIUM

FOR

FAIR OAKS VILLAGE, A CONDOMINIUM

Okaloosa County, Ft. Walton Beach, Florida

Bylaws of Fair Oaks Village
Condominium Association, Inc.

BYLAWS

OF

FAIR OAKS VILLAGE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

Identity

The following Bylaws shall govern the operation of the FAIR OAKS VILLAGE CONDOMINIUM ASSOCIATION, INC., which is the entity responsible for the operation of Fair Oaks Village, a Condominium created by the Declaration of Condominium to which these Bylaws are appended:

FAIR OAKS VILLAGE CONDOMINIUM ASSOCIATION, INC.

is a Florida corporation not for profit, organized and existing pursuant to Chapter 617, Florida Statutes, and in accordance with Chapter 718, Florida Statutes, known as the Condominium Act.

Section 1. Office. The office of the Corporation shall be at the Condominium Property, or at such other place as may be subsequently designated by the Board of Directors.

Section 2. Seal. The seal of the Corporation shall bear the name of the corporation, the word "Florida," the words "Corporation not for profit," and the year of incorporation.

Section 3. Definitions. As used herein, the word "Corporation" shall be the equivalent of Association, as defined in the Declaration of Condominium for Fair Oaks Village, a Condominium, to which these Bylaws are attached, and all other words, as used herein, shall have the same definitions as attributed to them in the Declaration of Condominium to which these Bylaws are attached.

ARTICLE II

Membership and Voting Provisions

Section 1. Stock. The Corporation shall not issue stock or certificates.

Section 2. Membership. Membership in the Corporation shall be limited to Owners of Condominium Units in Fair Oaks Village, a Condominium, as specified in the Declaration. Transfer of Unit ownership, either voluntarily or by operation of law, shall terminate membership in the Corporation; said membership is to become vested in the transferee as provided in the Declaration of Condominium. If Unit ownership is vested in more than one person, then all of the persons so owning the Unit shall be members eligible to hold office, attend meetings, and shall, with the exception of voting rights as hereinbelow discussed, have the same rights, privileges and obligations of membership as all other members of the Association. As specified in the Declaration, there shall be one (1) vote attributable to each Unit in Association balloting and there shall be only one (1) person with respect to each Unit who shall be entitled to cast such vote. Such person shall be the Unit Owner and shall be known as the Voting Member. If Unit ownership is vested in more than one person, then the Voting Member shall be established as provided in Section 6 below. If Unit ownership is vested in a corporation, the corporation may

designate an individual officer or employee of the corporation as its Voting Member. If Unit ownership is vested in a general or limited partnership, the Voting Member shall be an officer, employee, or partner thereof, designated in writing by the general or managing partner. Any application for the transfer of membership, or for a conveyance of an interest in, or to encumber, or lease a Condominium Parcel, where the approval of the Board of Directors of the Association is required, as set forth in these Bylaws and the Declaration of Condominium, shall be accompanied by an application fee in an amount to be set by the Board of Directors to cover the cost of contacting the references given by the applicant, and such other costs of investigation that may be incurred by the Board of Directors. Such application fee shall not exceed the amount therefor established by law in Section 718.112(2)(j), Florida Statutes, as it may, from time to time, be amended or modified.

Section 3. Voting.

(a) The Owner(s) of each Condominium Unit shall be entitled to one vote for each Condominium Unit owned. If a Condominium Unit Owner owns more than one Unit, he shall be entitled to one vote for each Unit so owned. The vote of a Condominium Unit shall not be divisible.

(b) A majority of the Unit Owners' total votes represented at a meeting at which a quorum is present shall decide any question unless these Bylaws or the Declaration of Condominium provide otherwise, in which event the voting percentage required in the Bylaws or the Declaration of Condominium shall control.

Section 4. Quorum. Unless otherwise provided in these Bylaws, the presence in person or by proxy of a majority of the Unit Owners' total votes (37 Units) shall constitute a quorum.

Section 5. Proxies. Votes may be cast in person or by proxy. All proxies shall be in writing and signed by the person entitled to vote (as set forth in Section 6), and shall be filed with the secretary prior to the meeting in which they are to be used, and shall be valid only for the particular meeting designated therein. Where a Unit is owned jointly by a husband and wife, and if they have not designated one of them as a Voting Member, a proxy must be signed by both husband and wife where a third person is designated.

Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the Unit Owner executing it.

Section 6. Designation of Voting Member. If a Condominium Unit is owned by one person, his right to vote shall be established by the recorded title to the Unit. If a Condominium Unit is owned by more than one person, the person entitled to cast the vote attributable to the Unit shall be designated in a certificate signed by all of the recorded owners of the Unit and filed with the secretary of the Association. If a Condominium Unit is owned by a corporation, the officer or employee thereof entitled to cast the vote attributable to the Unit for the corporation shall be designated in a certificate for this purpose, signed by the president or vice-president, and attested to by the secretary or assistant secretary of the corporation, and filed with the secretary of the Association. If a Condominium Unit is owned

by a general or limited partnership, the officer, employee, or partner thereof entitled to cast the vote attributable to the Unit for the partnership shall be designated in a certificate for this purpose, signed by the general or managing partner. The person designated in these certificates who is entitled to cast the vote attributable to a Unit shall be known as the Voting Member. If such a certificate is not on file with the secretary of the Association for a Unit owned by more than one person, by a partnership or by a corporation, the vote of the Unit concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the Unit, except if said Unit is owned by a husband and wife. Such certificates shall be valid until revoked, or until superseded by a subsequent certificate, or until a change in the ownership of the Unit concerned. If a Condominium Unit is jointly owned by a husband and wife, the following three provisions are applicable thereto:

(a) They may, but they shall not be required to, designate a Voting Member.

