

**BYLAWS**  
**FOR**  
**MAGNOLIA COURT AT WATERWAY VILLAGE HOMEOWNERS ASSOCIATION, INC.**

**EXHIBIT “ C ”**

**TABLE OF CONTENTS**  
**FOR**  
**BYLAWS**  
**OF**  
**MAGNOLIA COURT AT WATERWAY VILLAGE HOMEOWNERS ASSOCIATION, INC.**

	<u>PAGE NO.</u>
1. <u>GENERAL</u> .....	1
1.1 <u>Principal Office</u> .....	1
1.2 <u>Seal</u> .....	1
1.3 <u>Definitions</u> .....	1
2. <u>MEMBERS</u> .....	1
2.1 <u>Qualifications</u> .....	1
2.2 <u>Voting Interest</u> .....	1
2.3 <u>Approval or Disapproval of Matters</u> .....	2
2.4 <u>Change of Membership</u> .....	2
2.5 <u>Termination of Membership</u> .....	2
3. <u>MEMBERS' MEETINGS; VOTING</u> .....	2
3.1 <u>Annual Meeting</u> .....	2
3.2 <u>Special Members' Meetings</u> .....	2
3.3 <u>Notice of Meetings; Waiver of Notice</u> .....	2
3.4 <u>Quorum</u> .....	3
3.5 <u>Vote Required</u> .....	3
3.6 <u>Proxy Voting</u> .....	3
3.7 <u>Adjourned Meetings</u> .....	3
3.8 <u>Order of Business</u> .....	3
3.9 <u>Minutes</u> .....	4
3.10 <u>Parliamentary Rules</u> .....	4
4. <u>BOARD OF DIRECTORS</u> .....	4
4.1 <u>Number and Terms of Service; Elections</u> .....	4
4.2 <u>Qualifications</u> .....	5
4.3 <u>Vacancies on the Board of Directors</u> .....	6
4.4 <u>Removal of Directors</u> .....	6
4.5 <u>Organizational Meeting</u> .....	6
4.6 <u>Other Meetings</u> .....	6
4.7 <u>Notice to Owners</u> .....	7
4.8 <u>Waiver of Notice</u> .....	7
4.9 <u>Quorum of Directors</u> .....	7
4.10 <u>Vote Required</u> .....	7
4.11 <u>Adjourned Meetings</u> .....	7
4.12 <u>The Presiding Officer</u> .....	7
4.13 <u>Compensation of Directors and Officers</u> .....	7
4.14 <u>Committees</u> .....	8
5. <u>OFFICERS</u> .....	8
5.1 <u>Officers and Elections</u> .....	8
5.2 <u>President</u> .....	8
5.3 <u>Vice-Presidents</u> .....	8
5.4 <u>Secretary</u> .....	8
5.5 <u>Treasurer</u> .....	8

- 6. FISCAL MATTERS ..... 9
  - 6.1 Depository ..... 9
  - 6.2 Budget ..... 9
  - 6.3 Reserves for Capital Expenditures and Deferred Maintenance ..... 9
  - 6.4 Assessments ..... 9
  - 6.5 Special Assessments ..... 10
  - 6.6 Fidelity Bonds ..... 10
  - 6.7 Financial Reporting ..... 10
  - 6.8 Fiscal Year ..... 10
- 7. RULES AND REGULATIONS: USE RESTRICTIONS ..... 10
- 8. COMPLIANCE AND DEFAULT: REMEDIES ..... 11
  - 8.1 Obligations of Members; Remedies At Law Or In Equity; Levy of Fines and Suspension Of Use Rights ..... 11
  - 8.2 Availability of Remedies ..... 12
- 9. AMENDMENT OF BYLAWS ..... 12
  - 9.1 Proposal ..... 12
  - 9.2 Procedure ..... 12
  - 9.3 Vote Required ..... 13
  - 9.4 Certificate; Recording ..... 13
- 10. MASTER ASSOCIATION ..... 13
- 11. MISCELLANEOUS ..... 13
  - 11.1 Gender ..... 13
  - 11.2 Severability ..... 13

**BYLAWS**

**MAGNOLIA COURT AT WATERWAY VILLAGE HOMEOWNERS ASSOCIATION, INC.**

1. GENERAL: These are the Bylaws of Magnolia Court at Waterway Village Homeowners Association, Inc., hereinafter the "Association", a corporation not for profit organized under the laws of Florida for the purpose of operating Magnolia Court at Waterway Village pursuant to the Florida Not-For-Profit Corporation Act.

1.1 Principal Office. The principal office of the Association is c/o Pulte Home Company, LLC, 4400 PGA Blvd., Suite 700, Palm Beach Gardens, FL 33410.

1.2 Seal. The seal of the Association shall be inscribed with the name of the Association, the year of its organization, and the words "Florida" and "not-for-profit". The seal may be used by causing it, or a facsimile of it, to be impressed, affixed, reproduced or otherwise placed upon any document or writing of the corporation where a seal may be required:

1.3 Definitions. The definitions set forth in the Declaration and the Act shall apply to terms used in these Bylaws.

2. MEMBERS:

2.1 Qualifications. The Members shall be the record owners of legal title to the Parcels in Magnolia Court at Waterway Village. In the case of a Parcel subject to an agreement for deed, the purchaser in possession shall be deemed the Owner of the Parcel for purposes of determining voting and use rights. Membership shall become effective upon the last to occur of the following:

- (A) Recording a deed or other instrument evidencing legal title to the Parcel in the Public Records of Indian River County, Florida.
- (B) Delivery to the Association of a copy of the recorded deed or other instrument evidencing title.
- (C) Delivery to the Association, if required, of a written designation of the Primary Occupants.

