

BY-LAWS

OF

RIVER RUN OF SEBASTIAN CONDOMINIUM ASSOCIATION, INC.

1. IDENTITY

These are the By-laws of RIVER RUN OF SEBASTIAN CONDOMINIUM ASSOCIATION, INC., a corporation not for profit organized under the laws of the State of Florida, the Articles of Incorporation of which were filed in the office of the Secretary of State on February 24, 1984. River Run of Sebastian Condominium Association, Inc., hereinafter called "Association", has been organized for the purpose of administering the operation and management of the condominiums (the "Condominiums") to be established by MULLER ENTERPRISES, INC., a Florida corporation, and its successors and assigns hereinafter sometimes called "Developer", upon lands owned by it and as described in Article II of said Articles of Incorporation (the "Land").

a. The provisions of these By-laws are applicable to the Condominiums and the terms and provisions hereof are expressly subject to the terms and provisions of the Articles of Incorporation of the Association and to those which may be contained in the Declarations of Condominium which may be recorded for the Condominiums in the Public Records of Indian River County, Florida, the terms and provisions of such Articles of Incorporation and such Declarations of Condominium to be controlling wherever the same may be in conflict herewith.

b. All present or future owners, tenants, future tenants or their employees or any other person who might use the Condominiums, or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-laws and in said Articles of Incorporation and the applicable Declaration of Condominium.

c. The office of the Association shall initially be at 3426 Ocean Drive, Vero Beach, Indian River County, Florida.

d. The fiscal year of the Association shall be the calendar year, January 1 through December 31.

e. The seal of the Association shall bear the name of the Association, the word "Florida", the words "Corporation Not For Profit", and the year of incorporation, an impression of which seal is as follows:

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

a. Membership. The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members shall be as set forth in Article IV of the Articles of Incorporation of the Association, the provisions of which said Article IV of the Articles of Incorporation are incorporated herein by reference.

b. Quorum. A quorum at members' meetings shall be attained by the presence, either in person or by proxy, of persons entitled to cast 33 1/3% of the votes of the entire membership. If voting rights of any member are suspended pursuant to the provisions of the Declarations of Condominium, these By-laws, or applicable rules and regulations, the votes of such member so suspended shall not be counted for the purpose of determining the presence of a quorum and the total number of authorized votes

shall be reduced accordingly during the period of such suspension.

c. Majority Vote. The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum shall have been attained shall be binding upon all Unit Owners for all purposes except where otherwise provided by law, the Declarations of Condominium, the Articles of Incorporation, or these By-laws, as used in these By-laws, the Articles of Incorporation or any of the Declarations of Condominium, the terms "majority of the Unit Owners" and "majority of the members" shall mean a majority of the votes of Unit Owners and not a majority of members themselves and shall further mean more than 50% of the then total authorized votes present in person or by proxy and voting at any meeting of the Unit Owners at which a quorum shall have been attained. Similarly, if some greater percentage of members is required herein or in the Articles of Incorporation or any of the Declarations of Condominium, it shall mean such greater percentage of the votes of members and not of the members themselves.

d. Voting Certificates. The vote of the owners of a Condominium unit owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate previously signed by all of the owners of the unit and filed with the Secretary of the Association, and such certificate shall be valid until revoked by the filing of a subsequent certificate. If such a certificate is not on file, the vote of such multiple or corporate owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

e. Proxies; Written Votes. Votes may be cast in person, by proxy, or in writing. However, a written vote can be only effective as to matters on which prior notice was given. Proxies and written votes shall be valid only for the particular meeting designated thereon and any lawful adjourned meetings thereof, and must be filed with the Secretary before the appointed time of the meeting or before the time to which the meeting is adjourned. Each proxy shall specifically set forth the name of the person voting by proxy, and the name of the person authorized to vote the proxy for him. In no event shall any proxy be valid for a period longer than 90 days after the date of the first meeting for which it was given. Each proxy shall contain the date, time and place of the meeting for which the proxy is given, and if a limited proxy, set forth those items which the holder of the proxy may vote, and the manner in which the vote is cast. Every proxy shall be revocable at any time at the pleasure of the Unit Owner executing it.

f. Authorized Voters. Approval or disapproval of a unit owner upon any matters, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner if in an Association meeting.