(b) If they do not designate a Voting Member, and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting. (As previously provided, the vote of a Unit is not divisible).

(c) Where they do not designate a Voting Member, and only one is present at a meeting, the person present may cast the Unit vote, just as though he or she owned the Unit individually and without establishing the concurrence of the absent person.

ARTICLE II-A

Meeting of the Membership

Section 1. Place. All meetings of Corporation membership shall be held at the Condominium Property, or at such other place and time as shall be designated by the Board of Directors of the Association and stated in the notice of the meeting.

Section 2. Notices. It shall be the duty of the secretary to give to each Unit Owner of record a written notice of each annual or special meeting, stating the time and place thereof at least fourteen (14) but not more than thirty (30) days prior to such meeting, except in case of an emergency. In addition, notice of all meetings shall be posted conspicuously on the Condominium property. Notice of annual meetings shall be posted at least fourteen (14) days prior to the date of such meetings and notice of special meetings shall be posted at least forty-eight (48) hours in advance, except in case of an emergency. Notice of any special meeting shall state the purpose thereof. Written notice of annual meetings and written notice of all special meetings (except those held in an emergency situation) shall be sent to each Unit Owner at his address as it appears in the records of the Corporation by United States Mail - Certified, postage prepaid. The Secretary shall retain in the records of the Corporation the post office certificate of mailing as proof of such mailing.

Section 3. Annual Meeting. The annual meeting shall be held at 7:30 P.M. on the first Tuesday in the month of February of each year, for the purpose of electing directors and transacting any other business authorized to be transacted by

the members. At the annual meeting, the members shall elect by a plurality vote (cumulative voting prohibited) a Board of Directors, and transact such other business as may properly be brought before the meeting.

Section 4. Special Meeting. Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the president, and shall be called by the president or secretary, at the request in writing of a majority of the Board of Directors, or at the request in writing of Voting Members representing ten percent (10%) of the Unit Owners' total votes (8 Units), which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

Section 5. Waiver and Consent. Whenever the vote of members at a meeting is required or permitted by any provision of the Florida Statutes, the Declaration or of these Bylaws, to be taken in connection with any action of the Corporation, the meeting and vote of members may be dispensed with if not less than three-fourths (3/4ths) of the members who would have been entitled to vote upon the action if such meeting were held (54 Units), shall consent, in writing, to such action being taken; however, notice of such action by consent shall be given to all members unless all members approve such action.

Section 6. Adjourned Meeting. If any meeting of members cannot be organized because a quorum of Voting Members is not present, either in person or by proxy, the meeting may be adjourned from time to time until a quorum is present.

Section 7. Proviso. Provided, however, until the Unit Owners are entitled to elect one-third (1/3rd) of the Board of Directors of the Association, as provided for in Article V.B. of the Declaration of Condominium, there shall be no special meetings of the members of the Association unless a meeting is called by the Board of Directors of the Association; and should a meeting be called, the proceedings shall have no effect unless approved by the Board of Directors. The foregoing notwithstanding, however, the annual meeting of the membership of the Association shall be held in accordance with the provisions of subsection 3, above, regardless of whether or not Unit Owners are entitled to elect one-third (1/3) of the Board of Directors. The foregoing provisions of this Section 7 may not be amended without the consent of the Developer and this provision supersedes all provisions to the contrary in these Bylaws, the Association's Articles of Incorporation and the Declaration.

Section 8. Approval or Disapproval by Voting Member. Approval or Disapproval of a Unit Owner upon any matter, whether or not the subject of an Association meeting, shall be by the Voting Member.

ARTICLE III

Directors

Section 1.

(a) Membership. The affairs of the Association shall be managed by a Board of Directors.

(1) The number of directors of the Association shall not be less than three (3) nor more than seven

(7).

(2) All directors shall be a person entitled to cast a vote in the Association; however, the initial Board of Directors (as hereinafter set forth) do not have to be members of the Association or entitled to cast a vote in the Association.

(b) Nominations. A nominating committee of members of the Association shall be appointed by the Board of Directors not less than thirty (30) days prior to the annual members' meeting. The number of members of the Nominating Committee shall be determined by the Board of Directors, but shall not be less than three (3) nor more than eight (8). The nominating committee shall nominate candidates so that the total number of candidates shall be equal to or greater than the number of directors to be elected. Additional nominations may be made from the floor of the meeting by any member.

(c) Election and Term. Directors shall be elected for a term of one year (running from each annual meeting of the Association to the next annual meeting). Election of directors shall be conducted in the following manner:

(1) Election of directors shall be held at the annual members' meeting.

