

EXHIBIT EBY-LAWSOFTHE SANDS OF THE OCEAN, A CONDOMINIUMSECTION I: ASSOCIATION, INC.(A Florida Corporation Not-For-Profit)SECTION 1: IDENTIFICATION OF ASSOCIATION

These are the By-Laws of THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I: ASSOCIATION, INC., hereinafter referred to as the "Association", as duly adopted by its Board of Directors. The Association is a corporation not-for-profit organized pursuant to and under Chapter 617 of the Florida Statutes for the purpose of managing, operating, and administering THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I, located at 3100 North A1A, Fort Pierce, Florida, 34949.

1.1 The office of the Association shall be for the present at 3100 North A1A, Fort Pierce, Florida, and thereafter may be located at any place in St. Lucie County, Florida, designated by the Board of Directors of the Association.

1.2 The fiscal year of the Association shall be the calendar year.

1.3 The seal of the Association shall be the name of the Association, the word "Florida" and the words "Corporation Not-For-Profit".

SECTION 2: EXPLANATION OF TERMINOLOGY

Any terms contained in these By-Laws which are contained in the "Act", as herein defined, shall have the meanings thereof set forth in the Act, and for clarification the following terms shall have the following meanings:

2.1 "Act" means the Condominium Act, Chapter 718, Florida Statutes, 1991, as heretofore amended.

2.2 "Administrator" and/or "Director" means a member of the Board.

2.3 "Articles" means the Articles of Incorporation of the Association.

2.4 "Assessment" means a share of funds required for the payment of "Common Expenses", as herein defined, which from time to time is assessed against a Unit Owner.

2.5 "Association" means in addition to those entities responsible for the operation of common elements owned in undivided shares by unit owners, any entity which operates or maintains other real property in which condominium unit owners have use rights, where Unit Owner membership in the association is composed exclusively of condominium unit owners or their elected or appointed representatives and where membership in the Association is a required condition of unit ownership. "Association" means THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I, ASSOCIATION, INC., a Florida corporation not-for-profit, responsible for the operation of the Condominium.

2.6 "Board" means the Board of Administration of the Association which is synonymous with the Board of Directors.

2.7 "Budget" means the Budget as defined in the Declaration.

2.8 "By-Laws" means these By-Laws of the Association.

2.9 "Committee" means a group of board members, unit owners, or board members and unit owners appointed by the board to make recommendations to the board or take action on behalf of the board.

2.10 "Common Elements" means all Land and all other portions of the Condominium Property not included in the Units.

2.11 "Common Expenses" means the expenses for which the Unit Owners are liable to the Association as set forth in various sections of the Act and in the Condominium Documents and include costs of operation, maintenance, repair or replacement of the "Common Elements" (as herein defined), costs of carrying out the powers and duties of the Association, costs of fire and extended coverage insurance and any other expenses designated as "Common Expenses" by the Board.

2.12 "THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I, or THE SANDS ON THE OCEAN, SECTION I, or the "Condominium" mean certain land and improvements in St. Lucie County, Florida, which are hereafter submitted to condominium ownership pursuant to the "Declaration" (as herein defined).

2.13 "Condominium Documents" means in the aggregate the Declaration, the "Articles" (as herein defined), these By-Laws and all of the instruments and documents referred to therein and all amendments thereto.

2.14 "Condominium Property" means the Land and all improvements thereon (including the Units) and all easements and rights appurtenant thereto intended for use in connection with the Condominium.

2.15 "Limited Assessment" means a share of funds required to pay for repairs, replacement or modification of "Limited Common Elements" (as herein defined) deemed by the "Board" (as herein defined) to be an expense which the Board, in its discretion, has determined must be paid by the Unit Owners of the Units having the right to use the Limited Common Elements in question.

2.16 "Limited Common Elements" means the Common Elements reserved in the Declaration for the use of a certain Unit or Units to the exclusion of other Units.

2.17 "Member" means a member of the Association.

2.18 "Unit", as defined in the Act, is that part of the "Condominium Property" (as herein defined) which is subject to exclusive ownership.

2.19 "Unit Owner" or "Owner" is the owner of a Unit.

SECTION 3: MEMBERSHIP IN THE ASSOCIATION. MEMBERS' MEETINGS, VOTING AND PROXIES

3.1 The qualification of Members, the manner of their admission to membership in the Association, and the manner of the termination of such membership shall be as set forth in the Articles.