### 3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

a. Annual Meeting. The annual members' meeting shall be held on the date, at the place and at the time determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year, and to the extent possible no later than twelve (12) months after the preceding annual meeting, for the purpose of electing directors and of transacting any other business authorized to be transacted by the members; provided, however, that, if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding business day.

b. Special Meetings. Special members' meetings shall be held whenever called by the President or Vice President, or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled

to cast twenty percent (20%) of the votes of the entire membership.

c. Notice of Meetings. Notice of all members' meetings, regular or special, shall be given by the President, Vice President or Secretary of the Association, or other officer of the Association in absence of said officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than fourteen (14) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time and shall also be posted in a conspicuous place on the condominium property at least fourteen (14) days prior to the meeting. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his post office address as it appears on the records of the Association, the postage thereon prepaid. A post office certificate of mailing for each addressee shall be retained in the Association records as proof of such mailing. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. If any members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-laws, the Declarations of Condominium or the Condominium Law, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present.

d. Order of Business. The order of business at annual members' meeting and, as far as practical, at any other members' meeting, shall be:

- (i) Election of Chairman of the meeting
- (ii) Calling of the roll and certifying of proxies
- (iii) Proof of notice of meeting or waiver of notice
- (iv) Reading and disposal of any unapproved minutes
- (v) Reports of officers
- (vi) Reports of committees
- (vii) Election of directors
- (viii) Unfinished business
- (ix) New business
- (x) Adjournment

e. Proviso. Provided, however, that until such time as the Developer shall relinquish control of the Association to the Condominium unit owners other than Developer, the proceedings of any meetings of the members of the Association shall have no effect unless approved by the Board of Directors.

f. Action Without a Meeting (Members). Anything to the contrary herein, in the Articles of Incorporation, or in the several Declarations of Condominium to the contrary notwithstanding, to the extent lawful, any action required to be taken at any annual or special meeting of members, or any action which may be taken at any annual or special meeting of such members, may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the members (or persons authorized to cast the vote of any such member as elsewhere herein set forth) having not less than the minimum number of votes that would be necessary to attain a quorum, or, with respect to certain matters where a higher percentage of members are required, such number of votes that would be necessary to approve such matters. Within

ten (10) days after obtaining such authorization by written consent, notice must be given to members who have not consented in writing. The notice shall fairly summarize the material features of the authorized action.

g. Minutes of Meetings. The minutes of all meetings of unit owners and of the Board of Directors as hereinafter set forth shall be kept 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.

#### 4. BOARD OF DIRECTORS

a. Management by Board. The first Board of Directors of the Association, and succeeding Boards of Directors shall manage the affairs of the Association. At least a majority of the Board of Directors shall be members of the Association, or shall be authorized representatives, officers or employees of a corporate member of the Association; provided that members of the Board of Directors designated by the Developer, as hereinafter provided, need not be members of the Association. Whenever Developer shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, Developer, or Developer's successors or assigns, shall have the right to remove any person or persons to act and serve in the place of any director or directors so removed for the remainder of the unexpired term of any director or directors so removed. Any director designated and selected by Developer need not be a resident in the Condominiums or a member of Association.

b. Election of Board. Election of directors shall be conducted in the following manner:

(i) Developer shall, at the beginning of the election of the Board of Directors, designate and select that number of the members of the Board of Directors which it shall be entitled to designate and select in accordance with the provisions of these By-laws, and upon such designation and selection by Developer by written instrument presented to the meeting at which such election is held, said individuals so designated and selected by Developer shall be deemed and considered for all purposes directors of the Association, and shall thenceforth perform the offices and duties of such directors until their successors shall have been selected or elected in accordance with the provisions of these By-laws. Should Developer fail to designate and select members of the Board of Directors at any time while the said Developer is entitled to designate and select members of the Board of Directors as herein provided, those members of the Board of Directors previously designated and selected by Developer shall continue to serve as members of the Board of Directors as though designated and selected as herein provided.

(ii) All members of the Board of Directors whom Developer shall not be entitled to designate and select under the terms and provisions of these By-laws or the Articles of Incorporation shall be elected by a plurality of the votes cast at each annual meeting of the members of the Association or at such other members' meetings as are provided for in Article VIII of the Articles of Incorporation.