(2) The election shall be by written ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast. There shall be no cumulative voting.

Section 2. First Board of Directors.

(a) The first Board of Directors, who shall serve until the first annual meeting of members and until their successors have been elected and qualified, shall consist of the following persons:

Joe H. Sledd
Edmund T. Hittson
Patricia A. Duncan

(b) The organizational meeting of each newly elected Board of Directors shall be held within ten (10) days of their election, at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, providing a quorum shall be present.

Section 3. Removal of Directors. As to directors appointed by the Developer, such directors may be removed only by the Developer, in the Developer's sole discretion, at any time, for any or no reason. As to Directors elected by Unit Owners, at any time at any duly convened regular or special meeting, any one or more of the directors may be removed with or without cause by the affirmative vote or agreement in writing of not less than a majority of the Unit Owners, as provided for in Section 718.112(g) of the Florida Statutes, and a successor may then and there be elected to fill the vacancy thus created. Should the membership fail to elect said successor, the Board of Directors may fill the vacancy in the manner provided in Section 4 below.

Section 4. Vacancies. All vacancies occurring between

annual meetings of members shall be filled by the remaining directors.

If the remaining directors fail to fill vacancies on the Board of Directors sufficient to constitute a quorum in accordance with the Bylaws, any Unit Owner may apply to the Circuit Court in and for Okaloosa County, Florida for the appointment of a receiver to manage the affairs of the Association. At least thirty (30) days prior to applying to the circuit court, the Unit Owner shall mail to the Board of Directors and post in a conspicuous place on the Condominium Property a notice describing the intended action, giving the Board of Directors the opportunity to fill the vacancies. If during such time the Board of Directors fails to fill the vacancies, the Unit Owner may proceed with the petition. If a receiver is appointed, the Association shall be responsible for the salary of the receiver, court costs and attorney's fees. The receiver shall have all powers and duties of a duly constituted Board of Directors and shall serve until the remaining directors or the Association fills vacancies on the board sufficient to constitute a quorum.

Section 5. Disqualification or Resignation of Directors. Any director may resign at any time by sending a written notice of such resignation to the office of the corporation delivered to the secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the secretary. More than three (3) consecutive absences from regular meetings of the Board of Directors, unless excused by resolution of the Board of Directors, shall automatically constitute a resignation effective when such resignation is accepted by the Board of Directors. Commencing with the directors elected at the first annual meeting of the membership, the transfer of title of his Unit by a director shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors. No member shall continue to serve on the Board should he be more than thirty (30) days delinquent in the payment of an assessment and said delinquency shall automatically constitute a resignation effective when such resignation is accepted by the Board of Directors.

Section 6. Regular Meetings. The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate. Notice of such regular meetings shall nevertheless be given to each director personally or by mail, telephone or telegraph at least five (5) days prior to the day named for such meeting. In addition, adequate notice of any and all meetings of the Board of Directors shall be posted conspicuously on the Condominium property at least forty-eight (48) hours in advance of such meeting, except in an emergency. Notice of any meeting in which assessments against Unit Owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments. All meetings, regular or special, shall be open to all Unit Owners.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the president, and in his absence by the vice-president, or by a majority of the members of the Board of Directors, by giving five (5) days' notice in writing to all of the members of the Board of Directors of the time and place of said meeting, except in case of an emergency. All notices of special meetings shall state the purpose of the meeting. Notice of any special meeting in which assessments against Unit Owners are to be considered for any reason shall

specifically contain a statement that assessments will be considered and the nature of any such assessments.

Section 8. Directors' Waiver of Notice. Before or at any meeting of the Board of Directors, any director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at such meetings at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time and notice of the time and place of the adjourned meeting of the Board of Directors need be given only to those Directors who were not present at the original meeting. At each such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director at the meeting for the purpose of determining a quorum.

Section 10. Compensation. The directors' fees, if any, shall be determined by the Voting Members.

Section 11. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Corporation and may do all such acts and things as are not prohibited by law, or directed by law or by the Declaration of Condominium, or by these Bylaws, to be exercised and done by the Unit Owners. These powers and duties shall specifically include but shall not be limited to the following:

(a) To exercise all powers specifically set forth in the Declaration of Condominium, in these Bylaws, the Articles of Incorporation and in the Condominium Act, and all powers incidental thereto.

(b) To formulate the annual budget, to make assessments, collect said assessments, and use and expend the assessments to carry out the purposes and powers of the Corporation.

(c) To employ, dismiss and control the personnel necessary for the maintenance and operation of the Condominium, including the right and power to employ attorneys, accountants, contractors, and other professionals as the need arises, including themselves or firms of which they are members, and pay a reasonable fee for such services as may be provided by them.

(d) To make and amend regulations respecting the operation and use of the Common Elements and Condominium Property and facilities and the use and maintenance of the Condominium Units therein.

(e) To contract for the management of the Condominium and to designate to such manager all of the

powers and duties of the Association, except those which may be required by the Declaration of Condominium to have approval of the Board of Directors or membership of the Association. To contract for the management or operation of portions of the Common Elements or facilities susceptible of separate management or operation, and to lease or concession such portions.