3.2 The Members shall meet annually at the office of the Association or such other place in St. Lucie County, Florida, as determined by the Board and as designated in the notice of such meeting at 2:00 o'clock local time, on the first Thursday in the month of March of each year (the

"Annual Members' Meeting"); provided, however, that if that day is a legal holiday, then the meeting shall be held at the same hour on the next succeeding day which is not a legal holiday. The purpose of the Annual Members' Meeting shall be to hear reports of the officers, elect members of the Board (subject to the provisions of the Articles), to review the annual budget, and to transact any other business authorized to be transacted by the Members.

3.3 Special meetings of the Members shall be held at any place within the County of St. Lucie, State of Florida. A special meeting must be called by the President or Vice-President upon receipt of a written request from one-third (1/3) of the Members.

3.4 Meetings of the Association shall be open to any "Institutional Mortgagee" (as defined in the Declaration) or a representative thereof; provided, however, except as is permitted or contemplated by these By-Laws.

3.5 Minutes of all meetings shall be kept in a businesslike manner and be available for inspection by the Members and Administrators at all reasonable times for at least seven (7) years subsequent to the date of the meeting the minutes reflect.

FLORIDA STATUTES: 718 (1991)
SECTIONS OF FLORIDA STATUTES 718 REVISED AND EFFECTIVE
JANUARY 1, 1992 AND/OR APRIL 1, 1992. ARE INCLUDED IN THE
BY-LAWS TO CLARIFY SIGNIFICANT CHANGES. THESE SECTIONS WILL
BE MARKED BY AN ASTERISK (*).

THE FOLLOWING ARE PORTIONS OF THE REVISED FLORIDA
STATUTES.

* 718.112

* Quorum; voting requirements; proxies.--

1. Unless a lower number is provided in the bylaws, the percentage of voting interests required to constitute a quorum at a meeting of the members shall be a majority of the voting interests. Unless otherwise provided in this chapter, or in the declaration, articles of incorporation, or bylaws, and except as provided in sub=paragraph (d) 3, decisions shall be made by owners of a majority of the voting interests represented at a meeting at which a quorum is present.

2. Except as specifically otherwise provided herein, after January 1, 1992, unit owners may not vote by general proxy, but may vote by limited proxies substantially conforming to a limited proxy form adopted by the division. Limited proxies and general proxies may be used to establish a quorum. Limited proxies shall be used for votes taken to waive or reduce reserves in accordance with subparagraph

(f)2.; for votes taken to waive financial statement requirements as provided by s. 718.111(14); for votes taken to amend the declaration pursuant to s. 718.110; for votes taken to amend the articles of incorporation or bylaws pursuant to this section; and for any other matter for which this chapter requires or permits a vote of the unit owners. After January 1, 1992, no proxy, limited or general, shall be used in the election of board members. General proxies may be used for other matters for which limited proxies are not required, and may also be used in voting for non-substantive changes to items for which a limited proxy is required and given. Notwithstanding the provisions of this subparagraph, unit owners may vote in person at unit owner meetings. Nothing contained herein shall limit the use of general proxies or require the use of limited proxies for any agenda item or election at any meeting of a time-share condominium association.

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

*(c) Board of Administration Meetings. Meetings of the board of administration and any committee thereof at which a quorum of the members of that committee are present shall be open to all unit owners. Any unit owner may tape record or videotape meetings of the board of administration. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The division shall adopt reasonable rules governing the tape recording and videotaping of the meeting. The association may adopt reasonable rules governing the frequency, duration, and manner of unit owner statements. Adequate notice of all meetings, which notice shall incorporate an identification of agenda items, shall be posted conspicuously on the condominium property at least 48 continuous hours preceding the meeting except in an emergency. However, written notice of any meeting at which nonemergency special assessments, or at which amendment to rules regarding unit use will be proposed, discussed, or approved, shall be mailed or delivered to the unit owners and posted conspicuously on the condominium property not less than 14 days prior to the meeting. Evidence of compliance with this 14-day notice shall be made by an affidavit executed by the secretary and filed among the official records of the association. Upon notice to the unit owners, the board shall by duly adopted rule designate a specific location on the condominium property upon which all notices of board meetings shall be posted. Notice of any meeting in which regular 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.

* (d) Unit Owners Meetings.--

1. There shall be an annual meeting of the unit owners. Unless the bylaws provide otherwise, a vacancy on the board of administration caused by the expiration of a director's term shall be filled by electing a new board member. If there is no provision in the bylaws for terms of the members of the board of administration, the terms of all members of the board of administration shall expire upon the election of their successors at the annual meeting. Any unit owner desiring to be a candidate for board membership shall comply with subparagraph 3.