(iii) Vacancies in the Board of Directors may be filled until the date of the next annual meeting by the remaining directors, except that should any vacancy in the Board of Directors be created in any directorship previously filled by any person designated and selected by Developer, such vacancy shall be filled by Developer's designating and selecting, by written instrument delivered to any officer of the Association, the successor Director to fill the vacated directorship for the unexpired term thereof.

(iv) In the election of directors, there shall be appurtenant to each unit as many votes for directors as there are directors to be elected; provided, however, that no member or owner may cast more than one vote per unit owned for any person nominated as a director, it being the intent hereof that voting for directors shall be non-cumulative.

(v) In the event that Developer, in accordance with the privilege granted unto it, selects any person or persons to serve on any Board of Directors of the Association, the said Developer shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or persons selected by Developer to serve on said Board of Directors. Replacement of any person or persons selected by Developer to serve on the Board of Directors of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name or names of the person or persons designated as successor or successors to the persons so removed from said Board of Directors. The removal of any director and designation of his successor shall be effective immediately upon delivery of such written instrument by Developer to any officer of the Association.

c. Organizational Meeting. The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election, at such time and at such place 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 provided a quorum shall be present.

d. Regular Meetings, Notice. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, telephone or mailgram at least three (3) days prior to the day named for such meeting, unless notice is waived.

e. Special Meetings. Special meetings of the directors may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Board. Not less than ten (10) days' notice of a meeting shall be given to each director personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

f. Notice to Unit Owners. Adequate notice of all meetings (including adjournments) of the Board of Directors shall be posted conspicuously on the property of each condominium at least forty-eight (48) hours in advance of each meeting, except where a meeting of the Board of Directors is held to deal with an emergency. Notice of any meeting at 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.

g. Attendance of Unit Owners. Unit owners shall have the right to attend and observe all meetings of the Board of Directors. If the Board of Directors meets using telephone conference equipment, a telephone speaker shall be attached so that the discussion may be heard by the board members and by any unit owners present in an open meeting.

h. 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.

i. Quorum. A quorum at a directors' meeting shall consist of the directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at the meeting at which a quorum is present, shall constitute the acts of the Board of Directors, except as

specifically otherwise provided in the Articles of Incorporation, these By-laws or the Declarations of Condominium. If any directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage of directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-laws or the Declarations of Condominium or the Condominium Law, the directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted.

j. Presiding Officer. The presiding officer of directors' meeting shall be Chairman of the Board, if such an officer has been elected; and if none, then the President shall preside. In the absence of the presiding officer, the directors present shall designate one of their number to preside.

k. Directors' Fees. Directors' fees, if any, shall be determined by the members.

l. Powers of Board. All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Articles of Incorporation of the Association, these By-laws and the Declarations of Condominium. Such powers and duties shall be exercised in accordance with said common law and statutes, the Articles of Incorporation, these By-laws and the Declarations of Condominium, and shall include, without limiting the generality of the foregoing, the following:

(i) To make, levy and collect assessments against members and members' units to defray the cost of operation of the Condominiums established by Developer on the Lands, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association.

(ii) The maintenance, repair, replacement, operation and management of the Condominiums wherever the same is required to be done and accomplished by the Association for the benefit of its members.

(iii) The reconstruction of improvements after casualty and the further improvement of the property, real and personal.

(iv) To make and amend regulations governing the use of the property, real and personal, in, on or about the Condominiums, so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declarations of Condominium.

(v) To approve and disapprove proposed purchasers and lessees of units in the manner specified in the Declarations of Condominium.

(vi) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including units in the Condominiums, as may be necessary or convenient in the operation and management of the Condominiums, and in accomplishing the purposes set forth in the Declarations of Condominium.

(vii) To contract with respect to the exercise of its powers and for the management of the Condominiums, and to delegate to such contractor all of the powers and duties of the Association, except those which may be required by the Declarations of Condominium to have approval of the Board of Directors or membership of the Association.

(viii) To enforce by legal means the provisions of the Articles of Incorporation and By-laws of the Association, the Declarations of Condominium and the regulations hereinafter promulgated governing use of the property in the Condominiums.

(ix) To pay all taxes and assessments which are liens against any part of the Condominiums other than units and the appurtenances thereto, and to assess the same against the members and their respective units subject to such liens.

(x) To carry insurance for the protection of the members and the Association against casualty and liability.

(xi) To pay all costs of power, water, sewer and other utility services rendered to the Condominiums and not billed to the owners of the separate units within the Condominiums, and to comply with and enforce all contracts relating to the supply of such utility services.