(f) To further improve the property, real and personal, and the right to purchase items of furniture, furnishings, fixtures and equipment for use in connection with the Condominium.

(g) To designate one or more committees, which to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management of the business and affairs of the Corporation. Any such committee shall consist of at least three (3) members of the Corporation, one of whom shall be a director. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee shall keep regular minutes of their proceedings and report the same to the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its contractor or employees subject only to approval by Unit Owners when such is specifically required.

(h) Mail or furnish by hand delivery to each Unit Owner, within sixty (60) days following the end of the Fiscal Year, a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall show the amounts of receipts by accounts and receipt classifications and shall show the amounts of expenses by accounts and expenses classifications including, if applicable, but not limited to, the following:

- (1) Costs for security;
- (2) Professional and management fees and expenses;
- (3) Taxes;
- (4) Costs for recreation facilities;
- (5) Expenses for refuse collection and utility services;
- (6) Expenses for lawn care;
- (7) Costs for building maintenance and repair;
- (8) Insurance costs;
- (9) Administrative and salary expenses; and
- (10) General reserves, maintenance reserves and depreciation reserves.

The holder of any Institutional Mortgage shall be entitled, upon written request therefor, to receive a copy of the financial statement of the Association for the immediately preceding fiscal year.

(i) To make available for inspection, upon written

request therefor, during normal business hours or under other reasonable circumstances, current copies of the Declaration of Condominium, the Bylaws of the Association, other rules and regulations concerning Fair Oaks Village, a Condominium, and all books, records, and financial statements of the Association. The aforesaid documents shall be made available for the inspection thereof by Unit Owners, and by any holder, guarantor, or insurer of any Institutional Mortgage.

(j) To grant permits, licenses, and easements over the Common Elements for utilities, roads, cable television service, and other similar purposes reasonably necessary or useful for the proper maintenance or operation of Fair Oaks Village, a Condominium.

ARTICLE IV

Officers

Section 1. Elective Officers. The principal officers of the Corporation shall be a president, a vice-president, a secretary and a treasurer, all of whom shall be elected by the Board of Directors. One person may not hold more than one of the aforementioned offices, except that one person may be both secretary and treasurer. The president shall be a member of the Board of Directors.

Section 2. Election. The officers of the Corporation designated in Section 1 above shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors following the annual meeting of the members.

Section 3. Appointive Officers. The Board may appoint an assistant secretary and an assistant treasurer (who may be the same person) and such other officers as the Board deems necessary.

Section 4. Term. The officers of the Corporation shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors; provided, however, that no officer shall be removed except by the affirmative vote for removal by a majority of the whole Board of Directors (e.g. if the Board of Directors is composed of five (5) persons, then three (3) of said directors must vote for removal). If the office of an officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President. The President shall be the chief executive officer of the Corporation; he shall preside at all meetings of the Unit Owners and of the Board of Directors. He shall have executive powers and general supervision over the affairs of the Corporation and other officers. He shall sign all written contracts and perform all of the duties incident to his office and which may be delegated to him from time to time by the Board of Directors.

Section 6. The Vice-President. The Vice-President shall perform all of the duties of the President in his absence and such other duties as may be required of him from time to time by the Board of Directors.

Section 7. The Secretary. The Secretary shall issue notices of all Board of Directors meetings and all meetings of the Unit Owners; he shall attend and keep the minutes of the

same; he shall have charge of all of the Corporation's books, records and papers except those kept by the treasurer. The minutes of all meetings of Unit Owners and the Board of Directors shall be kept by the Secretary in a book available for inspection by Unit Owners, or their authorized representatives, and board members at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years. The Assistant Secretary, if one is appointed, shall perform the duties of the Secretary when the Secretary is absent.

Section 8. The Treasurer. The Treasurer shall do the following:

(a) The Treasurer shall have custody of the Corporation funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation in accordance with Section 718.111(7) of the Condominium Act. The Treasurer shall deposit all monies and other valuable effects in the name of and to the credit of the Corporation in such depositories as may be designated from time to time by the Board of Directors. The books shall reflect an account for each Unit in the manner required by Section 718.111(7)(b) of the Condominium Act.

(b) The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors in accordance with these Bylaws, making proper vouchers for such disbursements, and shall render to the president and Board of Directors at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of his transactions as treasurer and of the financial condition of the Corporation.

(c) The Treasurer shall collect the assessments and shall promptly report the status of collections and of all delinquencies to the Board of Directors.

(d) The Treasurer shall give status reports to potential transferees on which reports the transferees may reply.

(e) The Assistant Treasurer, if one is appointed, shall perform the duties of the Treasurer when the Treasurer is absent.

ARTICLE V

Finances and Assessments

Section 1. Depositories. The funds of the Corporation shall be deposited in such banks and depositories as may be determined by the Board of Directors from time to time, upon resolutions approved by the Board of Directors, and shall be withdrawn only upon checks and demands for money signed by such officer(s), director(s) or other members of the Corporation as may be designated in writing by the Board of Directors. Obligations of the Corporation shall be signed by at least two officers of the Corporation.