2. The bylaws shall provide the method of calling meetings of unit owners, including annual meetings. Written notice, which notice shall incorporate an identification of agenda items, shall be given to each unit owner at least 14 days prior to the annual meeting and shall be posted in a conspicuous place on the condominium property at least 14 continuous days preceding the annual meeting. Upon notice to the unit owners, the board shall by duly adopted rule designate a specific location on the condominium property upon which all notices of unit owner meetings shall be posted. Unless a unit owner waives in writing the right to receive notice of the annual meeting by mail, the notice of the annual meeting shall be sent by mail to each unit owner.

*3. After January 1, 1992, the board of administration shall be elected by written ballot or voting machine. Proxies shall in no event be used in electing the board of administration, either in general elections or elections to fill vacancies caused by recall, resignation, or otherwise. Not less than 60 days before a scheduled election, the association shall mail or deliver, whether by separate association mailing or included in another association mailing or delivery including regularly published newsletters, to each unit owner entitled to vote, a first notice of the date of election. Any unit owner or other eligible person desiring to be a candidate for the board of administration shall give written notice to the secretary of the association not less than 40 days before a scheduled election. Not less than 30 days before the election meeting, the association shall then mail or deliver a second notice of the meeting to all unit owners entitled to vote therein, together with a ballot which shall list all candidates. Upon request of a candidate, the association shall include an informational sheet, no larger than 8 1/2 inches by 11 inches furnished by the candidate, to be included with the mailing of the ballot, with the costs of mailing and copying to be borne by the association. The

division shall by rule establish voting procedures consistent with the provisions contained herein, including rules providing for the secrecy of ballots. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement or minimum number of votes necessary for election of members of the board of administration. No unit owner shall permit any other person to vote his ballot, and any such ballots improperly cast shall be deemed invalid.

*6. Unit owners shall have the right to participate in meetings of unit owners with reference to all designated agenda items. However, the association may adopt reasonable rules governing the frequency, duration, and manner of unit owner participation.

*7. Any unit owner may tape record or videotape a meeting of the unit owners subject to reasonable rules adopted by the division.

* (f) Annual Budget--

1. The proposed annual budget of common expenses shall be detailed and shall show the amounts budgeted by accounts and expense classification, including, applicable, but not limited to, those expenses listed in s. 718.504(20). In addition, if the association maintains limited common elements with the cost to be shared only by those entitled to use the limited common elements as provided for in 718.113(1), the budget or a schedule attached thereto shall show amounts budgeted therefor.

*2. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The association may adjust replacement reserve assessments annually to take into account any extension of the useful life of a reserve item caused by deferred maintenance.

*3. Reserve funds and any interest accruing thereon shall remain in the reserve account for authorized reserve expenditures, unless their use for other purpose is approved in advance by a vote of the majority of the voting interests present at a duly called meeting of the association.

*(j) Fidelity bonds--The association shall obtain and maintain adequate fidelity bonding of all persons who control or disburse funds of the association in the principal sum of not less than \$50,000. for each person. The association shall bear the cost of bonding. However, in

the case of a person providing management services to the association and required to be licensed pursuant to s. 468.432, the cost of bonding may be reimbursed by the association; all such persons providing management services to an association shall provide the association with a certificate of insurance evidencing compliance with this paragraph.

* (1) Arbitration.--There shall be a provision for mandatory nonbinding arbitration as provided for in s. 718.1255.

* (m) Certificate of compliance.--There shall be a provision that a certificate of compliance from a licensed electrical contractor or electrician may be accepted by the association's board as evidence of compliance of the condominium units to the applicat fire and life safety code.

*Section 8. Subsections (1) and (2) of section 718.115, Florida Statutes, 1991, Supplement, are amended to read:

(1) (a) Common expenses include the expenses of the operation, maintenance, repair, replacement, or protection of the common elements and association property, costs of carrying out the powers and duties of the association, and any other expense, whether or not included in the foregoing, designated as common expense by this chapter, the declaration, the documents creating the association, or the by-laws. Common expenses also include reasonable transportation services, insurance for directors and officers, road maintenance and operation expenses, in-house communication and security services, which are reasonably related to the general benefit of the unit owners even if such expenses do not attach to the common elements or property of the condominium. However, such common expenses must either have been services or items provided from the date the control of the board of administration of the association was transferred from the developer to the unit owners or may be services or items provided for in the condominium documents or bylaws.

* (b) (2) Except as otherwise provided by this chapter, funds for the payment of common expenses shall be collected by assessments against unit owners in the proportions or percentages provided in the declaration. In a residential condominium, unit owners' shares of common expenses shall be in the same proportions as their ownership interest in the common elements.

