

ARTICLES OF INCORPORATION  
OF  
FAIRVIEW OWNERS' ASSOCIATION, INC.  
(A Corporation Not for Profit)

THE UNDERSIGNED subscriber to these Articles of Incorporation hereby proposes the incorporation under Chapter 617, Florida Statutes, of a corporation not for profit, and hereby makes, subscribes, acknowledges, and files with the Secretary of State of the State of Florida, Articles of Incorporation, and hereby certify as follows:

ARTICLE I

Name

The name of this corporation shall be FAIRVIEW PROPERTY OWNERS' ASSOCIATION, INC. (hereinafter referred to as the "Association"), and its initial office for the transaction of its affairs shall be S.R. 674 and Pebble Beach Boulevard, Sun City Center, Florida 33570, and the initial Registered Agent at that address is Lou Ellen Wilson.

ARTICLE II

Purposes

This Association does not contemplate pecuniary gain or profit to the members thereof, and no distribution of income to its members, directors or officers shall be made, except that nothing herein shall prevent the Association from compensating persons who may be members, directors or officers in exchange for services actually rendered to, or costs actually incurred for the benefit of, the Association in furtherance of one or more of its purposes. The general purpose of this Association is to promote the common interests of the property owners in FAIRVIEW SUBDIVISION (hereinafter referred to as the "Subdivision"), and the specific purpose is to perform the functions of the property owners' association contemplated in the Declaration of Covenants and Restrictions for the Subdivision recorded in the Public Records of Hillsborough County, Florida, (hereinafter referred to as the "Declaration"), as the same may in the future be amended, which purposes shall include but not be limited to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration;

(b) Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith

and all office and other expenses incident to the conduct of the business of the Association;

(c) Provide any external maintenance contemplated by the Declaration;

(d) Have and exercise any and all other powers, rights and privileges of a not-for-profit corporation organized under the law of the State of Florida.

### ARTICLE III

#### Membership and Voting Rights

A. Eligibility. Every person, whether an individual, corporation or other entity, who is the record owner of a Lot that is subject to assessment pursuant to the Declaration shall become a member of the Association upon the recording of the instrument of conveyance. If title to a Lot is held by more than one person, each such person shall be a member. A Homeowner of more than one Lot is entitled to membership for each Lot owned. No person other than a Homeowner may be a member of the Association, and a membership in the Association may not be transferred except by the transfer of title to a Lot; provided, however, the foregoing does not prohibit the assignment of membership and voting rights by a Homeowner who is a contract seller to such Homeowner's vendee in possession.

If more than one person owns a fee interest in any Lot, all such persons are members; but there may be only one vote cast with respect to such Lot. Such vote may be exercised as the co-owners determine among themselves; but no split vote is permitted. Prior to any meeting at which a vote is to be taken, each co-owner must file a certificate with the secretary of the Association naming the voting co-owner entitled to vote at such meeting, unless such co-owners have filed a general voting certificate with the Secretary applicable to all votes until rescinded. Notwithstanding the foregoing, no separate certificate shall be necessary if title to any Lot is held in a tenancy by the entirety, and in such event either tenant is entitled to cast the vote for such Lot unless and until the Association is notified otherwise in writing by such co-tenants by the entirety.

B. Classes of Membership and Voting. The Association shall have two classes of voting membership: Class A and Class B. So long as there is Class B membership, Class A members shall be all persons owning record title to the Lots of the Subdivision ("Homeowners") except Developer. All Class B memberships shall belong to the Developer. Upon termination of Class B membership, as provided below, Class A members shall be all Homeowners, including Developer so long as such Developer is a Homeowner. Subject to the provisions of Section A of this Article, members, Class A or Class B, are entitled to cast one

vote for each Lot owned. There shall be no cumulative voting for Directors or any other matters.

The Class B membership will terminate and convert automatically to Class A membership upon the happening of any of the following, whichever occurs first:

(a) The Developer conveys all of its respective right, title and interest in and to all the Lots of the Subdivision. For purposes of this provision, a Lot shall be considered conveyed when the Deed is duly recorded.

(b) The passage of four (4) months after the Developer has conveyed, other than to a successor Developer, all of the Developer's right, title and interest in and to seventy-five percent (75%) of the Lots.

(c) The passage of three (3) years after the Developer has conveyed, other than to a successor Developer, all of the Developer's right, title and interest in and to any Lot.

(d) The Developer records a disclaimer of its respective Class B memberships.