Section 2. Fidelity Bonds. The Treasurer and all officers or members of the Corporation who are authorized to sign checks, and all officers and employees of the Association, and any contractor handling or responsible for Association funds, shall be bonded in such amount as may be determined by the Board of Directors. The premiums on such bonds shall be

paid by the Association. The bond shall be in an amount not less than TEN THOUSAND AND NO/100 DOLLARS (\$10,000.00) for each such officer or director.

Section 3. Fiscal Year. The fiscal year for the Corporation shall begin on the first day of January of each year; provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

Section 4. Determination of Assessments and Annual Budget.

(a) The Board of Directors of the Corporation shall annually fix and determine the annual budget of Common Expenses for the Condominium which shall be the sum or sums necessary and adequate for the Common Expenses of the Condominium Property for the upcoming fiscal year. Common Expenses shall include, without limitation, expenses for the operation, maintenance, repair or replacement of the Common Elements, costs of carrying out the powers and duties of the Corporation, all insurance premiums and expenses relating thereto, including fire insurance and extended coverage, and any other expenses designated as Common Expenses from time to time by the Board of Directors of the Corporation. The Board of Directors is specifically empowered on behalf of the Corporation to make and collect Assessments and to maintain, repair and replace the Common Elements of the Condominium. Funds for the payment of Common Expenses shall be assessed against the Unit Owners in the proportions or percentages of sharing Common Expenses, as provided in the Declaration. The share of the annual budget of the Condominium attributable to an individual Unit shall be that Unit's annual Assessment. Said Assessment shall be payable in equal monthly installments and each installment shall be due on the first day of each month in advance, unless otherwise ordered by the Board of Directors. Should special Assessments be required by the Board of Directors, they shall be levied in the same manner as hereinbefore provided for regular Assessments and shall be payable in the manner determined by the Board of Directors.

(b) The proposed annual budget of common expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications, including, if applicable, but not limited to the following:

- (1) Administration of the Association;
- (2) Management fees;
- (3) Maintenance;
- (4) Rent for recreational or other common facilities;
- (5) Taxes upon Association Property;
- (6) Taxes upon leased areas;
- (7) Insurance;
- (8) Security provisions;

(9) Other expenses; and

(10) Fees payable to the Division of Florida Land Sales and Condominiums.

In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but not be limited to, roof replacement, building painting, and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost of each reserve item; provided, however, that the Board of Directors may, upon the affirmative vote of a majority of the Voting Members present at a duly called meeting of the Corporation membership, determine for any fiscal year to provide no reserves or reserves less adequate than required herein.

(c) The Board of Directors shall mail to the Unit Owners, or deliver to the respective Units a meeting notice and copies of the proposed annual budget of Common Expenses not less than thirty (30) days prior to the meeting of the Board of Directors at which the budget will be considered. The Unit Owners shall be given written notice of the time and place of the meeting at which the Board of Directors will consider the budget. The meeting shall be open to the Unit Owners.

(d) If an adopted budget requires Assessment against the Unit Owners in any fiscal or calendar year exceeding one hundred fifteen percent (115%) of the Assessments for the preceding year, the Board, upon written application of ten percent (10%) of the Unit Owners to the Board, shall call a special meeting of the Unit Owners within thirty (30) days upon not less than ten (10) days' written notice to each Unit Owner. At the special meeting, Unit Owners shall consider and enact at such meeting a budget. The adoption of the budget shall require a vote of not less than a majority vote of all Unit Owners. The Board of Directors may propose a budget to the Unit Owners at a meeting of members or in writing, and if the budget or proposed budget is approved by the Unit Owners at the meeting or by a majority of all Unit Owners in writing, the budget shall be adopted. In determining whether Assessments exceed one hundred fifteen percent (115%) of similar Assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the Condominium property, anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis, or Assessments for betterments and capital improvements to the Condominium Property shall be excluded from the computation.

(e) When the Board of Directors has determined the amount of any Assessments, the Treasurer of the Corporation shall mail or present to each Unit Owner a statement of said Unit Owner's Assessment. All Assessments shall be payable to the Treasurer of the Corporation, and upon request, the Treasurer shall give a receipt for each payment made to him.

Section 5. Application of Payments and Commingling of Funds. Except as otherwise provided for herein or in any other Condominium Documents or in the Condominium Act, all sums collected by the Association from Assessments, or from any

other receipts of the Association, may be commingled in a single fund, or divided into more than one fund as determined by the Board of Directors. All Assessment payments by a Unit Owner shall be applied first in reduction of interest, delinquencies, costs and attorney's fees, other charges, expenses and advances, attributable to the Unit, as provided for herein and in the Declaration of Condominium and the Condominium Act. The funds derived from general or special Assessments shall be applied in such manner as the Board of Directors determines, consistent with the provisions of the Declaration of Condominium and these Bylaws.

Section 6. Annual Audit. An audit of accounts of the Association shall be made annually commencing after the first annual meeting, as provided for in Article II-A, Section 3 of these Bylaws. Said audit shall be prepared by a certified public accountant licensed in the State of Florida and a copy of said report shall be available to the members in the office of the Association and with the Treasurer of the Association. Such report shall be available not later than three months after the end of the year for which the report is made.