The failure to comply with the prerequisites set forth in (B)-(C) above shall not release the Member from the obligation to comply with the Governing Documents, but shall otherwise preclude such Member from obtaining the benefits of membership, including, without limitation, the right to receive notices and the right to vote on Association matters.

2.2 Voting Interest. The Class "A" Members are entitled to one (1) vote for each Parcel they own. The total number of Class "A" votes shall not exceed the total number of Parcels subject to the Declaration. The Class "B" Member shall be entitled to a number of votes equal to the total number of Parcels owned by the Class "A" Members plus one (1) vote; provided that subsequent to the Turnover Date, the Class "B" Member shall be entitled to one (1) vote for each Parcel it owns. The vote of a Parcel is not divisible. If a Parcel is owned by one (1) natural person, his right to vote shall be established by the record title to the Parcel. If a Parcel is owned jointly by two (2) or more natural persons that are not acting as trustees, that Parcel's vote may be cast by any one (1) of the Owners. If two (2) or more Owners do not agree among themselves how their one (1) vote shall be cast, that vote shall not be counted for any purpose. If the Owner is a corporation, partnership, limited liability company, trust, trustee or other entity other than a natural

person, the vote of that Parcel shall be cast by any officer, director, partner, manager, managing member or trustee, as the case may be.

2.3 Approval or Disapproval of Matters. Whenever the decision or approval of the Owner of a Parcel is required upon any matter, whether or not the subject of an Association meeting, such decision or approval may be expressed by any person authorized to cast the vote of such Parcel at an Association meeting as stated in Section 2.2 above, unless the joinder of all Owners is specifically required.

2.4 Change of Membership. A change of membership shall be established as provided in Section 2.1 above; and the membership of the prior Owner shall thereby be automatically terminated.

2.5 Termination of Membership. The termination of membership in the Association does not relieve or release any former Member from liability or obligation incurred under or in any way connected with the Association during the period of his membership, nor does it impair any rights or remedies which the Association may have against any former Owner or Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto.

### 3. MEMBERS' MEETINGS; VOTING:

3.1 Annual Meeting. There shall be an Annual meeting of the Members in each calendar year. The Annual meeting shall be held in Indian River County, Florida, each year at a day, place and time designated by the Board of Directors, for the purpose of electing Directors and transacting any business duly authorized to be transacted by the Members.

3.2 Special Members' Meetings. Prior to the Turnover Date, Special Members' meetings must be held whenever called by the President or by a majority of the Directors. Subsequent to the Turnover Date, Special Members' meetings must be held whenever called by the President or by a majority of the Directors, and may also be called by Members having at least one-third (1/3) of the Voting Interests. The business at any Special Members' meeting shall be limited to the items specified in the notice of meeting.

3.3 Notice of Meetings; Waiver of Notice. Notice of all Members' meetings must state the time, date, and place of the meeting, and include an agenda for the meeting. The Notice of Meeting must be sent to each Member at the address which appears on the books of the Association, or may be furnished by personal delivery. The Member is responsible for providing the Association with notice of any change of address. The Notice of Meeting must be mailed, delivered or electronically transmitted at least fourteen (14) days before the meeting. An affidavit of the officer or other person making such mailing shall be retained in the Association records as proof of mailing. Attendance at any meeting by a Member constitutes waiver of notice by that Member unless the Member objects to the lack of notice at the beginning of the meeting. A Member may waive notice of any meeting at any time, but only by written waiver. Notice to the Members of meetings of the Board of Directors, meetings of a committee requiring notice in the same manner as meetings of the Board of Directors, and Annual and Special meetings of the Members, may be electronically transmitted in the manner set forth in Section 617.0141, F.S. to any Member who has provided a facsimile number or e-mail address to the Association to be used for such purposes. Notice by electronic transmission is effective: when actually transmitted by facsimile telecommunication, if correctly directed to a number at which the Member has consented to receive notice; when actually transmitted by electronic mail, if correctly directed to an electronic mail address at which the Member has consented to receive notice. Notice is also effective when posted on an electronic network that the Member has consented to consult, upon the later of: such correct posting; or the giving of a separate notice to the Member of the fact of such specific posting; or when correctly transmitted to the Member, if by any other form of electronic transmission consented to by the Member to whom notice is given. Consent by a Member to receive notice by electronic transmission shall be revocable by the Member by written notice to

the Association. Any such consent shall be deemed revoked if: the Association is unable to deliver by electronic transmission two (2) consecutive notices given by the Association in accordance with such consent; and such inability becomes known to the Secretary, Assistant Secretary or other authorized person responsible for the giving of notice. However, the inadvertent failure to treat such inability as a revocation does not invalidate any meeting or other action. The Member is responsible for providing the Association with notice of any change of mailing address, facsimile number or electronic mail address. As used in these Bylaws, the term "electronic transmission" means any form of communication, not directly involving the physical transmission or transfer of paper, which creates a record that may be retained, retrieved, and reviewed by a recipient thereof and which may be directly reproduced in a comprehensible and legible paper form by such recipient through an automated process. Examples of electronic transmission include, but are not limited to, telegrams, facsimile transmission of images, and text that is sent via electronic mail between computers. An affidavit of the Secretary, an Assistant Secretary, or other authorized agent of the Association that the notice has been given by a form of electronic transmission is, in the absence of fraud, prima facie evidence of the facts stated in the notice.