(xii) To pay all costs associated with the operation and maintenance of docking facilities located on or adjacent to its property or the property of its constituent condominiums, and to assess for such costs all owners of units in such constituent condominiums who have the right to use the docking facilities, as well as to make and enforce rules and regulations for the use thereof.

m. First Board. The first Board of Directors of the Association shall be comprised of the three (3) persons designated to act and serve as directors in the Articles of Incorporation, which said persons shall serve until their successors are designated or elected as provided in Article VIII of the Articles of Incorporation; provided, however, that any election of directors shall be subject to all of the rights hereinabove reserved to Developer by section 4(a) of these By-laws.

n. Contracts of First Board. The undertakings and contracts authorized by said first Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by the first Board of Directors duly elected by the membership, so long as any undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with all applicable Condominium documents and the Condominium law.

o. Removal of Directors. Any one or more of the directors of the Board of Directors of the Association may be recalled and removed from office with or without cause by the vote or agreement in writing of a majority of all the voting interests; provided, however, that only Developer shall have the right to remove a director appointed by it. A special meeting of the unit owners to recall a member or members of the Board of Directors may be called by 10 percent or more of the voting interests giving notice of the meeting as required for a meeting of unit owners, and the notice shall state the purpose of the meeting.

(i) If the recall is approved by a majority of all voting interests by a vote at a meeting, the recall shall be effective immediately, and the recalled member or members of the Board of Directors shall turn over to the Board of Directors any and all records of the Association in their possession, within 72 hours after the meeting.

(ii) If the proposed recall is by an agreement in writing by a majority of all voting interests, the agreement in writing shall be served on the Association by certified mail. The Board of Directors shall call a meeting of the Board within 72 hours after receipt of the agreement in writing and shall either certify the written agreement to recall a member or members of the Board, in which case such member or members shall be recalled effective immediately and shall turn over to the

Board within 72 hours, any and all records of the Association in their possession, or proceed as described in subparagraph (iii).

(iii) If the Board determines not to certify the written agreement to recall a member or members of the Board, or if the recall by a vote at a meeting is disputed, the Board shall, within 72 hours, file with the Division of Florida Land Sales, Condominiums and Mobile Homes a petition for binding arbitration pursuant to the procedures of Section 718.1255, Florida Statutes 1984. For purposes of this section, the unit owners who voted at the meeting or who executed the agreement in writing shall constitute one party under the petition for arbitration. If the arbitrator certifies the recall as to any member or members of the Board, the recall shall be effective upon service of the final order of arbitration upon the Association. If the Association fails to comply with the order of the arbitrator, the aforesaid division may take action pursuant to Section 718.501, Florida Statutes 1984. Any member or members of the Board of Directors so recalled shall deliver to the Board any and all records of the Association in their possession within 72 hours of the effective date of the recall.

p. Adoption of Budgets. The Board of Directors shall mail a meeting notice and copies of the proposed annual budget(s) of common expenses to the unit owners not less than fourteen (14) days prior to the meeting at which the budget will be considered. The meeting notice shall contain information as to the time and place of the meeting of the Board of Directors to be held to consider the budget(s). Such meeting shall be open to Unit Owners. If an adopted budget requires assessment against Unit Owners in any fiscal or calendar year exceeding 115 percent of the assessments for the preceding year, the Board of Directors, upon written application of ten percent or more of the voting interests 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 pass upon the budget submitted to them. The adoption of such a budget at such a meeting shall require a vote of not less than a majority of all voting interests present in person or by proxy. The Board of Directors may propose a budget or budgets to the Unit Owners at a meeting of members or in writing, and if the proposed budget(s) are approved by the Unit Owners at the meeting or by a majority of all Unit Owners in writing, the budget(s) shall be adopted. If a meeting of the Unit Owners has been called and a quorum is not attained or a substitute budget is not adopted by the Unit Owners, the budget adopted by the Board of Directors shall go into effect as scheduled. In determining whether assessments exceed 115 percent 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 to the condominium property shall be excluded from the computation. However, as long as the Developer is in control of the Board of Directors, the Board of Directors shall not impose a budget or budgets requiring assessments for any year greater than 115 percent of the prior fiscal or calendar year's assessments without approval of a majority of all voting interests.