Section 7. Acceleration of Assessment Installments Upon Default. If a Unit Owner shall be in default in the payment of an Assessment installment, the Board of Directors may accelerate the remaining monthly Assessments for the fiscal year upon notice thereof to the Unit Owner and thereupon the unpaid balance of the annual Assessment shall become due upon the date stated in the notice, but not less than fifteen (15) days after delivery of or the mailing of such notice to the Unit Owner.

Section 8. Reserve Account Funds.

(a) Establishment of Reserve Accounts. Three Reserve Accounts have been established in the name of the Association at First National Bank of Okaloosa County, Ft. Walton Beach, Florida, for the purpose of providing funds for capital expenditures and deferred maintenance in connection with the following three (3) components of the Condominium Property:

- (1) Roof
- (2) Plumbing
- (3) Heating and Air Conditioning Units (HVAC)

(b) Funding of Reserve Accounts. The Reserve Accounts shall be funded by the Developer of Fair Oaks Village, a condominium, on a prorata basis upon the sale of each Unit. The amounts to be deposited in the Reserve Accounts by the Developer have been determined in accordance with the requirements established in Florida Statutes Section 718.618.

(c) Expenditures Prior to Assumption of Control.

(1) Prior to the time Unit Owners assume control of the Association, Reserve Account funds may be spent by the Association only for the repair or replacement of the specific component for which the funds were deposited, and for no other purpose. Reserve Account funds may be spent only by Unit Owners other than the Developer.

- (2) Expenditures prior to the time Unit Owners

assume control of the Association shall be made as follows:

a) Roof and Plumbing. Expenditures from the Reserve Account for repair or replacement of the roof or the Reserve Account for repair and replacement of the plumbing, or any portion thereof, shall be made by the Association only if a majority of the Unit Owners, other than the Developer, approve of such an expenditure at a Special Meeting of the Association called to consider the expenditure.

b) HVAC. Expenditures from the Reserve Account for the repair or replacement of any of the heating or air conditioning units serving the Condominium Units in Fair Oaks Village shall be made by the Association to any Unit Owner, other than the Developer, to reimburse said Unit Owner for any amounts spent by said Unit Owner to repair or replace the heating or air conditioning unit serving his Condominium Unit. The Unit Owner must present written evidence to the Association of such an expenditure. The maximum total amount that shall be disbursed from the HVAC Reserve Account for the repair or replacement of any particular heating and air conditioning unit shall be the sum of THREE HUNDRED FIFTY AND NO/100 DOLLARS (\$350.00). No expenditure shall be made from the HVAC Reserve Account to reimburse any Unit Owner for the cost of filters for his air conditioning and heating unit, or for the repair or replacement of an air conditioning and heating unit damaged through the negligence or fault of the Unit Owner, his tenants, guests, or invitees.

(d) Expenditures after Assumption of Control. After assumption of control of the Association by the Unit Owners, Reserve Account Funds shall be expended by the Association for the same purposes and in the same manner as is set forth in Section 8(c) of these Bylaws; provided, however, that, the Association may, upon the affirmative vote of three-fourths (3/4) of the Unit Owners, change: (i) the manner in which the Reserve Account funds may be expended, or (ii) the purposes for which the Reserve Account funds may be expended, or (iii) both (i) and (ii).

(e) Records. The Association shall at all times keep accurate records of the deposits into and expenditures from each of the Reserve Accounts, including the amounts so deposited or expended, and from whom the amounts were collected or to whom the expenditures were made. These records shall be available for inspection by the Unit Owners at reasonable times.

Section 9. Working Capital Fund.

(a) Establishment. A working capital fund has been established by the Developer in the name of the Association at First National Bank of Okaloosa County, Ft. Walton Beach, Florida, for the purpose of providing funds to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Association. Contribution to the working capital fund shall be made by each Unit Owner upon the purchase of his Unit.

(b) Expenditures. There shall be no expenditure from the Working Capital Fund prior to the time Unit Owners assume control of the Association. After Unit Owners assume control of the Association, expenditures from the Working Capital Fund shall be made by the Board of Directors for such purpose or purposes which are deemed necessary or desirable by the Board of Directors and which are for the benefit of the Association and the Unit Owners.

(c) Termination. As soon as the Board of Directors has properly spent the entire amount of the working capital fund, as provided hereinabove, the Association shall close the working capital fund account. Unit Owners shall not be required to make any contributions to the working capital fund except for the initial contribution made by each Unit Owner upon his purchase of his Unit.