3.4 Quorum. A quorum at a Members' meeting shall be attained by the presence, either in person or by proxy, of Members entitled to cast at least thirty percent (30%) of the Voting Interests. After a quorum has been established at a Members' meeting, the subsequent withdrawal of any Members, so as to reduce the number of Voting Interests represented below the number required for a quorum, shall not affect the validity of any action taken at the meeting before or after such persons leave.

3.5 Vote Required. The acts approved by a majority of the votes cast at a duly called meeting of the Members at which a quorum has been attained shall be binding upon all Members for all purposes, except where a greater or different number of votes are expressly required by law or by any provision of the Governing Documents. The Association may conduct elections and other membership votes through an internet-based online voting system if a Member consents, in writing, to online voting and all requirements in Section 720.317 of the Act are met.

3.6 Proxy Voting. To the extent lawful, any Member entitled to attend and vote at a Members meeting may establish his presence and cast his vote by proxy. A proxy shall be valid only for the specific meeting for which originally given and any lawful adjournment of that meeting, and no proxy is 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 the pleasure of the person executing it. To be valid, a proxy must be in writing, dated, signed by the person authorized to cast the votes, specify the date, time and place of the meeting for which it is given, and delivered to the Association by the appointed time of the meeting or adjournment thereof. Holders of proxies need not be Members. No proxy shall be valid if it names more than one (1) person as the holder of the proxy, but the holder shall have the right, if the proxy so provides, to substitute another person to hold the proxy.

3.7 Adjourned Meetings. Any duly called meeting of the Members may be adjourned to be reconvened at a specific later time by vote of a majority of the Voting Interests present in person or by proxy, regardless of whether a quorum has been attained. The adjournment to a date, time and place must be announced at that meeting before the adjournment is taken, or notice must be given to all Members of the date, time and place of its reconvening. Any business which might have been conducted at the meeting as originally scheduled may instead be conducted at the continuance, provided a quorum is then present, in person or by proxy.

3.8 Order of Business. The order of business at Members' meetings shall be substantially as follows:

- (A) Call of the roll or determination of quorum
- (B) Reading or disposal of minutes of the last Members' meeting

- (C) Reports of Officers
- (D) Reports of Committees
- (E) Unfinished Business
- (F) New Business
- (G) Adjournment

3.9 Minutes. Minutes of all meetings of Members and of the Board of Directors shall be kept in a businesslike manner and available for inspection by Members or their authorized representatives and Directors at reasonable times and for a period of seven (7) years after the meeting. Minutes must be maintained in written form or in another form that can be converted into written form within a reasonable time. A vote or abstention from voting on each matter voted upon for each Director present at a Board of Directors meeting must be recorded in the minutes.

3.10 Parliamentary Rules. Roberts' Rules of Order (latest edition) shall guide the conduct of Association meetings when not in conflict with the law, with the Declaration, or with these Bylaws. The presiding officer may appoint a Parliamentarian whose decision on questions of parliamentary procedure shall be final. Any question or point of order not raised at the meeting to which it relates shall be deemed waived.

4. BOARD OF DIRECTORS: The administration of the affairs of the Association shall be by the Board of Directors. All powers and duties granted to the Association by law, as modified and explained in the Governing Documents, shall be exercised by the Board of Directors, subject to approval or consent of the Members only when such is specifically required.

4.1 Number and Terms of Service; Elections. The number of Directors which shall constitute the whole Board of Directors shall initially be three (3), all of whom shall be appointed by and shall serve at the pleasure of the Developer. At the Annual meeting occurring subsequent to the date that Members other than the Developer are entitled to elect one (1) Director pursuant to Section 720.307(2) of the Act (i.e. when fifty percent (50%) of all Parcels in Magnolia Court at Waterway Village that ultimately will be operated by the Association have been conveyed to Members other than the Developer), there shall be four (4) Directors, three (3) of whom shall be appointed by and serve at the pleasure of the Developer and the fourth elected by the Members other than the Developer. For purposes of this Section, the term "Members other than the Developer" shall not include Builders. The number of Directors shall increase to five (5) at the Turnover Meeting. Directors shall be elected by secret ballot (using a double envelope system) in accordance with the Act and these Bylaws at: the Annual meeting occurring subsequent to the date that Members other than the Developer are entitled to elect one (1) Director pursuant to Section 720.307(2) of the Act; any other Annual meeting prior to the Turnover Meeting; the Turnover Meeting; and at subsequent Annual meetings.

The First Notice of the Turnover or Annual meeting, as the case may be, shall be mailed, hand-delivered or electronically transmitted to all Members at least sixty (60) days in advance of the meeting. Any person who wishes to qualify as a candidate shall notify the Association in writing of his or her desire to be a candidate at least forty (40) days prior to the meeting and must be eligible to serve on the Board of Directors at the time of such forty (40) day deadline in order to have his or her name listed as a proper candidate on the election ballot or to serve on the Board of Directors. Notice shall be deemed effective when received by the Association. Any person indicating his or her desire to qualify as a candidate may also return a separate information sheet, no larger than 8 ½" by 11", which describes the candidate's background, education and qualifications for office, and any other information deemed relevant by the candidate, which information sheet must be furnished by the candidate at least forty (40) days prior to the election. The Association has no liability for the contents of the information sheets prepared by the candidates.