q. Action Without a Meeting (Directors). Anything herein or in the Articles of Incorporation or Declarations of Condominium to the contrary notwithstanding, and to the extent lawful, any action required to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors or any committee thereof, may be taken without a meeting if a consent in writing setting forth the action so to be taken signed by all of the Directors or all of the members of the committee, as the case may be, is filed in the minutes of the proceedings of the Board of Directors or of the committee. Such consent shall have the same effect as a unanimous vote. No prior notice of such intended action shall be required to be given to



the Directors or to the Unit Owners. Notice of the taking of such action shall, however, be posted conspicuously on the condominium property for the attention of Unit Owners after such action shall have been effected. Such notice shall fairly summarize the material features of the action so taken.

r. Presumption of Assent. A director of the Association who is present at a meeting of its Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest.

## 5. OFFICERS

a. Executive Officers. The executive officers of the Association shall be a President, who shall be a director, a Treasurer, a Secretary and such other assistants or vice officers as the Board of Directors may determine, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

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

c. Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors, and such other notices required by law. He shall have the custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the directors or President.

d. Treasurer. The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

e. Compensation. The compensation, if any, of all officers and employees of the Association shall be fixed by the directors. This provision shall not preclude the Board of Directors from employing a director as an employee of the Association nor preclude the contracting with a director for the management of the Condominiums.

## 6. FISCAL MANAGEMENT.

The separate Condominiums established by the Developer upon the Lands will, in fiscal matters, be managed as separate entities and separate accounts shall be maintained for each of the separate condominiums and for the Association itself. The cost and expense of maintenance, upkeep, etc., for any Additional Facilities as described in paragraph 12 of the several Declarations of Condominium, any recreational facilities (including one or more pools), and any roadway or roadways for access to and from public ways, shall be assessed against each individual

Condominium unit for which the Association has operating responsibilities for its pro-rata share of such cost and expense based upon the number of units in each of said condominiums as that number bears to the total number of units in all Condominiums established and operated by the Association, and such assessed expenses shall be considered general common expenses of the Condominium so assessed. Such fiscal management will be as set forth in the several Declarations of Condominium, supplemented by the following:

a. Accounts. The receipts and expenditures of each separate Condominium and for the Association itself will be credited and charged to accounts pursuant to the expense classifications as follows, including, if applicable, but not limited to those expenses listed in Section 718.504(20), Fla. Stats., 1983, all of which expenditures shall be deemed common expenses:

(i) Current Expense, which will include all receipts and expenditures within the year for which the budget is made including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements. The balance in this fund at the end of each year will be applied to reduce assessments for current expenses for the succeeding year.

(ii) Reserves for deferred maintenance, which will include funds for maintenance items that occur less frequently than annually, including but not limited to, accounts for roof replacement, building painting and pavement resurfacing.

(iii) Reserves for replacement, which will include funds for repair or replacement required because of damage, depreciation or obsolescence.

(iv) Improvements, which will include funds to be used for capital expenditures for additions, including personal property, that will become part of the common property.

b. Budget. As provided in Section D. of Article 4 hereof the Board of Directors or the Unit Owners will adopt a budget for each Condominium and for the Association for each calendar year that will include the estimated funds required to defray current expenditures and to provide and maintain funds for the above accounts and reserves, according to good accounting practices, as follows:

(i) Current expense.

(ii) Reserves for deferred maintenance, except as otherwise provided by law, the amount for which will not exceed one hundred fifteen percent (115%) of the budget for this account for the prior year, once an initial reserve is established.

(iii) Reserves for replacement, except as otherwise provided by law, the amount for which will not exceed one hundred fifteen percent (115%) of the budget for this account for the prior year, once an initial reserve is established.

(iv) The initial reserves to be established shall be computed by means of a formula which is based upon estimated life and estimated replacement cost of each reserve item, except that the members by a majority vote at a duly called meeting of the Association may elect for a calendar year to provide no reserves or reserves less adequate than required by said formula.

c. Financial Report. Within ninety (90) days following the end of the Association's calendar year, the Board of Directors shall furnish to each unit owner a complete financial report of actual receipts and expenditures for the preceding year. The report shall show the amounts of receipts and expenses by corresponding accounts and classifications including, where appropriate, at least the following:

- (i) Cost for security;
- (ii) Professional and management fees and expenses;
- (iii) Taxes;
- (iv) Cost for recreational facilities;
- (v) Expenses for refuse collection and utility services;
- (vi) Expenses for lawn care;
- (vii) Cost for building maintenance and repair;
- (viii) Insurance costs;
- (ix) Administrative and salary expenses;
- (x) General reserves, maintenance reserves and depreciation reserves;
- (xi) Costs and expenses of any sewage disposal system; and
- (xii) Costs and expenses of any roadways for access to and from public ways.

d. Assessments. Assessments against the units for their shares of the items of the budgets will be made for the calendar year annually in advance on or before December 20 preceding the year for which the assessments are made. Such assessments will be due in four equal installments on the first day of January, April, July and October of the year for which the assessments are made. If an annual assessment is not made as required, an assessment will be presumed to have been made in the amount of the last prior assessment and quarterly installments will be due upon each payment date until changed by an amended assessment. In the event the annual assessment proves to be insufficient, the budgets and assessments may be amended at any time by the Board of Directors up to the limitations for that year. Any account that exceeds such limitations will be subject to the approval of the membership as previously required by these By-laws. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made will be due in equal monthly installments on the first day of each month remaining in the year for which the assessment is due.

e. Acceleration of assessment installments upon default. If a unit owner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice to the unit owner, and then the unpaid balance of the assessment will come due upon the date stated in the notice, but not less than ten (10) days after delivery of the notice to the unit owner, or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur; provided, however, that under no circumstances shall assessments be made less frequently than four (4) times per year.

f. Special Assessments. Special assessments, for emergencies, public assessments or otherwise, may be made by the Board of Directors from time to time to meet other needs or requirements of the Association in the operation and management of the Condominium or the Additional Facilities and to provide for emergencies, repairs or replacements, and infrequently recurring items of maintenance, or to perform any other function or act authorized expressly or impliedly by the applicable Declaration of Condominium, the Articles of Incorporation of the Association or these bylaws. The specific purpose or purposes of any special assessment shall be set forth in a written notice of such assessment sent or delivered to each Unit Owner. The funds collected

pursuant to a special assessment shall be used only for the specific purpose or purposes set forth in such notice, or if not so used, then returned to the Unit Owners; provided, however, that upon completion of such specific purpose or purposes, any excess funds shall be considered common surplus.

g. The depository of the Association will be such bank or banks as shall be designated from time to time by the directors and in which the moneys of the Association will be deposited. Withdrawals of moneys from such accounts will be only by checks signed by such persons as are authorized by the directors.

h. An audit of the accounts of the Association shall be made annually, and a copy of the report shall be furnished to each member not later than April 1 of the year following the year for which the report is made.

i. Fidelity bonds shall be required by the Board of Directors from all persons serving as directors or officers of the Association. The amounts of such bonds shall be determined by the directors and the premiums paid by the Association.

j. Transfer Fees. The Association shall be empowered to charge, by rule or regulation adopted by the Association, a transfer fee in connection with any sale, mortgage, lease, sublease or other transfer of a unit; provided, however, that no such fee may be charged unless the Association is required to approve such transfer. The fee shall be Fifty (\$50.00) Dollars per transfer. However, if the transfer is the renewal of a lease or sublease with the same lessee or sublessee, no charge shall be made.

k. Fines. The Association, acting by and through the Board of Directors, may levy reasonable fines against a Unit for failure of the Unit Owner or its occupant, licensee or invitee to comply with any provision of the applicable declaration of condominium, these bylaws or the rules and regulations of the Association. No fine shall become a lien against a Unit. No fine shall exceed \$50.00 nor shall any fine be levied except after giving reasonable notice and opportunity for a hearing to the Unit Owner and, if applicable, his licensee or invitee.

l. Estoppel Certificates. Within 15 days after request by a Unit Owner or unit mortgagee, the Association shall provide a certificate stating all assessments and other moneys owed to the Association by the Unit Owner with respect to such Unit owned by the Unit Owner as may be designated by the Unit Owner. Any person other than the Unit Owner who relies upon such certificate shall be protected thereby.

## 7. PARLIAMENTARY RULES

Roberts' Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-laws or with the Statutes of the State of Florida.