ARTICLE VI

Compliance and Default

Section 1. Violations. In the event of a violation (other than the nonpayment of an Assessment for which the remedies of the Association shall be as provided in the Condominium Act and in Article VII of the Declaration of Condominium) by the Unit Owner of any of the provisions of the Declaration of Condominium, these Bylaws, or the applicable portions of the Condominium Act, the Association, by direction of its Board of Directors, may notify the Unit Owner by written notice of said breach, transmitted by mail, and if such violation shall continue for a period of fifteen (15) days from the date of the notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional, inexcusable and material breach of the Declaration, of the Bylaws, or of the pertinent provisions of the Condominium Act, and the Association may then take such steps to remedy the violation including any and all remedies provided by the laws of the State of Florida or by the Condominium Documents, including, without limitation, a suit at law to collect damages from the Unit Owner, or in equity to enjoin the violation or to obtain specific performance of the obligation of the Unit Owner, or both. The Unit Owner so violating shall reimburse the Association for reasonable attorney's fees incurred by it in bringing such action. Failure on the part of the Association to maintain such an action at law or in equity within thirty (30) days from date of a written request, signed by a Unit Owner, sent to the Board of Directors, shall authorize any such Unit Owner to bring an action in equity or suit at law on account of the violation in the manner provided for under the laws of the State of Florida. Any violations which are deemed by the Board of Directors to be a hazard to public health may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the Unit Owner as a specific item which shall be a lien against said Unit with the same force and effect as if the charge were a part of the Common Expense.

Section 2. Negligence or Carelessness of Unit Owner, etc. Each Unit Owner shall be liable for the expense of any maintenance repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, invitees, licensees, employees, agents or lessees but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or

abandonment of any Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation. The expense for any maintenance, repair or replacement required, as provided in this section, shall be charged to said Unit Owner as a specific item which shall be a lien against said Unit with the same force and effect as if the charge were a part of the Common Expense.

Section 3. Costs and Attorneys' Fees. In any proceeding arising because of an alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding and the reasonable attorneys' fees incurred by such party.

Section 4. No Waiver of Rights. The failure of the Association or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium documents, shall not constitute a waiver of the right of the Association or Unit Owner to enforce such right, provision, covenant or condition in the future.

Section 5. No Election of Remedies. All rights, remedies and privileges granted to the Association or Unit Owner, pursuant to any terms, provisions, covenants or conditions of the Condominium Documents or of the Condominium Act, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such other party by law or in equity.

ARTICLE VII

Acquisition of Units

Section 1. Acquisition on Foreclosure. At any foreclosure sale of a Unit, the Board of Directors of the Association may, with the authorization and approval by the affirmative vote of voting members casting not less than three-fourths (3/4ths) of the total votes of the Unit Owners (54 Units), acquire, in the name of the Corporation or its designee, a Condominium Parcel being foreclosed.

The term "foreclosure," as used in this Section, shall mean and include any foreclosure, including the foreclosure of a lien for unpaid Assessments.

The power of the Board of Directors of the Association to acquire a Condominium Parcel at any foreclosure sale shall never be interpreted as any requirement or obligation on the part of the Board of Directors, or of the Association, to do so at any foreclosure sale, the provisions hereof being permissive in nature and for the purpose of setting forth the power of the Board of Directors and the Association to do so, should the requisite approval of the Voting Members, as aforesaid, be obtained.

ARTICLE VIII

Amendments to the Bylaws

These Bylaws may be altered, amended or added to at any duly called meeting of the Unit Owners, provided:

- (1) Notice of the meeting shall contain a statement

of the proposed amendment;

(2) If the amendment has received the unanimous approval of the full Board of Directors, then it shall be approved upon the affirmative vote of the Voting Members casting a majority of the total votes of the Unit Owners (37 Units);

(3) If the amendment has not been approved by the unanimous vote of the Board of Directors, then the amendment shall be approved by the affirmative vote of the Voting Members casting not less than three-fourths (3/4ths) of the total votes of the Unit Owners (54 Units); and

(4) Said Amendment shall be recorded and certified as required by Section 718.112(1) of the Condominium Act. Notwithstanding the provisions of this Article VIII, these Bylaws may only be amended in compliance with Article II-A, Section 7 of these Bylaws.

ARTICLE IX

Notices

Whatever notices are required to be sent hereunder shall be delivered or sent in accordance with the applicable provisions for notices, as set forth in the Declaration of Condominium.

ARTICLE X

Indemnification

The Corporation shall indemnify every director and every officer, his heirs, executors and administrators, to the full extent allowed by law, including, without limitation, against all loss, costs and expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Corporation, including reasonable counsel fees to be approved by the Corporation except as to matters wherein he shall be finally adjudged in such action, suit or proceeding to be liable for, or guilty of, gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

ARTICLE XI

Liability Survives Termination of Membership

The termination of membership in the Association by a former Unit Owner shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Condominium during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Owner and member arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto.

ARTICLE XII

Limitation of Liability

Notwithstanding the duty of the Association to maintain

and repair parts of the Condominium Property, the Association shall not be liable for injury or damage caused by a latent condition in the Condominium Property, nor for injury or damage caused by the elements, or by other owners or persons.

ARTICLE XIII

Parliamentary Rules

Roberts Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Condominium Act, Declaration of Condominium, or these Bylaws. The order of business at annual members' meetings and as far as practical at other members' meetings, will be:

1. Roll Call;
2. Proof of Notice of Meeting or Waiver of Notice;
3. Reading of Minutes of Prior Meeting;
4. Officers' Reports;
5. Committee Reports;
6. Elections;
7. Unfinished Business;
8. New Business;
9. Adjournment.