If the number of candidates does not exceed the number of vacancies, an election shall not be required. The Association shall mail, hand-deliver or electronically transmit a Second Notice at least fourteen (14) days in advance of the meeting. The candidates shall commence service on the Board of Directors upon the adjournment of the Annual meeting. However, if a quorum is not attained at the Annual meeting, the candidates shall nevertheless commence service on the Board of Directors.

If the number of candidates exceeds the number of seats to be filled, an election shall be required. The Association shall mail, hand-deliver or electronically transmit a Second Notice, together with any candidate information sheets, a ballot which shall list all candidates in alphabetical order by surname, and (unless the Second Notice is electronically transmitted), "inner" and "outer envelopes", at least fourteen (14) days in advance of the meeting. Directors shall be elected by a plurality of the ballots cast. A Member shall not permit any other person to vote his ballot, and any ballots improperly cast are invalid. In the election of Directors, there shall be appurtenant to each Parcel as many votes for Directors as there are Directors to be elected, but no Parcel may cast more than one (1) vote for any candidate, it being the intent hereof that voting for Directors shall be non-cumulative.

After indicating the name(s) of the candidate(s) for which the Member has voted, the ballot must be placed in an inner envelope with no identifying markings and mailed or delivered to the Association in an outer envelope bearing identifying information reflecting the name of the Member, the Member's address in Magnolia Court at Waterway Village and the signature of the Member casting that ballot. If the eligibility of the Member to vote is confirmed and no other ballot has been submitted for that Parcel, the inner envelope shall be removed from the outer envelope bearing the identification information, placed with the ballots which were personally cast, and opened when the ballots are counted. Nominations from the floor are prohibited and there shall not be a nominating committee. Write-in nominations are not permitted. If more than one (1) ballot is submitted for a Parcel, the ballots for that Parcel shall be disqualified. Upon receipt by the Association, no ballot may be rescinded or changed. Any vote by ballot received after the closing of the balloting may not be considered.

At the Turnover Meeting, the three (3) Directors who receive the highest number of votes shall be elected to two (2) year terms, and the remaining two (2) Directors elected shall serve an initial one (1) year term. In the event of a tie vote, or if the number of candidates does not exceed the number of seats to be filled, the candidates shall mutually agree or shall draw lots to determine which candidate(s) shall serve and for what terms. Thereafter, all Directors (except those appointed by the Developer) shall serve two (2) year terms. Notwithstanding the foregoing provisions in this Section 4.1, the Developer shall be entitled to appoint at least one (1) member of the Board of Directors as long as the Developer holds for sale in the ordinary course of business at least five percent (5%) of the Parcels in all phases of Magnolia Court at Waterway Village. A Director's term will end at the annual election at which his successor is to be duly elected, unless he sooner resigns, or is recalled as provided in 4.4 below.

**4.2 Qualifications.** Directors appointed by the Developer are not required to be Members. Directors appointed by the Developer may be the Developer's officers or employees. Directors elected by the Members must be a Member or the spouse of a Member. If a Parcel is owned by a corporation, partnership, limited liability company or trust, any officer, director, partner, manager, managing member, or trustee, as the case may be, shall be eligible to serve as a Director. A person who is delinquent in the payment of any fee, fine or other monetary obligation to the Association on the day that he or she could last nominate himself or herself or be nominated for the Board of Directors may not seek election to the Board of Directors, and his or her name shall not be listed on the ballot. A person serving as a Director who becomes more than ninety (90) days delinquent in the payment of any fee, fine or other monetary obligation to the Association shall be deemed to have abandoned his or her seat on the Board of Directors, creating a vacancy on the Board of Directors to be filled according to law. For purposes of this Section 4.2, the term "any fee,



fine or other monetary obligation” means any delinquency to the Association with respect to any Parcel. A person who has been convicted of any felony in Florida or in a United States District or Territorial Court, or has been convicted of any offense in another jurisdiction which would be considered a felony if committed in Florida, may not seek election to the Board of Directors and is not eligible for Board membership unless such felon’s civil rights have been restored for at least five (5) years as of the date on which such person seeks election to the Board of Directors. The validity of any action by the Board of Directors is not affected if it is later determined that a person was ineligible to seek election to the Board of Directors or that a Director is ineligible for Board of Directors membership. A Director or officer charged by information or indictment with a felony theft or embezzlement offense involving the Association’s funds or property is removed from office. The Board of Directors shall fill the vacancy according to general law until the end of the period of the suspension or the end of the Director’s term of office, whichever occurs first. However, if the charges are resolved without a finding of guilt or without acceptance of a plea of guilty or nolo contendere, the Director or officer shall be reinstated for any remainder of his or her term of office. A Member who has such criminal charges pending may not be appointed or elected to a position as a Director or officer. Within ninety (90) days after being elected or appointed to the Board of Directors, each Director shall certify in writing to the Secretary that he or she has read the Declaration, Articles of Incorporation, Bylaws and current written rules and policies; that he or she will work to uphold such documents and policies to the best of his or her ability; and that he or she will faithfully discharge his or her fiduciary responsibility to the Members. Within ninety (90) days after being elected or appointed to the Board of Directors, in lieu of such written certification, the newly elected or appointed Director may submit a certificate of having satisfactorily completed the educational curriculum administered by a Division-approved education provider within one year before or ninety (90) days after the date of election or appointment. The written certification or educational certificate is valid for the uninterrupted tenure of the Director on the Board of Directors. A Director who does not timely file the written certification or educational certificate shall be suspended from the Board of Directors until he or she complies with the requirements set forth above. The Board of Directors may temporarily fill the vacancy during the period of suspension. The Association shall retain each Director’s written certification or educational certificate for inspection by the Members for five (5) years after the Director’s election. However, the failure to have such written certification or educational certificate on file does not affect the validity of any Board of Directors’ action.