Upon termination of Class B membership, all provisions of the Declarations, Articles, or By-Laws referring to Class B membership will be obsolete and without further force or effect, including any provision requiring voting by classes of membership.

C. Transferability. Each membership is appurtenant to the Lot upon which it is based and is transferred automatically by conveyance of title to that Lot whether or not mention thereof is made in such conveyance of title.

#### ARTICLE IV

##### Term of Existence

The Corporation shall have perpetual existence.

#### ARTICLE V

##### Incorporator

The name and residence of the Incorporator to these Articles of Incorporation is the following:

##### NAME

##### ADDRESS

Victoria H. Carter

353 Highland Avenue North  
Tarpon Springs, FL 33589

ARTICLE VI

Management

The affairs of the Corporation shall be managed by its Board of Directors, which shall consist of not less than three (3) nor more than seven (7) individuals, the precise number to be fixed in the By-Laws or by the Board of Directors of the Association from time to time. Directors shall be elected for one year terms by the members at the annual members' meeting to be held as scheduled by the Board of Directors in the last quarter of each fiscal year in the manner prescribed in the By-Laws of the Corporation, and shall hold office until their respective successors are duly elected and qualified. The Board shall elect a President, a Vice President, and a Secretary-Treasurer of the Corporation, and such other officers as may, in the opinion of the Board, from time to time be necessary to adequately administer the affairs of the Association, such officers to hold office at the pleasure of the Board or until their successors are duly elected and qualified. Officers may be Directors. Officers and Directors must be members of the Association except with respect to those who are elected by the Class B members. Any individual may hold two or more corporate offices, except that the offices of President and Secretary-Treasurer may not be held by the same person. The officers shall have such duties as may be specified by the Board or the By-Laws of the Corporation. Vacancies occurring on the Board and among the officers shall be filled in the manner prescribed by the By-Laws of the Association.

Notwithstanding the foregoing, the Class B members shall have the right to elect all Directors as long as there shall be Class B membership, except that such Class B members, in their sole discretion, may voluntarily consent to the election of one director by the Class A members after 50% of the Lots in the Subdivision have been conveyed to Class A members.

ARTICLE VII

Initial Officers

The names of the initial officers who are to serve until their successors are elected under the provisions of these Articles and the By-Laws are the following:

<u>Title</u>	<u>Identity</u>
President	Lou Ellen Wilson
Vice President	Thomas J. Danahy
Secretary-Treasurer	Brenda Hartzog

## ARTICLE VIII

### Initial Board of Directors

The number of persons constituting the initial Board of Directors of the Corporation shall be three (3); and the names and addresses of the members of such first Board of Directors, who shall hold office until their respective successors are elected pursuant to the provisions of these Articles and the By-Laws, are the following:

Lou Ellen Wilson	S.R. 674 and Pebble Beach Boulevard Sun City Center, FL 33570
Thomas J. Danahy	S.R. 674 and Pebble Beach Boulevard Sun City Center, FL 33570
Brenda Hartzog	S.R. 674 and Pebble Beach Boulevard Sun City Center, FL 33570

## ARTICLE IX

### By-Laws

The By-Laws of the Corporation shall be adopted by the initial Board of Directors, as constituted under Article VIII above, at the organizational meeting of the Board. Thereafter the By-Laws may be altered, amended, or rescinded by the affirmative vote of two-thirds of the Board of Directors, and after notice to the members, by the majority vote of Class A members, and the unanimous vote of the Class B members, present at any regular or special meeting of the membership.

However, no amendment to the By-Laws shall be valid which affects any of the rights and privileges provided to the Developer without the written consent of the Developer as long as Developer shall own any Lots in the Subdivision.

## ARTICLE X

### Amendments

Amendments to these Articles of Incorporation shall be made in the following manner:

(a) The Board of Directors shall adopt a resolution setting forth a proposed amendment and, if members have been admitted, directing that it be submitted to a vote at a meeting of members, which may be either the annual or a special meeting. If no members have been admitted the amendment shall be adopted by a vote of the majority of directors and the provisions for adoption by members shall not apply.

(b) Written notice setting forth the proposed amendment or a summary of the changes to be affected thereby shall be given to each member of record entitled to vote thereon within the time and in the manner provided by Florida Statute for the giving of notice of meetings of members. If the meeting is an annual meeting, the proposed amendment or such summary may be included in the notice of such annual meeting.

(c) At such meeting, a vote of the members entitled to vote thereon shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving both the affirmative vote of a majority of the votes of members of each class entitled to vote thereon as a class and the affirmative vote of a majority of the votes of all members entitled to vote thereon.

Any number of amendments may be submitted to the members and voted upon by them at one meeting.

Notwithstanding anything herein to the contrary, no amendment to these Articles of Incorporation shall be valid which:

(a) affects any of the rights and privileges provided to the Developer without the written consent of the Developer as long as the Developer shall own any lots in the Subdivision; and

(b) constitutes a material change, without the prior written approval of the First Mortgagees of the Lots representing at least fifty-one percent (51%) of the votes of the Association and sixty-seven percent (67%) of the Class A and Class B members. For the purposes of this Article, a material change to these Articles shall be deemed any change concerning:

- (1) voting rights;
- (2) assessments, assessment liens, or subordination of assessment liens;
- (3) reserves for maintenance, repair and replacement of Common Properties;
- (4) responsibility for maintenance and repairs;
- (5) reallocation of interest in the general or limited Common Properties, or rights to their use;
- (6) boundaries of any Lot;
- (7) convertibility of Lots into Common Properties or vice versa;

(8) expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project;

(9) insurance or fidelity bonds;

(10) leasing of Lots;

(11) imposition of any restrictions on an Owner's right to sell or transfer his or her Unit or Lot; or

(12) any provisions which expressly benefit First Mortgagees, Insurers or Guarantors.

ARTICLE XI

Registered Office and Agent

Pursuant to Section 48.091 and Section 607.034, Florida Statutes, the name and address of the Initial Registered Agent for service of process upon the Association is:

Lou Ellen Wilson  
S.R. 674 and Pebble Beach Boulevard  
Sun City Center, Florida 33570

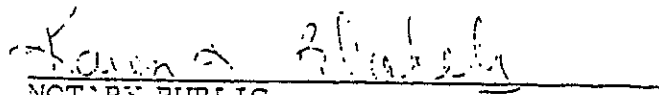
The above address is also the address of the registered office of the Association.

  
\_\_\_\_\_  
Incorporator

STATE OF FLORIDA )  
COUNTY OF HILLSBOROUGH )

I HEREBY CERTIFY that on this 15<sup>th</sup> day of September 1976, personally appeared before me, the undersigned authority, VICTORIA H. CARTER, to be the person described in the foregoing Articles of Incorporation, and who acknowledged to me that she executed the same as her free act and deed for the uses and purposes therein set forth.

Witness my hand and official seal the date aforesaid.

  
\_\_\_\_\_  
NOTARY PUBLIC  
State of Florida at Large

(Notarial Seal)

My Commission Expires:

Notary Public, State of Florida  
My Commission Expires Sept. 20, 1987

**BY-LAWS**  
**OF**  
**FAIRVIEW PROPERTY OWNERS' ASSOCIATION, INC.**

**ARTICLE I**  
**Name and Location**

The name of the corporation is FAIRVIEW PROPERTY OWNERS' ASSOCIATION, INC. (hereinafter referred to as the "Association") Corporation Address is 1630A Woodmar Dr., Sun City Center, FL 33573.

**ARTICLE II**  
**Definitions**

Unless the context expressly requires otherwise, the terms used herein shall have the meanings set forth in the Amended Declaration of Covenants and Restrictions for Fairview Subdivision (hereinafter referred to as the "Declaration").

**ARTICLE III**  
**Meeting of Members**

Section 1. **Annual Meetings.** All annual and special meetings of the Association shall be held in Hillsborough County, Florida or at such other place as may be permitted by law and from time to time as fixed by the Board of Directors and designated in the notices of meetings.

Section 2. **Notice of Annual Meetings.** Annual meetings of the members of the Association shall be held in the fourth quarter of each fiscal year. Notice of the meeting, which shall include an agenda, shall be hand-delivered or sent by first class mail to each member listed in the membership book of the Association at the address shown therein (hereinafter referred to as the "Member of Record") at least fourteen (14) and no more than sixty (60) days prior thereto. The Secretary of the Association shall obtain and retain a written receipt of delivery or the post office certificate of mailing as proof that the notice was delivered or mailed.

Section 3. **Special Meetings.** Special meetings of the members, for any purpose or purposes, whether or not specifically required by these By-Laws, the Articles of Incorporation, or the Declaration may be called by the President, Secretary, a majority of the Board, or by the members having twenty-five percent (25%) of the votes of the membership. No business shall be transacted at any special meeting except as stated in the notice thereof.

Section 4. **Notice of Special Meetings.** Notice of all special meetings shall be given by the Secretary to Members of Record, or if the Secretary shall fail to do so, by the President or Board, not less than thirty (30) nor more than sixty (60) days prior to the date thereof, stating the date, time, and place of the meeting and the purpose or purposes thereof. Notices deposited in the United States mail, postage prepaid within the prescribed time or, in lieu of mailing, delivered by hand



to the members shall suffice. The Secretary shall obtain and retain a written receipt of delivery of the post office certificate of mailing as proof that the notice was delivered or mailed.

Section 5. **Quorum.** Members present in person or represented by proxy, entitled to cast at least one-third (1/3) of the votes of the membership of the Association, shall constitute a quorum.

Section 6. **Action Taken at Meeting.** When a quorum is present at any meeting, a majority of the votes duly cast by the members present at the meeting or represented by written proxy shall decide any question brought before the meeting, unless the question is one upon which by express provision of law, the Declaration, the Articles of Incorporation or these By-Laws, a different vote is required, in which case the express provision shall govern and control. If any meeting of members cannot be organized because a quorum is not present, the meeting may be adjourned by a majority of the members present in person, until a quorum is present.

Section 7. **Order of Business.** The order of business at all meetings shall be as prescribed in the agenda prepared by the Board and submitted to the members with the notice of each meeting.

Section 8. **Action Without Meeting.** Any action which may be taken by the membership pursuant to a duly called meeting, may be taken without a meeting provided that: a proposal of action to be taken by the members is mailed to every member of the Association together with a request for approval or disapproval; and, the members responding to the proposal (hereinafter referred to as the "Responding Members") hold at least one-third (1/3) of the votes of all members of the Association. A proposed action may be approved by a majority of the votes attributable to the Responding Members unless the proposed action is one which by express provision of law, the Declaration, the Articles of Incorporation or these By-Laws requires a different vote, in which case the express provision as it pertains to voting percentages shall govern and control.

Section 9. **Voting.** If more than one person owns an interest in any Lot, all such persons are members, but there may be only one vote cast with respect to such Lot. Such vote may be exercised as the co-owners determine among themselves, but no split vote is permitted.

Section 10. **Proxies.** Votes may be cast in person or by proxy. A proxy may be made in writing by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy and for adjournments thereof, but in no case more than 90 days from the date of the meeting for which it was given and must be filed with the Secretary before the appointed time of the meeting or any adjournment of the meeting.

Section 11. **Presiding Officers.** At each meeting of the members, the President, or in his absence the Vice President, shall preside and the Secretary, or in his absence the Assistant Secretary shall be the Secretary for the meeting.

**ARTICLE IV****Directors**

Section 1. **Board of Directors.** The affairs of the Association shall be managed by a Board of Directors of not less than three (3) or more than seven (7) directors. All directors must be a resident member of the Fairview Property Owners' Association.

Section 2. **Election of Directors.**

- a. Directors shall be elected at the annual meeting of the Association.
- b. Directors shall be elected by ballot unless dispensed by the unanimous consent of those members eligible to vote in person or with proxy. If there are more nominees than vacancies, the nominees with the greatest number of votes shall be elected. There shall be no cumulative voting.
- c. Except as to vacancies provided by removal of directors by members, all vacancies in the Board occurring between annual meetings of members, including vacancies created by increasing the size of the Board, shall be filled by the vote of a majority of the remaining directors, until the following annual meeting.
- d. Any director may be removed by concurrence of two-thirds (2/3) of the votes of the members at a special meeting of the members called for that purpose. The vacancy in the Board so created shall be filled by the members of the Association at the same meeting.

Section 3. **Term of Office.** All directors will be elected for a term of two years.

Section 4. **Annual Meetings.** The annual meeting of the Board may be held at such time and place as shall be determined by the directors, except that such annual directors' meeting shall be held as soon as practicable following the annual members' meeting. If held at any time other than immediately following the annual members' meeting, there shall be three (3) days' notice given by the President personally or by mail, telephone or telegraph, which notice shall state the time and place of the meeting.

Section 5. The order of business at annual member's meeting and as far as practical at other member's meetings, shall be:

- a. Roll Call
- b. Establish Quorum
- c. Proof of notice of meeting or waiver of notice
- d. Reading minutes from preceding meeting
- e. Reports of Officers

- f. Reports of Committees
- g. Elections
- h. Unfinished business
- i. New Business
- j. Adjournment

Section 6. **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 two-thirds (2/3) of the directors. Not less than three (3) days' notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

Section 7. **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. Attendance at a meeting shall constitute a waiver of notice.

Section 8. **Quorum and Voting.** A quorum at directors' meetings shall consist of a majority of the entire Board. The acts approved by a majority of directors shall constitute the acts of the Board except when approval by a greater number of directors is required by the Declaration, the Articles of Incorporation, these By-Laws, or the laws of the State of Florida.

Section 9. **Adjourned Meetings.** If at any meeting of 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 adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted.

Section 10. **Joinder in Meeting by Approval of Minutes.** The joinder of a director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such director for the purpose of determining a quorum.

Section 11. **Presiding Officer and Secretary for Meetings.** The presiding officer of the directors' meetings shall be the President. In the absence of the President, the Vice President shall preside. The Secretary of the Association shall be the secretary for meetings of the directors. In the absence of the Secretary, the Assistant Secretary shall be the secretary.

Section 12. **Compensation.** No director shall receive compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties and previously approved by the Board, and this provision shall not preclude a person who is also a director to receive compensation in exchange for other services rendered to or on behalf of the Association in a capacity other than as a director.

Section 13. Committees. The Board may from time to time appoint such committees and delegate such duties and powers thereto as it may deem advisable.

Section 14. Attendance by Telephone. Any member or members of the Board shall be deemed present and voting at a meeting of such Board if said member or members participate in the meeting by means of a conference telephone or similar communications equipment or device enabling all persons participating in the meeting to hear each other.

Section 15. Action Without Meeting. Any action required or permitted to be taken at any meeting may be taken without a meeting if written consent to the action signed by all the members of the Board is filed with the minutes of the proceedings of the Board.

Section 16. Powers. The Board shall have the powers set forth in the Declaration and the Florida Not-For-Profit Corporation Act, including but not limited to the power to:

(a) adopt and promulgate rules and regulations governing the Association or contemplated by the Declaration, and to establish penalties for the infraction thereof (a rule shall be deemed promulgated when a copy thereof is furnished to each member in person or mailed to each such member at the address on the records of the Association);

(b) suspend the voting rights and other rights of a member during any period in which the member shall be in default in the payment of any regular assessment in excess of ninety (90) days and suspend other rights of a member during any period in which such member is in default of any other obligation, restriction or is in violation of any rule or regulation established pursuant to the Declaration or these by-laws;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration, including the establishment of the assessments provided for in the Declaration; and

(d) employ a manager or such other independent contractors or employees as they deem necessary, and to prescribe their duties.

Section 17. Duties. It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present an oral or written statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

- (1) fix the amount of the assessment against each Lot;
- (2) exercise the duties of the Board as set forth in the Declaration and enforce the restrictions and covenants contained therein; and
- (3) take appropriate and timely action against members whose assessments are in default;
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) cause all officers or employees having fiscal responsibilities to be bonded, if such bonding may be deemed appropriate; and
- (f) perform such other acts as may be required of a board of directors under the Florida Not-For-Profit Corporation Act.

## ARTICLE V

### Officers

Section 1. Officers. Officers shall consist of a President, a Vice President, (who shall each be a member of the Board), a Secretary and a Treasurer. The officers shall be elected annually by the Board of Directors. The Board of Directors from time to time may elect such assistant or other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association. Each officer shall serve until a qualified successor is elected by the Board. The Board by a two-thirds (2/3) affirmative vote may from time to time remove an officer and fill such vacancy so created.

Section 2. Nominating Committee. A nominating committee shall be appointed by the President prior to the annual member's meeting. The committee shall nominate at least one person for such directorship. Nominations may also be made from the floor by members.

Section 3. President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties that 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 in his discretion may determine appropriate, to assist in the conduct of the affairs of the Association.

Section 4. Vice-President. The Vice-President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. He also shall assist the President generally and exercise such other powers and perform such other duties as shall be prescribed by the directors.

Section 5. **Secretary.** The Secretary shall keep the minutes of all proceedings of the Directors and members. He shall attend to the giving and serving of all notices to the members and Directors and others that are required by law. He shall have custody of the seal of the Association and affix it to any instruments requiring a seal when duly signed. He shall keep the records of the Association including the membership book, except those of the Treasurer unless the Secretary is also the Treasurer of the Association. The Secretary shall perform all other duties incident to the office of secretary of a corporation and as may be required by the Board of Directors or the President. Any Assistant Secretary elected shall perform the duties of the secretary when the Secretary is absent.

Section 6. **Treasurer.** The Treasurer shall have custody of all property of the Association including funds, securities and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices, and he shall perform all other duties usually incident to the office of Treasurer.

Section 7. **Compensation.** No officer shall receive any compensation by reason of his office; provided, however, that nothing herein shall preclude the Board from employing an officer as an employee of the Association or preclude the contracting with an officer for management services.

Section 8. **Management.** The duties of the officers as described above may be assigned or delegated by the Board to a licensed community association manager. In the event of such an assignment, the officer or officers shall remain responsible for the performance of their duties and obligations.

## **ARTICLE VI**

### **Fiscal Management**

Section 1. **Depositories.** All funds of the Association shall be deposited in the name of the Corporation in such bank, banks or other financial institutions as the Board may from time to time designate, and shall be drawn out on checks, drafts or other orders signed on behalf of the Association by such person or persons as the Board may from time to time designate.

Section 2. **Contracts, etc.** Except as otherwise specifically provided by these By-Laws, all contracts, agreements, deeds, bonds, mortgages and other obligations and the instruments shall be signed on behalf of the Association by the President or by such other officer, officers, agent or agents as the Board may from time to time by resolution provide.

Section 3. **Budget.** The Board shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the Association expenses and to provide and maintain funds for the appropriate accounts according to good accounting practices. Such budget shall be adopted prior to, and a copy shall be distributed at, the annual members' meeting next preceding the fiscal year for which the budget shall apply.

Section 4. **Assessments and Penalties.** As more fully provided in the Declaration, each member is obligated to pay to the Association certain assessments which are secured by a continuing lien upon the property against which the assessment is made. Assessments are due and payable on

the first of each month in advance. Assessments which are not paid when due shall be delinquent. Assessments not paid by the tenth (10th) day of the month due, will be charged a one-time penalty of \$10.00 for each late payment. In addition, if assessment is not paid by the first day of the following month, interest will be charged at the rate of 18% annually (1-1/2% per month). In the event of continued delinquency, the same penalties shall continue and be cumulative and interest will be based on total delinquent money including all penalties.

Section 5. **Budget Review by Members.** If the Board-adopted General Assessment against the Lots in any fiscal year exceeds one hundred fifteen percent (115%) of the General Assessments excluding reserves for the preceding fiscal year, upon written application of twenty-five percent (25%) of the members to the Board, a special meeting of the membership shall be called within thirty (30) days upon not less than ten (10) days' written notice to each member. At the special meeting, members shall consider and may enact a budget and General Assessment. The adoption of the budget and General Assessment by the members shall require a majority of the votes cast at such meeting.

If no new budget and General Assessment are adopted by the members at such special meeting, then the budget and General Assessment adopted by the Board under Sections 3 and 5 of this Article VI shall stand and constitute the valid budget and General Assessment of the Association.

Section 6. **Financial Report.** The Treasurer of the Association shall provide written financial report to the owners not more than ninety (90) days after the year end or within such time periods as may be prescribed by applicable state law.

## ARTICLE VII Amendments

Section 1. These By-Laws may be altered, amended, or rescinded by the affirmative vote of two-thirds (2/3) of the Board, and after notice to the members, by the majority vote of the members present at any regular or special meeting of the membership.

Notwithstanding anything herein to the contrary, no amendment to the By-Laws shall be valid which:

(a) makes any material change to these By-Laws without the prior written approval of the First Mortgagees of the Lots and at least fifty-one percent (51%) of the votes of members. For purposes of this Article, a "material change" to these By-Laws shall be deemed any change concerning:

- (1) voting rights;
- (2) assessments, assessment liens or the subordination assessment liens;
- (3) reserves for maintenance, repair and replacement of the Common Properties;

- (4) responsibility for maintenance and repairs;
- (5) reallocation of interest in the general or Limited Common Properties, or rights to their use;
- (6) boundaries of any Lot;
- (7) convertibility of Lots into Common Properties or vice versa;
- (8) expansion or contraction of the Association or the addition, annexation or withdrawal of property to or from the Association;
- (9) insurance or fidelity bonds;
- (10) leasing of Lots;
- (11) imposition of restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Lot;
- (12) any provisions which expressly benefit First Mortgagees, Insurors or Guarantors.

**ARTICLE VIII**  
**Miscellaneous**

Section 1. The fiscal year of the Association shall be the calendar year.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.