*Section 9. Section 718.116, Florida Statutes, 1990 Supplement, is amended to read:

*(1) (a) A unit owner, regardless of how his title has been acquired, including a purchaser at a judicial sale, is liable for all assessments which come due while he is the unit owner. The grantee is jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the common expenses up to the time of transfer of title, without prejudice to any right the grantee may have to recover from the grantor the amounts paid by the grantee. However, a first mortgagee who acquires title to the unit by foreclosure or by deed in lieu of foreclosure is not liable for the share of common expenses or assessments attributable to the condominium parcel or chargeable to the former unit owner if the mortgagee has recorded in the Official Records a deed in lieu of foreclosure or filed a foreclosure proceeding in a court of appropriate jurisdiction within 6 months after the last payment of principal or interest received by the mortgagee. The 6-month period shall be extended for any period of time during which the mortgagee is precluded from initiating such procedure due to the bankruptcy laws of the United States, and in no event shall the mortgagee be liable for more than 6 months of the unit's unpaid common expenses or assessments accrued before the acquisition of the title to the unit by the mortgagee.

*(2) The liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made.

*(3) Assessments and installments on them which are not paid when due bear interest at the rate provided in the declaration, from the due date until paid. This rate may not exceed the rate allowed by law, and, if no rate is provided in the declaration, interest shall accrue at the rate of 18 percent per year. Also, if the declaration or bylaws so provide, the association may charge an administrative late fee in addition to such interest, in an amount not to exceed the greater of \$25 or 5 percent of each installment of the assessment for each delinquent installment that the payment is late. Any payment received by an association shall be applied first to any interest accrued by the association, then to any administrative late fee, then to any costs and reasonable attorney's fees incurred in collection, and then to the delinquent assessment. The foregoing shall be applicable notwithstanding any restrictive endorsement, designation, or instruction placed on or accompanying a payment. A late fee shall not be subject to the provisions in chapter 687 or 718.303 (3).

*(4) If the association is authorized by the declaration or bylaws to approve or disapprove a proposed lease of a unit, the grounds for disapproval may include but

are not limited to, a unit owner being delinquent in the payment of an assessment at the time approval is sought.

*(5)(a) The association has a lien on each condominium parcel for any unpaid assessments with interest and for reasonable attorney's fees incurred by the association which are incident to the collection of the assessment or enforcement of the lien. Except as set forth below, the lien is effective from and shall relate back to January 1, 1992, or the recording of the original declaration of condominium whichever shall occur. However, as to first mortgages of record, the lien is effective from and after recording of a claim of lien. The lien shall be recorded in the public records in the county in which the condominium parcel is located which states the description of the condominium parcel, the name of the record owner, the amount due, and the due dates. No such lien shall continue for a longer period than 1 year after the claim of lien has been recorded unless, within that time, an action to enforce the lien is commenced in a court of competent jurisdiction. The claim of lien shall secure all unpaid assessments, interest, costs and attorney's fees which are due and which may accrue subsequent to the recording of the claim of lien and prior to entry of a final judgment of foreclosure. A claim of lien must be signed and acknowledged by an officer or agent of the association. Upon payment, the person making the payment is entitled to a satisfaction of the lien.

* (f) Recall of board members.-- Subject to the provisions of s. 719.301, any member of the board of administration may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of all the voting interests. A special meeting of the voting interests to recall any member of the board of administration may be called by 10 percent of the unit owners giving notice of the meeting as required for a meeting of unit owners, and the notice shall state the purpose of the meeting.

1. 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 each recalled member of the board of administration shall turn over to the board any and all records of the association in his possession within 72 hours after the meeting.

2. 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 administration 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 members of the board, in which case such 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 3.

3. If the board determines not to certify the written agreement to recall 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 a petition for binding arbitration pursuant to the procedures of s. 719.1255. For purposes of this paragraph, 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 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 division may take action pursuant to s. 719.501. Any member so recalled shall deliver to the board any and all records of the association in his possession within 72 hours of the effective date of the recall.

SECTION 4: BOARD OF DIRECTORS

4.1 The form of administration of the Association shall be by a Board of Directors. At no time shall there be less than three (3) Directors on the Board.

4.2 The election and, if applicable, designation of Directors shall be conducted in accordance with the Articles.

4.3 Subject to Section 4.5 below, vacancies in the Board shall be filled by persons elected by the remaining Directors. Any such person shall be a Director and have all of the rights, privileges, duties and obligations as a Director elected at an Annual Members' Meeting and shall serve until the next Annual Members' Meeting.