ARTICLE XIV

Liens

Section 1. Protection of Property. All liens against a Condominium Unit, other than for permitted mortgages, taxes or special assessments, shall be satisfied or otherwise removed within thirty (30) days of the date the lien attaches. All taxes and special assessments upon a Condominium Unit shall be paid before becoming delinquent, as provided in these Condominium Documents or by law, whichever is sooner.

Section 2. Notice of Lien. A Unit Owner shall give notice to the Association of every lien upon his Unit other than for permitted mortgages, taxes, and special assessments, within five (5) days after the attaching of the lien.

Section 3. Notice of Suit. Unit Owners shall give notice to the Association of every suit or other proceeding which will or may affect title to his Unit or any other part of the Condominium Property, such notice to be given within five (5) days after the Unit Owner receives notice thereof.

Section 4. Failure to Comply. Failure to comply with this Article concerning liens will not affect the validity of any judicial sale.

Section 5. Mortgage Register. The Association shall maintain a register of all mortgages.

ARTICLE XV

Mortgagee's Notices

Upon written request to the Board of Directors of the Association, any holder, guarantor, or insurer of any Institutional Mortgage shall be entitled to receive from the Board of Directors timely written notice of any of the following events:

1. Any condemnation loss or any casualty loss which affects a material portion of Fair Oaks Village, a Condominium, or of any Unit on which there is an Institutional Mortgage which is held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor;
2. Any delinquency in the payment of assessments or other charges assessed against or owed by a Unit Owner which remains uncured for a period of sixty (60) days;
3. Any proposed action by the Association which would require the consent of a specified percentage of Institutional Mortgage holders.

Such request must set forth the name and address to which the Board of Directors is to send the requested notices.

ARTICLE XVI

Rules and Regulations

Section 1. As to Common Elements. The Board of Directors may from time to time adopt or amend previously adopted administrative rules and regulations governing the details of the operation, use, maintenance, management and control of the Common Elements of the Condominium and any facilities or services made available to the Unit Owners. The Board of Directors shall from time to time post in a conspicuous place on the Condominium Property a copy of the Rules and Regulations adopted from time to time by the Board of Directors.

Section 2. As to Condominium Units. The Board of Directors may from time to time adopt or amend previously adopted rules and regulations governing and restricting the use and maintenance of the Condominium Unit(s); provided, however, that copies of such rules and regulations are furnished to each Unit Owner prior to the time the same become effective, and copies thereof shall be posted in a conspicuous place on the Condominium Property.

Section 3. Conflict. In the event of any conflict between the rules and regulations adopted by the Board of Directors at any time and the Condominium Documents or the Condominium Act, the Condominium Documents and the Condominium Act shall prevail.

If any irreconcilable conflict should exist, or hereafter arise, with respect to the interpretation of these Bylaws and

the Declaration, the provisions of the Declaration shall prevail.

ARTICLE XVII

Contingency Reserve Account

Section 1. Establishment. A Contingency Reserve Account shall be established by the Developer in the name of the Association at First National Bank of Okaloosa County, Ft. Walton Beach, Florida, for the purpose of providing funds to pay for costs and expenses which may be incurred or required in connection with the maintenance of the offsite recreational facilities and other amenities which will be used by the Unit Owners, or in connection with making or constructing any alterations, additions, or improvements to the said offsite facilities.

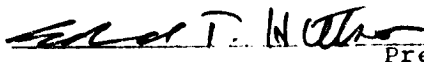
Section 2. Funding. The Contingency Reserve Account shall be funded by the Unit Owners by paying certain amounts each month to the Association as part of their regular monthly assessments. The annual budget of common expenses of the Association shall include the Contingency Reserve Account for the maintenance of or improvement to the offsite recreational facilities and other amenities. The amount to be collected from the Unit Owners and transferred into this Contingency Reserve Account shall be determined by the Board of Directors, in its sole discretion.

Section 3. Expenditures. Expenditures shall be made from the Contingency Reserve Account by the Board of Directors of the Association at such time(s) as the Board of Directors, in its sole discretion, shall determine that an expenditure is either necessary or desirable for the purpose of: (i) paying any costs or expenses incurred or required to be incurred in connection with the maintenance of said offsite facilities and amenities; or (ii) paying any additional costs or expenses required to be incurred to upgrade the level of the maintenance being performed on said offsite facilities and amenities; or (iii) paying any costs or expenses incurred to make or construct any alterations, additions, or other improvements to the said offsite facilities and amenities. The amount to be spent from the Contingency Reserve Account at any time shall be determined by the Board of Directors, in its sole discretion.

Section 4. Termination. The Association may, at any time, upon the affirmative vote of three-fourths (3/4) of the Unit Owners, terminate the Contingency Reserve Account. Upon termination, any sums remaining in the Contingency Reserve Account shall be spent to benefit the Association in such a manner as the Board of Directors may determine in its sole discretion.

The foregoing were adopted as the Bylaws of FAIR OAKS VILLAGE CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, at the first meeting of the Board of Directors on this 13th day of September, 1982.

Approved:

 (SEAL)
President

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FILE# 675947
OKALOOSA COUNTY, FLORIDA

RECD: SEP 27 1982 @ 11:41
NEWMAN C BRACKIN, CLERK