4.3 Vacancies on the Board of Directors. If the office of any Director becomes vacant for any reason, other than recall by the membership at a Members’ meeting, a majority of the remaining Directors, though less than a quorum, shall promptly choose a successor to fill the remaining unexpired term except that vacancies of all Directors appointed by the Developer shall likewise be filled by the Developer. If the Association fails to fill vacancies on the Board of Directors sufficient to constitute a quorum, or if no Director remains on the Board of Directors, the vacancy may be filled by the Members (via a special meeting of the Members) or any Member may apply to the Circuit Court for the appointment of a receiver to manage the Association’s affairs, in the manner provided by Florida law.

4.4 Removal of Directors. Except for Directors appointed by the Developer, any or all Directors may be removed with or without cause by a majority the Voting Interests, either by a written petition, or at any meeting called for that purpose, in the manner required by Section 720.303(10) of the Act.

4.5 Organizational Meeting. The organizational meeting of a new Board of Directors shall be held within ten (10) days after the election. The organizational meeting may be held immediately following the election, in which case noticing of the meeting may be effectuated by the Board of Directors existing prior to the election.

4.6 Other Meetings. Meetings of the Board of Directors may be held at such time and place in Indian River County, Florida, as shall be determined from time to time by the President or a majority of the

Directors. Notice of meetings shall be given to each Director, personally or by mail, telephone or telegram at least forty-eight (48) hours prior to the day named for such meeting.

4.7 Notice to Owners. A meeting of the Board of Directors occurs whenever a quorum of the Board of Directors gathers to conduct Association business. All meetings of the Board of Directors shall be open to Members except for meetings between the Board of Directors and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege; or meetings of the Board of Directors held for the purpose of discussing personnel matters. Notices of all Board of Directors meetings shall be posted conspicuously in Magnolia Court at Waterway Village for at least forty-eight (48) continuous hours in advance of each Board of Directors meeting, except in an emergency. In the event of an emergency meeting, any action taken shall be noticed and ratified at the next regular meeting of the Board of Directors. In the alternative to the posting requirements discussed above, notice of each Board of Directors meeting must be mailed or delivered to each Member at least seven (7) days before the meeting, except in an emergency. An Assessment may not be levied at a Board of Directors meeting unless the notice of the meeting includes a statement that Assessments will be considered and the nature of the Assessments. Members have the right to speak with reference to any matter that is placed on the Board of Directors meeting agenda. The Association may adopt reasonable, written rules expanding the rights of Members to speak and governing the frequency, duration, and other manner of Member statements, (including a sign-up sheet requirement), which rules must be consistent with the minimum requirements of the Act.

4.8 Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. If all Directors are present at a meeting, no notice to Directors shall be required.

4.9 Quorum of Directors. A quorum at a Board of Directors meeting shall exist when at least a majority of all Directors are present at a duly called meeting. Directors may participate in any meeting of the Board of Directors, by a conference telephone call or similar communicative arrangement whereby all persons present can hear all other persons. Participation by such means shall be deemed equivalent to presence in person at a meeting.

4.10 Vote Required. The acts approved by a majority of those Directors present and voting at a meeting at which a quorum exists shall constitute the acts of the Board of Directors, except when approval by a greater number of Directors is required by the Governing Documents or by applicable statutes. Directors may not vote by proxy or by secret ballot at Board of Directors meetings, except that secret ballots may be used in the election of officers. Directors may use e-mail as a means of communication, but may not cast a vote on an Association matter via e-mail.

4.11 Adjourned Meetings. The majority of the Directors present at any meeting of the Board of Directors, regardless of whether a quorum exists, may adjourn the meeting to be reconvened at a specific time and date.

4.12 The Presiding Officer. The President of the Association, or in his absence, the Vice-President, shall be the presiding officer at all meetings of the Board of Directors. If neither is present, the presiding officer shall be selected by majority vote of the Directors present.

4.13 Compensation of Directors and Officers. Neither Directors nor officers shall receive compensation for their services as such. Directors and officers may be reimbursed for all actual and proper out-of-pocket expenses relating to the proper discharge of their respective duties.

4.14 Committees. The Board of Directors may appoint from time to time such standing or temporary committees as the Board of Directors deem necessary and convenient for the efficient and effective operation of the Association. Any such committee shall have the powers and duties assigned to it in the resolution creating the committee. If required by law, committee meetings shall be open to attendance by any Member, and notice of committee meetings shall be posted in the same manner as required in Section 4.7 above for Board of Directors meetings, except for such committee meetings between the committee and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege.

## 5. OFFICERS:

5.1 Officers and Elections. The executive officers of the Association shall be a President and Vice President (both of whom must be Directors), a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors. Any officer may be removed with or without cause by vote of a majority of all Directors at any meeting. Any person may hold two (2) or more offices. The Board of Directors may, from time to time, appoint such other officers, and designate their powers and duties, as the Board of Directors shall find to be required to manage the affairs of the Association. If the Board of Directors so determines, there may be more than one (1) Vice-President.

5.2 President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Members and Directors, shall be ex-officio a member of all standing committees, shall have general and active management of the business of the Association, and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute bonds, mortgages and other contracts requiring seal of the Association, except for those that are permitted by law to be otherwise signed and executed, and the power to execute is delegated by the Board of Directors to some other officer or agent of the Association.

5.3 Vice-Presidents. The Vice-Presidents in the order of their seniority shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and they shall perform such other duties as the Board of Directors shall assign.

5.4 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members and shall cause all votes and the minutes of all proceedings to be recorded in a book or books to be kept for the purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Members and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. He shall keep in safe custody the seal of the Association and, when authorized by the Board of Directors, affix the same to any instrument requiring it. The Secretary shall be responsible for the proper recording of all duly adopted amendments to the Governing Documents. Any of the foregoing duties may be performed by an Assistant Secretary, if one (1) has been designated, or the Association's manager/management company.

5.5 Treasurer. The Treasurer shall be responsible for Association's funds and securities, the keeping of full and accurate amounts of receipts and disbursements in books belonging to the Association, and the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall oversee the disbursement of the Association's funds, keeping proper vouchers for such disbursements, and shall render to the President and Directors, at the meetings of the Board of Directors, or whenever they may require it, an accounting of all transactions and of the financial condition of the Association. Any of the foregoing duties may be performed by an Assistant Treasurer, if any has been designated, or the Association's manager/management company.

6. FISCAL MATTERS: The provisions for fiscal management of the Association set forth in the Declaration shall be supplemented by the following provisions:

6.1 Depository. The Association shall maintain its funds in such financial institutions authorized to do business in the State of Florida as shall be designated from time to time by the Board of Directors. Withdrawal of monies from such accounts shall be only by such persons as are authorized by the Board of Directors.

6.2 Budget. The Board of Directors shall adopt a budget of Common Expenses for each fiscal year. A copy of the proposed budget and a notice stating the time, date and place of the meeting of the Board of Directors at which the budget will be adopted shall be mailed to each Member not less than fourteen (14) days prior to that meeting. The budget shall be adopted on a "build out" basis. The budget must set out separately all fees or charges for recreational amenities, whether owned by the Association, the Developer or another person, if any.

6.3 Reserves for Capital Expenditures and Deferred Maintenance. In addition to annual operating expenses, the proposed budget may include reserve accounts for capital expenditures and deferred maintenance with respect to the Common Area. If the Association's budget includes reserve accounts established by the Developer or the Members pursuant to Section 720.303(6)(d) of the Act, such reserves shall be determined, maintained, and waived in the manner provided therein. Once the Association provides for reserve accounts, the Association shall thereafter determine, maintain, and waive reserves in compliance with the Act, provided that this does not preclude the termination of a reserve account upon approval of a majority of the Voting Interests. Upon such approval, the terminating reserve account shall be removed from the budget. If reserve accounts are established by the Developer, the budget must designate the components for which the reserve accounts may be used. If reserve accounts are not initially provided by the Developer, the Members may elect to do so upon the affirmative approval of a majority of the Voting Interests. Such approval may be obtained by vote of the Members at a duly called Members' meeting or by the written consent of a majority of the Voting Interests. The approval action of the Members must state that reserve accounts shall be provided for in the budget and must designate the components for which the reserve accounts are to be established. Upon approval by the Members, the Board of Directors shall include the required reserve accounts in the budget in the next fiscal year following the approval and each year thereafter. Once established as provided in Section 720.303(6) of the Act, the reserve accounts must be funded or maintained or have their funding waived in the manner provided therein. The amount to be reserved in any account established shall be computed by means of a formula that is based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The Association may adjust replacement reserve assessments annually to take into account any changes in estimates of cost or useful life of a reserve item. Funding formulas for reserves authorized by this section must be based on a separate analysis of each of the required assets or a pooled analysis of two or more of the required assets.

6.4 Assessments. Regular annual Assessments based on the adopted budget shall be paid either monthly, or quarterly, as determined by the Board of Directors. Failure to send or receive notice of Assessments shall not excuse the obligation to pay. If an annual budget has not been adopted at the time the first installment for a fiscal year is due, it shall be presumed that the amount of such installment is the same as the last installment and shall be continued at such rate until a budget is adopted and pro rata Assessments are calculated, at which time any overage or shortage shall be added or subtracted from each unit's next due installment.

6.5 Special Assessments. Special Assessments may be imposed by the Board of Directors when necessary to meet unusual, unexpected, unbudgeted, or non-recurring expenses. Special Assessments are due on the day specified in the resolution of the Board of Directors approving such Assessments. Prior to the Turnover Date, the Board of Directors may not levy a special Assessment unless a majority of the Owners other than the Developer has approved the special Assessment by a majority vote at a duly called Special Members' meeting at which a quorum is present. On and subsequent to the Turnover Date, a special Assessment shall not be levied unless it is first approved by two-thirds (2/3) of the Voting Interests who are obligated to pay the special Assessment, except that membership approval shall not be required for a special Assessment that relates to the necessary maintenance, repair, insurance or replacement of Common Area, or if the special Assessment is required for the Board of Directors to comply with any law, regulation or order of any municipal, state or federal agency. An Assessment (whether annual or special) may not be levied at a Board of Directors meeting unless a written notice of the meeting is provided to each Member at least fourteen (14) days before the meeting, which notice includes a statement that Assessments will be considered at the meeting and the nature of the Assessments. Written notice of any meeting at which special Assessments will be considered must be mailed, delivered, or electronically transmitted (to the extent permitted by law) to the Members and posted conspicuously in Magnolia Court at Waterway Village or broadcast on closed-circuit television not less than fourteen (14) days before the meeting.

6.6 Fidelity Bonds. The Association shall maintain insurance or a fidelity bond for all persons who control or disburse Association funds. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the Association or its management agent at any one time. As used in this Section 6.6, the term "persons who control or disburse Association funds" includes, but is not limited to, persons who are authorized to sign checks on behalf of the Association, and the President, Secretary and Treasurer. The Association shall bear the cost of any insurance or bond.

6.7 Financial Reporting. Within ninety (90) days after the end of the fiscal year, the Association shall prepare and complete, or contract with a third party for the preparation and completion of, a financial report for the preceding fiscal year. Within twenty-one (21) days after the final report is completed by the Association or received from the third party, but not later than one hundred twenty (120) days after the end of the fiscal year, the Association shall mail or hand deliver to each Member a copy of such report or a written notice that a copy of the report is available upon request at no charge to the Member. The financial report shall be prepared in accordance with Section 720.303(7) of the Act. If approved by a majority of the Voting Interests present at a properly called members' meeting, the Association shall prepare or cause to be prepared a financial report that is less rigorous than otherwise required by the Act. If approved by a majority of the Voting Interests, the Association shall prepare or cause to be prepared a financial report that is more rigorous than otherwise required by the Act.

6.8 Fiscal Year. The fiscal year shall be the calendar year, unless modified by the Board of Directors.

7. RULES AND REGULATIONS: USE RESTRICTIONS: The Board of Directors may, from time to time, adopt and amend Rules and Regulations subject to any limits contained in the Declaration. Written notice of any meeting at which the Rules and Regulations that regulate the use of Parcels may be adopted, amended, or revoked must be mailed, delivered, or electronically transmitted (to the extent permitted by law) to the Members and posted conspicuously in Magnolia Court at Waterway Village or broadcast on closed-circuit television not less than fourteen (14) days before the meeting. A written notice concerning changes to Rules and Regulations that regulate the use of Parcels must include a statement that changes to the Rules and Regulations regarding the use of Parcels will be considered at the meeting. Copies of such Rules and Regulations shall be furnished to each Owner. Any Rules and Regulations must be reasonably related to the promotion of health, happiness and peace of mind of the Owners and uniformly applied and enforced. Subsequent to the Turnover Date, and as long as the Developer owns a Parcel or other property in

Magnolia Court at Waterway Village, no new or amended Rule or Regulation shall be effective unless the Developer grants its approval in writing, which approval may be denied in the Developer's discretion.

8. COMPLIANCE AND DEFAULT: REMEDIES: In addition to the remedies provided elsewhere in the Declaration, the following provisions shall apply:

8.1 Obligations Of Members; Remedies At Law Or In Equity; Levy of Fines and Suspension Of Use Rights.

(A) Each Member and the Member's Tenants, Guests and invitees, are governed by, and must comply with the Act and the Governing Documents. Actions at law or in equity, or both, to redress the alleged failure or refusal to comply with the Governing Documents may be brought by the Association or by any Member against:

- (1) The Association;
- (2) A Member;
- (3) Any Director or officer who willfully and knowingly fails to comply with the provisions of the Act and the Governing Documents; and
- (4) Any Tenants, Guests, or invitees occupying a Parcel or using the Common Area.

The prevailing party in any such litigation is entitled to recover reasonable attorney's fees and costs. This section does not deprive any person of any other available right or remedy. Certain disputes must be submitted to dispute resolution procedures conducted by the Division of Florida Land Sales, Condominiums and Mobile Homes ("Division") as more particularly set forth in Section 720.311 of the Act.

(B) The Association may levy reasonable fines against any Member or any Member's Tenant, Guest or invitee for the failure of the Owner of a Parcel or its occupant, licensee, or invitee to comply with any provision of the Governing Documents. The fine shall be in an amount deemed necessary by the Board of Directors to deter future violations, but in no event shall any fine exceed the maximum amounts allowed by law. Fines shall not be secured by a lien against a Parcel unless permitted by the Act.

(C) The Association may suspend, for a reasonable amount of time, the right of a Member, or a Member's Tenant, Guest or invitee, to use the Common Area and facilities, for the failure of the Owner of the Parcel or its occupant, licensee or invitee to comply with any provision of the Governing Documents. The foregoing does not apply to that portion of the Common Area used to provide access or utility services to the Parcel. A suspension may not prohibit the right of an Owner or Tenant of a Parcel from having vehicular and pedestrian ingress to and egress from the Parcel, including, but not limited to, the right to park. The Association may deactivate an Owner's gate transponder or other entry mechanism (if Magnolia Court at Waterway Village is gated) and require that the Owner, his Family members, Tenants and Guests gain entry to Magnolia Court at Waterway Village through a guest entrance.

(D) A fine or suspension pursuant to (B) and (C) above levied by the Board of Directors may not be imposed unless the Board of Directors first provides at least fourteen (14) days' notice to the Owner and, if applicable, any occupant, licensee or invitee of the Owner, sought to be fined and opportunity for hearing before a committee of at least three Members appointed by the Board of Directors who are not officers, Directors, or employees of the Association, or the spouse, parent, child, brother or sister of an officer, Director or employee. If the committee, by majority vote, does not approve a proposed fine or suspension, the proposed fine or suspension may not be imposed. The role of the committee is limited to determining whether to confirm or reject the fine or suspension levied by the Board of Directors. If the proposed fine or suspension levied by the Board of Directors is approved by the committee, the fine payment is due five (5) days after the date of the committee meeting at which the fine is approved.

(E) If a Member is more than ninety (90) days delinquent in paying any fee, fine or other monetary obligation due to the Association, the Association may suspend the rights of the Member, or the Member's Tenant, Guest, or invitee, to use the Common Area and facilities until the fee, fine or other monetary obligation is paid in full. The foregoing does not apply to that portion of the Common Area used to provide access or utility services to the Parcel. A suspension may not prohibit an Owner or Tenant of a Parcel from having vehicular and pedestrian ingress to and egress from the Parcel, including, but not limited to, the right to park. The Association may deactivate an Owner's gate transponder or other entry mechanism (if Magnolia Court at Waterway Village is gated) and require that the Owner, his Family members, Tenants and Guests gain entry to Magnolia Court at Waterway Village through a guest entrance. The notice and hearing requirements under subsection (D) above do not apply to a suspension imposed under this subsection (E).

(F) The Association may suspend the voting rights of a Parcel or Member for the nonpayment of any monetary obligation due to the Association that is more than ninety (90) days delinquent. The suspension ends upon full payment of all obligations currently due or overdue the Association. A Voting Interest or consent right allocated to a Parcel or Member which has been suspended by the Association shall be subtracted from the total number of Voting Interests in the Association, which shall be reduced by the number of suspended Voting Interests when calculating the total percentage or number of all Voting Interests available to take or approve any action, and the suspended Voting Interests shall not be considered for any purpose, including but not limited to, the percentage or number of Voting Interests necessary to constitute a quorum, the percentage or number of Voting Interests required to conduct an election, or the percentage or number of Voting Interests required to approve an action under the Act or pursuant to the Governing Documents. The notice and hearing requirements under subsection (D) above do not apply to a suspension imposed under this subsection (F).

(G) All suspensions imposed pursuant to subsections (E) and (F) above must be approved at a properly noticed meeting of the Board of Directors. Upon approval, the Association must notify the Owner, and, if applicable, the Parcel's occupant, licensee or invitee by mail or hand-delivery.

(H) The suspensions permitted by subsections (C), (E) and (F) above apply to a Member and, when appropriate, the Member's Tenants, Guests or invitees, even if the delinquency or failure that resulted in the suspension arose from less than all of the multiple Parcels owned by such Member.

8.2 Availability of Remedies. Each Member, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default and abatement of violations regardless of the harshness of the remedy utilized by the Association and regardless of the availability of other legal remedies. It is the intent of all Members to give the Association methods and procedures which will enable it to operate on a businesslike basis, to collect those monies due it and to preserve the majority's right to enjoy the community free from unreasonable restraint and annoyance.

9. AMENDMENT OF BYLAWS: Amendments to these Bylaws shall be proposed and adopted in the following manner:

9.1 Proposal. Subsequent to the Turnover Date, amendments to these Bylaws may be proposed by the Board of Directors or by a written petition to the Board of Directors, signed by at least one-third (1/3) of the Voting Interests.

9.2 Procedure. Upon any amendment to these Bylaws being proposed by the Board of Directors or the Members, such proposed amendment shall be submitted to a vote of the Members not later than the next Annual meeting for which proper notice can still be given. A proposal to amend these Bylaws must

contain the full text of the provision to be amended and may not be revised or amended by reference solely to the title or number. Proposed new language must be underlined and proposed deleted language must be stricken. If the proposed change is so extensive that underlining and striking through language would hinder, rather than assist, the understanding of the proposed amendment, a notation must be inserted immediately preceding the proposed amendment in substantially the following form: "Substantial rewording. See Bylaws for current text".

9.3 Vote Required. Prior to the Turnover Date, amendments shall be adopted by the Developer. On and subsequent to the Turnover Date, a proposed amendment to these Bylaws shall be adopted if it is approved by at least two-thirds (2/3) of the Voting Interests at any Annual or Special meeting, provided that notice of the proposed amendment has been given to the Members in accordance with law. As long as the Developer owns a Parcel or other property in Magnolia Court at Waterway Village, an amendment to these Bylaws shall not be effective without the prior written consent of the Developer, which consent may be denied in the Developer's discretion, provided, further, that regardless of whether the Developer owns a Parcel or other property in Magnolia Court at Waterway Village, no amendment shall be effective if it affects the Developer's rights or alters a provision herein made for the Developer's benefit. Amendment of these Bylaws requires prior written approval of HUD/VA as long as there is a Class "B" membership.

9.4 Certificate; Recording. A copy of each adopted amendment shall be attached to a certificate that the amendment was duly adopted as an amendment to the Bylaws, which certificate shall be in the form required by law and shall be executed by the President or Vice-President with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the Public Records of Indian River County, Florida.

10. MASTER ASSOCIATION: Members shall vote indirectly in Master Association matters through a "Voting Representative", as such term is defined in the Master Declaration. Prior to the Turnover Date, the Developer shall be the Association's Voting Representative. Subsequently, the Association's Voting Representative shall be the President of the Association or another Association officer that he or she designates.

11. MISCELLANEOUS:


11.1 Gender. Whenever the masculine or singular form of a pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine or neuter; singular or plural, as the context requires.

11.2 Severability. Should any portion hereof be void or become unenforceable, the remaining provisions of the instrument shall remain in full force and effect.

[remainder of page intentionally left blank]



The foregoing were adopted as the first Bylaws of Magnolia Court at Waterway Village Homeowners Association, Inc. on this 4 day of February, 2019.

  
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David Kanarek, President