4.4 The term of each director's service shall extend in accordance with the provisions of the Articles of Incorporation or until he is removed in the manner elsewhere provided herein.

4.5 There shall be seven members of the Board of Directors which shall be elected at the Annual Meeting of the Membership; three members in odd numbered years, and four members in even numbered years in order to create a staggered term of election. Consequently, Board Members shall serve staggered two year terms until their successors are duly elected and qualified.

4.6 The organizational meeting of a newly elected Board shall be held within (10) ten days of their election

at such place and time as shall be fixed by the Directors at the meeting at which they were elected. No further notice of the organizational meeting shall be necessary.

4.7 Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of Directors. Special meetings of the Board may be called at the discretion of the President or the Vice-President of the Association. Special meetings must be called by the Secretary at the written request of one-third (1/3) of the Directors.

4.8 Notice of the time and place of regular and special meetings of the Board, or adjournments thereof, shall be given to each Director personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meeting. Except in an emergency, notice of a Board meeting shall be posted conspicuously on the Condominium Property forty-eight (48) hours in advance (except in an emergency) for the attention of Members. Notice of any meeting in which Assessments are to be considered for any reason shall specifically contain a statement that Assessments will be considered and the nature of such Assessments. Any Director may waive notice of a meeting before, during or after such meeting, and such waiver shall be deemed equivalent to the receipt of notice by such Director.

4.9 A quorum of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board, except as specifically otherwise provided by law, in the Declaration, Articles or elsewhere herein. If at any meeting the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any meeting being held because of such an adjournment any business which might have been transacted at the meeting as originally called may be transacted. In the case of the adjournment of a meeting, notice to the Directors of such adjournment shall, subject to the Act, be as determined by the Board.

4.10 The presiding officer at Board meetings shall be the President. In the absence of the President, the Vice President shall preside. In the absence of both President and Vice President, the Directors present shall designate one of their number to preside.

4.12 Minutes of all meetings of the Board shall be kept in a businesslike manner and be available for inspection by Members and Directors at all reasonable times. The Minutes shall be retained by the Association for at

least seven (7) years subsequent to the date of the meeting the minutes reflect.

4.13 The Board shall have the power to appoint Executive Committees of the Board consisting of not less than two (2) Directors. Executive Committees shall have and exercise such powers of the Board as may be delegated to such Executive Committee by the Board.

4.14 Meetings of the Board shall be open to all Members. Unit owners shall have the right to participate in meetings of unit owners with reference to all designated agenda items. However, the association may adopt reasonable rules governing the frequency, duration, and manner of unit owner participation. Any unit owner may tape record or videotape a meeting of the unit owners subject to reasonable rules adopted by the division. In the event that a Member not serving as a Director conducts himself in a manner detrimental to the carrying on of such meeting, then the Board of Directors may direct the expulsion of said Member from the meeting by any reasonable means which may be necessary to accomplish such an expulsion. Also, the Board of Directors shall have the right to exclude from any meeting of the Board any person who is not able to provide sufficient proof that he is a Member, unless said person was specifically invited by the Directors to participate in such meeting.

SECTION 5: POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association, including those existing under the Act and the Condominium Documents, shall be exercised by the Board, unless otherwise specifically delegated therein to the Members. Such powers and duties of the Board shall be exercised in accordance with the provisions of the Act and the Condominium Documents and shall include, but not be limited to, the following:

5.1 Making and collecting Assessments against Members to pay the costs of Common Expenses and making and collecting Limited Assessments against the appropriate Unit Owners. These Assessments shall be collected by the Association through payments made directly to it by the Members as set forth in the Declaration.

5.2 Using the proceeds of Assessments in the exercise of the powers and duties of the Association and the Board.

5.3 Maintaining, repairing and operating the Condominium Property.

5.4 Reconstructing improvements after casualties and losses and making further authorized improvements of the Condominium Property.

5.5 Making and amending rules and regulations with respect to the use of the Condominium Property.

5.6 Approving or disapproving of proposed purchasers, lessees, or mortgagees of Units and those acquiring Units by gift, devise, or inheritance, and other transferees, in accordance with the provisions set forth in the Declaration.

5.7 Enforcing by legal means the provisions of the Condominium Documents and the applicable provisions of the Act.

5.8 Entering into and terminating management agreements and contracts for the maintenance and care of the Condominium Property, including the power to delegate to third parties pursuant to such contracts all powers and duties of the Association with respect to the care and maintenance of such property, except where approval of the Members is specifically required by the Condominium Documents.

5.9 Paying taxes and assessments which are or may become liens against Common Elements and Units owned by the Association, if any, and assessing the same against Units which are or may become subject to such liens.

5.10 Purchasing and carrying insurance for the protection of Unit Owners and the Association against casualty and liability for the Condominium Property.

5.11 Paying costs of all power, water, sewer, and other utility services rendered to the Condominium and not billed to owners or individual Units.

5.12 Hiring and retaining such employees as are necessary to administer and carry out the services required for the proper administration of the purposes of this Association, and paying all salaries therefor.

SECTION 6: OFFICERS OF THE ASSOCIATION

6.1(a) The officers of the Association shall be a President, one or more Vice Presidents, a Secretary and a Treasurer and, if elected by the Board, an Assistant Secretary and an Assistant Treasurer, which officers shall be subject to the directions of the Board.

6.1(b) The Board shall elect the President, the Vice President, the Secretary, the Treasurer, and any other Vice

Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall from time to time determine appropriate. Such officers shall be elected annually by the Board at the first meeting of the Board; provided, however, such officers may be removed by such Board and other persons may be elected by the Board as such officers in the manner herein provided. Any officer may be removed without cause from office by a vote of the Directors at any meeting of the Board. The President shall be a Director of the Association, but no other officer need be a Director. The same person may hold two (2) offices, the duties of which are not incompatible; provided, however, the offices of President and Vice President shall not be held by the same person, nor shall the same person hold the office of President who holds the office of Secretary or Assistant Secretary.

6.2 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 a President of a condominium association, including, but not limited to, the power to appoint such committees at such times from among the Members as he may in his discretion determine appropriate to assist in conducting the affairs of the Association. The President shall preside at all meetings of the Board.

6.3 In the absence or disability of the President, the Vice President shall exercise the powers and perform the duties of the President. The Vice President shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board. In the event there shall be more than one Vice President elected by the Board, then they shall be designated "First", "Second", etc., and shall exercise the powers and perform the duties of the Presidency in such order.

6.4 The Secretary shall keep the minutes of all meetings of the Board and the Members, which minutes shall be kept in a businesslike manner and shall be available for inspection by Members and Directors at all reasonable times. He shall have custody of the seal of the Association and shall affix the same to instruments requiring such seal when duly authorized and directed by the Board to do so. He shall keep the records of the Association, except those of the Treasurer, and shall perform all of the duties incident to the office of Secretary of the Association as may be required by the Board or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall assist the Secretary.

6.5 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, the books of the Association in accordance with good accounting practices and shall perform all of the duties incident to the office of a Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer whenever the Treasurer is absent and shall assist the Treasurer.

6.6 The compensation, if any, of all employees of the Association shall be fixed by the Board. Compensation for officers may be fixed by the Board if compensation is first authorized by the Members by inclusion of a budget item therefor in the Annual Budget of the Association. This provision shall not preclude the Board from employing an Administrator as an employee of the Association, or preclude the contracting with a Director for the management of the Condominium.

6.7 The Association shall secure a fidelity bond for all of its officers who control or disburse funds for the Association. The premium or other cost of such fidelity bond shall be borne by the Association.

SECTION 7: ACCOUNTING RECORDS; FISCAL MANAGEMENT

7.1 The Association shall maintain in St. Lucie County, Florida, accounting records in accordance with good accounting practices which shall be open to inspection by Members or their authorized representatives at reasonable times. Such authorization as a representative of a Member must be in writing and be signed by the Member giving such authorization and dated within sixty (60) days of the date of any such inspection. Written summaries of the accounting records shall be supplied at least annually to the Members. Such records shall include (a) a record of all receipts and expenditures; (b) an account for each Unit which shall designate the name and current address of the Unit Owner, the amount of each Assessment charged to the Unit, the amounts and due dates for each Assessment, the amounts paid upon such account and the balance due; and (c) an account indicating the Common Expenses allocated under the Budget and the Common Expenses actually incurred during the course of the fiscal year.

7.2 (a) The Board shall adopt a Budget of the Common Expenses of the Association for each forthcoming fiscal year at a special meeting of the Board ("Budget Meeting") called for that purpose during the first two (2) weeks of November of each year. Prior to the Budget Meeting a proposed Budget shall be prepared by or on behalf of the Board, which Budget shall include, but not be limited to, the following items of expenses:

- (i) Administration of the Association
- (ii) Management fees
- (iii) Maintenance
- (iv) Maintenance for recreational and other facilities maintained by the Association.
- (v) Taxes upon Association property
- (vi) Taxes upon leased areas
- (vii) Insurance
- (viii) Security provisions
- (ix) Other expenses
- (x) Operating capital
- (xi) Reserves
- (xii) Fees payable to the Division of Florida Land Sales and Condominiums
- (xiii) Expenses of Board Members directly related to the affairs of administration of the Association.

Copies of the proposed Budget and notice of the exact time and place of the Budget Meeting shall be mailed to each Member at the Member's last known address as reflected on the books and records of the Association no less than thirty (30) days prior to said Budget Meeting, and the Budget Meeting shall be open to the Members.

(b) The Board shall, pursuant to the provisions of Section 718 of the Act, as amended from time to time, also include on any proposed annual Budget a sum of money for reserve accounts for capital expenditures and deferred maintenance, which accounts shall include, but not be limited to, roof replacement, building painting, and pavement resurfacing. The amount of the reserve shall be computed by means of a formula which is based upon estimated life and replacement cost of each reserve item. This sum of money so fixed may then be levied upon the members by the Board as a special Assessment, and shall be considered an "Excluded Expense" under Section 7.3 hereof.

(c) No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Common Expenses not included in the Budget or which exceed budgeted amounts, and no Board shall be required to engage in deficit spending. Should there exist any deficiency which results from there being greater Common Expenses than income from Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of a special Assessment to be levied by the Board as otherwise provided in the Declaration. Notwithstanding any provision herein to the contrary, in the event any such deficiency occurs or is reasonably anticipated to occur and the Board is unable as a matter of law or otherwise to obtain necessary funds by timely Assessment, the Board is authorized to borrow funds on behalf of the Association the cost of prepayment of which, plus interest, shall be a Common Expense.

(d) In administering the finances of the Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) any income received by the Association in any calendar year may be used by the Association to pay expenses incurred by the Association in the same calendar year; (iii) there shall be apportioned between calendar years on a pro rata basis any expenses which are prepaid in any one calendar year for Common Expenses which cover more than such calendar year; (iv) Assessments shall be made not less frequently than quarterly in amounts no less than are required to provide funds in advance for payment of all of the anticipated current operating expenses and for all unpaid operating expenses previously incurred; and (v) Common Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such Common Expenses is received. Notwithstanding the foregoing, Assessments shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses and anticipated cash needs in any calendar year.

(e) The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board in which the monies of the Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board.

(f) An audit of the accounts of the Association shall be made annually by an auditor, accountant or Certified Public Accountant designated by the Board and a copy of a report of such audit shall be furnished to each Member no later than the first day of March of the year following the year for which the report is made. The report shall be deemed to be furnished to the Member upon its delivery or mailing to the Member at his last known address shown on the books and records of the Association.

7.3 Until the provisions of Section 718 of the Act relative to the Members approval of a Budget requiring Assessments against the Members in excess of 115% of such Assessments for the Members in the preceding year are declared invalid by the Courts, or until amended by the Florida Legislature, (however, if such Amendment merely substitutes another amount for 115%, then such new amount shall be substituted for 115% each time it is used in this Section 7.3) the following shall be applicable:

(a) Should the Budget adopted by the Board at the Budget Meeting require Assessments against the Members of an amount not greater than 115% of such Assessments for the prior year, the Budget shall be deemed approved. If, however, the Assessments required to meet the Budget exceed 115% of such Assessments against the Members for the

preceding year (an "Excess Assessment"), then the provisions of Sections 7.3(b), (c) and (d) hereof shall be applicable; provided that, in computing whether an Assessment constitutes an Excess Assessment, there shall be excluded from such computation (the "Excluded Expenses"): authorized 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; and assessments for betterments to the Condominium Property.

(b) After the Board is not "controlled by the Developer"; Should the Excess Assessment be adopted by the Board after the Board is not controlled by the Developer, then upon written application requesting a special meeting signed by ten (10%) percent or more of the Members and delivered to the Board within twenty (20) days after the Budget Meeting, the Board shall call a special meeting to be held not less than ten (10) days subsequent to the sending of written notice to each Member, but within thirty (30) days of the delivery of such applications and enact a revision of the Budget. The enactment of a revision of the Budget shall require approval of not less than two-thirds (2/3) of the Members. If such a revised Budget is enacted at said special meeting, then the revised Budget shall be the final Budget, or if a revised Budget is not enacted at such special meeting, then the Budget originally adopted by the Board shall be the final Budget. If no written application is delivered, as provided herein, then the Budget originally adopted by the Board shall be the final Budget.

(c) No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Common Expenses not included in the Budget or which shall exceed budgeted items, and no Board shall be required to engage in deficit spending. Should there exist any deficiency which results from there being greater Common Expenses than income from Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of a special Assessment to be levied by the Board as otherwise provided in the Declaration.

7.4 Allocation of Common Expenses and Determination of Annual Assessment.

(a) The Budget constitutes an estimate of the expenses of the Association. Subsequent to the "Interim Assessment Period" (as described in the Declaration), this estimate of the expenses of the Association shall be multiplied by the percentage share in Common Expenses assigned to each Unit and the resultant sum shall constitute the "Annual Assessment" for such Unit.

(b) Notwithstanding the allocation to each Unit of its Annual Assessment, a Unit Owner shall also be liable for any special Assessments or Limited Assessments levied by the Board against his Unit as provided in the Declaration.

7.5 Manner of Collecting Share of Common Expenses.

The Association shall collect Annual, Limited and special Assessments from the Unit Owner in the manner set forth in the Declaration and the other Condominium Documents.

SECTION 8: RULES AND REGULATIONS

The Board may adopt Rules and Regulations or amend or rescind existing Rules and Regulations for the operation and the use of the Condominium Common Elements, may place restrictions on and requirements for the use, maintenance, and appearance of, the Units and the use of the Common Elements, and make such other provisions not inconsistent with the provisions of Section 718, at any meeting of the Board; provided, however, that such Rules and Regulations are not inconsistent with the Condominium Documents or the Act. Such Rules and Regulations may specifically govern the use, maintenance and appearance of the Units, as well as the Limited Common Elements attached thereto.

SECTION 9: PARLIAMENTARY RULES

The then latest edition of Robert's Rules of Order shall govern the conduct of meetings of Members of this Association and of the Board; provided, however, if such rules and regulations are in conflict with the Articles, these By-Laws, the Declaration or the Act, then the Articles, By-Laws, Declaration, or Act, as the case may be, shall govern. A copy of said Rules of Order shall be present at each meeting, and the President shall designate a parliamentarian, who may be any Unit Owner present, or the attorney for the Association, if present, and who shall rule on all parliamentary questions. Such ruling shall be enforced by the Chairman of the meeting unless overruled by a motion carried by a two-third (2/3) vote of the Board.

SECTION 10: AMENDMENT OF THE BY-LAWS

10.1 These By-Laws may be amended by the affirmative vote of not less than a majority of the Members present at an Annual Members' Meeting or a special meeting of the Members and the affirmative approval of a majority of the Board at a regular or special meeting of the Board. A copy of the proposed amendment shall be sent to each Member along with the notice of the special or Annual Members' Meeting. An amendment may not be approved at the same meeting of the Board and/or Members at which such amendment is proposed,

but must be first sent to each Member as hereinabove provided. The remainder of the provisions of Section 718 of the Act shall apply to any amendments.

10.2 An amendment may be proposed by either the Board or by the Members, and after being proposed and approved by one of such bodies, it must be approved by the other as above set forth in order to become enacted as an amendment.

10.3 Amendments to these By-Laws shall be made in accordance with the requirements of the Act in effect at the time of the amendment.

10.4 Notwithstanding any provision of this Section 10 to the contrary, no modification or amendment to these By-Laws shall be adopted which would affect or impair the priority of any "Institutional Mortgagee", as defined in the Declaration, the validity of the mortgage held by any such Institutional Mortgagee or any of the rights of the Developer or of an Institutional Mortgagee without the prior written consent of the Institutional Mortgagee.

CERTIFICATE

The foregoing is a true copy of the By-Laws of THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I ASSOCIATION, INC.

(SEAL)


Secretary

July 15, 1993

Date

WITNESS my signature hereto this 15 day of July 1993, at Fort Pierce, St Lucie County, Florida.

THE SANDS ON THE OCEAN, A
CONDOMINIUM SECTION I
ASSOCIATION, INC.

Thomas E. Ryan
Witness

By: Thomas E. Ryan
President

Thomas E. Ryan
Witness

Attest: Timothy R. Cutler
Secretary

STATE OF FLORIDA)
) SS:
COUNTY OF ST. LUCIE)

I HEREBY CERTIFY that on this day before me personally appeared Thomas E. Ryan and Timothy R. Cutler, the President and Secretary, respectively, of the foregoing corporation, known to me personally to be such, and they severally acknowledged to me that the said certificate is the free and voluntary act and deed of them, and each of them, each for himself and not for the other, and that the facts therein stated are truly set forth.

Dated at Ft. Pierce, St. Lucie County, Florida, this 15 day of July, 1993.

Jacklyn A. Tolimine
NOTARY PUBLIC, State of Florida
at large

My Commission Expires:

State of Florida
Notary Public
Commission Expires 07/15/94