## 8. AMENDMENTS TO BY-LAWS

Amendments to these By-laws shall be proposed and adopted in the following manner:

- a. Amendment Proposals. Amendments to these By-laws may be proposed by the Board of Directors of the Association acting upon vote of the majority of the directors, or by more than twenty-five percent (25%) of members of the Association, whether meeting as members or by instrument in writing signed by them.
- b. Meetings on Amendments. Upon any amendment or amendments to these By-laws being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of

the Association in absence of the President, who shall thereupon call a special joint meeting of the members of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members is required as herein set forth.

c. Approval of Amendments. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of two-thirds (2/3) of the entire membership of the Board of Directors and by an affirmative vote of fifty percent (50%) of the members. Thereupon, such amendment or amendments to these By-laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the public records of Indian River County, Florida within twenty (20) days from the date on which any amendment or amendments have been affirmatively approved by the directors and members.

d. Written Votes. At any meeting held to consider such amendment or amendments to the By-laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy.

e. Manner of Amendment. No by-law shall be amended by reference to its title or number only. Proposals to amend existing by-laws shall contain the full text of the by-law(s) to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of by-law. See by-law \_\_\_\_\_ for present text." Nonmaterial errors or omissions in the by-law process shall not invalidate an otherwise properly promulgated amendment.

f. Consent of Developer. Notwithstanding the foregoing provisions of this Article 8, no amendment to these By-laws which shall abridge, amend or alter the right of Developer to designate and select members of each Board of Directors of the Association, as provided in Article 4 hereof, may be adopted or become effective without prior written consent of Developer; and further provided that these By-laws may be amended by action of a majority of the Board of Directors of the Association without vote of the membership, so long as Developer shall have the right to designate and select members of each Board of Directors of the Association, as provided in Article 4 hereof, or until such time as Developer may have relinquished its right to designate and select members of each Board of Directors or may waive the provisions of this paragraph of these By-laws, by instrument in writing executed with the formalities of a deed.

## 9. OFFICIAL RECORDS

a. From the inception of the Association, the Association shall maintain a copy of each of the following, where applicable, which shall constitute the official records of the Association:

(i) The plans, permits, warranties and other items provided by the Developer pursuant to Section 718.301(4), Florida Statutes 1984;

(ii) A photocopy of the recorded declaration of each condominium operated by the Association and all amendments thereto;

- (iii) A photocopy of the recorded bylaws of the Association and all amendments thereto;
- (iv) A certified copy of the Articles of Incorporation of the Association and all amendments thereto;
- (v) A copy of the current rules of the Association;
- (vi) A book or books containing the minutes of all meetings of the Association, of the Board of Directors and of Unit Owners, which minutes shall be retained for a period of not less than 7 years;
- (vii) A current roster of all unit owners, their mailing addresses, unit identifications, voting certifications and if known, telephone numbers;
- (viii) All current insurance policies of the Association and condominiums operated by the Association;
- (ix) A current copy of any management agreement, lease or other contract to which the Association is a party or under which the Association or the unit owners have an obligation or responsibility;
- (x) Bills of sale or transfer for all property owned by the Association;
- (xi) Accounting records for the Association and separate accounting records for each condominium it operates, according to good accounting practices. All accounting records shall be maintained for a period of not less than 7 years. The accounting records shall include, but are not limited to:
- (1) Accurate, itemized and detailed records of all receipts and expenditures.
  - (2) A current account and a monthly, bimonthly or quarterly statement of the account for each unit designating the name of the unit owner, the due date and amount of each assessment, the amount paid upon the account and the balance due.
  - (3) All audits, reviews, accounting statements and financial reports of the Association or condominiums.
  - (4) All contracts for work to be performed. Bids for work to be performed shall also be considered official records and shall be maintained for a period of 1 year.
- (xii) Voting proxies, which shall be maintained for a period of 1 year from the date of the meeting for which the proxy was given.
- (xiii) All rental records where the Association is acting as agent for the rental of condominium units.
- b. The official records of the Association shall be maintained in the county in which the condominium is located.
- c. The official records of the Association shall be open to inspection by any Association member or the authorized representative of such member at all reasonable times. Failure to permit inspection of the Association records as provided herein entitles any person prevailing in an enforcement action to recover reasonable attorneys' fees from the person in control of the records who, directly or indirectly, knowingly denies access to the records for inspection. The right to inspect the records includes the right to make or obtain copies, at the reasonable expense, if any, of the Association member.

The foregoing were adopted as the By-laws of RIVER RUN OF SEBASTIAN 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 the 18th day of June, 1985.

APPROVED:

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary

