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B Y - L A W S

OF

HAMMOCK DUNES OWNERS' ASSOCIATION, INC.

ARTICLE I
DEFINITIONS

Section 1. All terms which are defined in the Declaration of Protective Covenants, Conditions, and Restrictions for Hammock Dunes ("Master Declaration") shall be used herein with the same meanings as defined in said Master Declaration.

Section 2. Owners' Association as used herein shall mean Hammock Dunes Owners' Association, Inc., a Florida corporation not for profit. The Owners' Association is NOT a condominium association.

ARTICLE II
LOCATION OF PRINCIPAL OFFICE

The principal office of the Owners' Association shall be located at 1 Corporate Drive, Palm Coast, Florida 32051, or at such other place as may be established by resolution of the Board of Administrators of the Owners' Association.

ARTICLE III
MEMBERSHIP, ASSESSMENTS AND VOTING MEMBERS

Section 1. Every Owner, including Declarant, and the Hammock Dunes Club shall become a Member of the Owners' Association in the manner set forth in the Articles; provided, however, that any such person or entity who holds an ownership interest only as security for the performance of an obligation shall not be a Member. Once established, an Owner's membership shall be appurtenant to, and may not be separated from, ownership of a Unit.

Section 2. Assessments and installments thereof not paid when due shall bear interest from the date due until paid at the rate set forth in the Master Declaration and, upon thirty (30) days' written notice, shall result in the suspension of voting privileges and other rights of membership until such Assessments and installments thereof are paid.

Section 3. Members shall be represented at all meetings of the Owners' Association by their Voting Members. Voting Members shall speak, vote and generally act on behalf of the Members they represent at meetings of the Owners' Association

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called for such purpose. Members other than Declarant shall not have the right to attend or speak at any meeting of the Board unless specifically requested by the Board.

**ARTICLE IV
BOARD OF ADMINISTRATORS**

Section 1. A majority of the Board shall constitute a quorum to transact business at any meeting of the Board, and the action of the majority present at a meeting at which a quorum is present shall constitute the action of the Board.

Section 2. Any vacancy occurring on the Board because of death, resignation or other termination of services of any Administrator, shall be filled by the Board; except that Declarant, to the exclusion of other Members and/or the Board itself, shall fill any vacancy created by the death, resignation, removal or other termination of services of any Administrator appointed by Declarant. An Administrator appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office and shall serve until his successor shall have been elected and/or appointed and qualified.

**ARTICLE V
ELECTION OF ADMINISTRATORS
BY VOTING MEMBERS**

Section 1. At the first Annual Members' Meeting after Declarant has conveyed twenty percent (20%) of the Dwelling Units permitted to be constructed on the Total Property, one (1) Administrator shall be elected by the Voting Members on behalf of the Members other than Declarant.

Section 2. At the first Annual Members' Meeting after Declarant has conveyed fifty percent (50%) of the Dwelling Units permitted to be constructed on the Total Property, two (2) Administrators shall be elected by the Voting Members on behalf of the Members other than Declarant.

Section 3. At the Turnover meeting, which is to be held as set forth in the Master Declaration, the number of Administrators shall be expanded to a maximum of eleven (11). At the Turnover meeting and at all Annual Members' Meetings after Turnover, nine (9) Administrators shall be elected by the Voting Members on behalf of the Members; provided that each Community is represented by one (1) Administrator, and further provided that Voting Members may cast their votes for Administrators only for the Administrator vacancy set aside for their respective Communities. In addition, after Turnover and as long as Declarant owns any interest in the Total Property, Declarant

shall have the right, but not the obligation, to designate two (2) additional Administrators and his/her successors, thus providing for a total of eleven (11) Administrators.

Section 4. All elections to the Board set forth above shall be made by written ballot.

Section 5. The Nominating Committee shall provide to the Voting Members a slate of candidates in accordance with the procedure set forth in Article IX hereof.

ARTICLE VI
POWERS AND DUTIES OF THE BOARD

Section 1. The Board shall have power:

(a) To call special meetings of the Members whenever it deems necessary, and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership, as provided in Article X, Section 2 hereof;

(b) To appoint and remove at pleasure all officers, agents and employees of the Owners' Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, officer or Administrator of the Owners' Association in any capacity whatsoever;

(c) To establish, levy and assess, and collect Assessments;

(d) To adopt and publish Rules and Regulations governing the use of the Common Areas and facilities and the personal conduct of the Members and their guests thereon;

(e) To exercise for the Owners' Association all powers, duties and authority vested in or delegated to the Owners' Association, except those reserved to the Members in the Master Declaration.

Section 2. It shall be the duty of the Board:

(a) To cause to be kept minutes of all its acts and corporate affairs.

(b) To supervise all officers, agents and employees of the Owners' Association.

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**ARTICLE VII
BOARD MEETINGS**

Section 1. A regular meeting of the Board shall be held at least once each calendar quarter. A regular meeting of the Board shall also be held immediately following the regular annual meeting of the Members.

Section 2. If the day for the regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no additional notice thereof need be given.

Section 3. Special meetings of the Board shall be held when called by the President of the Owners' Association or by a majority of the Administrators after not less than three (3) days' notice to each Administrator except in cases of emergency.

Section 4. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present, and if either before or after the meeting, each of the Administrators not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records of the Owners' Association and made part of the minutes of the meeting.

Section 5. Administrators may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participating by such means shall constitute presence in person at a meeting.

**ARTICLE VIII
OFFICERS**

Section 1. The officers of the Owners' Association shall be a President, a President Elect, a Vice President, a Secretary and a Treasurer and such other officers as may be deemed necessary or appropriate by the Board. The President shall be an Administrator.

Section 2. The officers shall be chosen by a majority vote of the Administrators.

Section 3. All officers shall hold office at the pleasure of the Board.

Section 4. The President shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out and sign all notes, leases, mortgages, deeds and all other written instruments. The President shall not also be the Secretary.

Section 5. The President Elect shall perform all of the duties of the President in his absence and shall automatically become President for a full term after he has served his full term as President Elect. The President Elect's term as President shall begin at the commencement of the first meeting of the Board elected at the Annual Members' Meeting held at the end of the President Elect's term as President Elect.

Section 6. The Vice President shall perform all the duties of the President Elect in his absence and such other duties as the Board shall prescribe.

Section 7. The Secretary of the Owners' Association shall be the ex-officio Secretary of the Board, shall record the votes, and keep minutes of all proceedings in a minute book to be kept for that purpose. He shall keep the records of the Owners' Association. He shall record in a book kept for that purpose the names of all Voting Members together with their addresses as registered by such Voting Members (as set forth in Article X, Section 3 hereof).

Section 8. The Treasurer shall receive and deposit in appropriate accounts all monies of the Owners' Association and shall disburse such funds as directed by resolution of the Board, provided however that a resolution of the Board shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. Any check issued by the Owners' Association must be signed by two (2) authorized Persons, one (1) of whom shall be the Treasurer or the Assistant Treasurer. The Treasurer shall keep proper books of account and cause an annual accounting of the Owners' Association's books to be made by a certified public accountant in accordance with good accounting practices at the completion of each fiscal year and shall provide Declarant with a copy thereof within thirty (30) days of its preparation. He shall prepare the annual Budget and an annual balance sheet statement and the Budget and balance sheet statement shall be presented to the membership at its regular annual meeting.

**ARTICLE IX
COMMITTEES**

Section 1. The Owners' Association may have the following committees, amongst others:

- (a) Architectural Committee;
- (b) Maintenance Committee;
- (c) Finance Committee;
- (d) Community Relations Committee; and
- (e) Nominating Committee.

Unless otherwise provided herein, each committee shall consist of a Chairperson and two or more persons and shall include a member of the Board for Board contact. Committee members may be appointed by the Board to serve until the close of the next annual meeting. The Board shall have the right to create, from time to time, such other committees as it deems desirable.

Section 2. The Architectural Committee shall perform such functions prescribed in the Master Documents regarding the initial design and location of all Structures, and all alterations and modifications to existing structures, as the Board shall determine from time to time and advise the Board on all matters pertaining to same, and shall perform such other functions as the Board, in its discretion, determines.

Section 3. The Maintenance Committee, if created by the Board, shall advise the Board on all matters pertaining to the maintenance, repair, replacement, or improvement of Common Areas and facilities of the Owners' Association, and shall perform such other functions as the Board, in its discretion, determines.

Section 4. The Finance Committee, if created by the Board, shall supervise the annual accounting of the Owners' Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting. The Treasurer shall be an ex-officio member of the Finance Committee.

Section 5. The Community Relations Committee, if created by the Board, shall advise the Board and seek response from the Members on all matters pertaining to community relations.

Section 6. The Nominating Committee shall be comprised of no less than three (3) or more than five (5) Members appointed by the Board no less than ninety (90) days prior to Turnover or an Annual Members' Meeting. The chairperson shall be an Administrator. The Nominating Committee shall have the responsibility of preparing a slate of candidates for the election of Administrators in accordance with Article V of these By-Laws. The Nominating Committee shall provide the slate of candidates to the Board for its approval. If approved, the Board shall then provide the slate of candidates to the Voting Members

at the time the Voting Members receive notice of the meeting, as set forth in Article X, Section 3 of these By-Laws. The Voting Members may nominate additional candidates at the meeting at which the votes are cast, and nothing herein shall be construed to limit a Voting Member's right to vote for a candidate other than those presented by the Nominating Committee.

Section 7. It shall be the duty of each committee, if created, to receive complaints from Members on any matter involving Owners' Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Administrator or officer of the Owners' Association as is further concerned with the matter presented.

ARTICLE X
MEETINGS OF MEMBERS

Section 1. Annual Members' Meeting. The regular, annual meeting of the Members ("Annual Members' Meeting") shall be held at such time on such day of the month of March in each year, and at such place as the Board shall determine. If the day for the Annual Members' Meeting shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

Section 2. Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President of the Owners' Association, a majority of the members of the Board, or upon written request of the Voting Members who have the right to vote one-fourth (1/4) of all of the votes of the entire membership at meetings of the Members.

Section 3. Notice. Notice of any meeting shall be given to the Voting Members and Declarant by the Secretary. Notice may be given either personally, or by sending a copy of the notice through the mail, postage prepaid, to the address of Declarant or the Voting Member appearing on the books of the Owners' Association. Each Voting Member shall register his address with the Secretary, and notices of meetings shall be mailed by him to such address. Failure to so register shall release the Secretary from the requirement of sending notice of meeting to such person. Notice of any meeting, regular or special, shall be delivered or mailed at least forty (40), but not more than sixty (60), days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided, however, that if the business of any meeting shall involve an election governed by Article V, or any action governed by the Articles or by the Master Declaration, notice of such meeting shall be given or sent as therein provided.

Section 4. Quorum. The presence at any meeting of the Voting Members or Declarant entitled to cast one-third (1/3) of the votes possessed by the entire membership shall constitute a quorum for any action governed by these By-Laws. Any action governed by the Articles or by the Master Declaration shall require a quorum as therein provided.

**ARTICLE XI
VOTING AND PROXIES**

Section 1. At all meetings of Members, Declarant and the Voting Members may vote in person or by written ballot, as more fully set forth in the Articles. Voting Members and Declarant shall have the right to vote by proxy.

Section 2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months.

**ARTICLE XII
BOOKS AND PAPERS**

The books, records and papers of the Owner's Association shall, upon prior written request, be subject to inspection by any Member, Voting Member, Institutional Mortgagee or Declarant during normal business hours.

**ARTICLE XIII
CORPORATE SEAL**

The Owners' Association shall have a seal in circular form having within its circumference the words:

HAMMOCK DUNES OWNERS' ASSOCIATION, INC.

**ARTICLE XIV
ACCOUNTING RECORDS; FISCAL MANAGEMENT**

Section 1. Accounting Method. The Owners' Association shall use the accrual method of accounting, as the Board shall determine, all records of which shall be open to inspection by Declarant and Voting Members, or their respective authorized designees at reasonable times upon prior written request. Such authorization of a designee of a Voting Member must be in writing and signed by the Person giving the authorization and dated within sixty (60) days of the date of inspection.

Section 2. Budget. The Board shall adopt a Budget (as provided for in the Master Declaration) of the anticipated Operating Expenses of the Owners' Association for each forthcoming fiscal year at a regular or special meeting of the Board ("Budget Meeting") called for that purpose to be held no later than October 1 of the year prior to the year to which the Budget applies. Within thirty (30) days after adoption of the Budget, a copy thereof shall be furnished to Declarant and each Voting Member. The copy of the Budget shall be deemed furnished and the notice of the Individual Unit Assessment shall be deemed given upon its delivery or upon its being mailed as aforesaid. The failure of the Board to adopt a Budget in a timely fashion shall not abrogate or alter the obligation to pay Operating Expenses.

Section 3. Fiscal Year. In administering the finances of the Owners' Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) Assessments shall be made monthly, quarterly, semi-annually, or annually, as determined by the Board.

Section 4. Payment of Assessments. Assessments shall be payable as provided for in the Master Declaration.

Section 5. Deficit Spending. No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Operating Expenses not budgeted or which shall exceed budgeted items, and no Board is required to engage in deficit spending. Should any deficiency exist which results from there being greater Operating Expenses than monies from Assessments, then such deficits shall be the subject of an adjustment to the applicable Assessment (e.g., Base Assessments, Community Assessments, Neighborhood Assessments, or Special Assessments).

Section 6. Depository. The depository of the Owners' Association shall be such bank(s) or savings and loan association(s) as shall be designated from time to time by the Board in which the monies of the Owners' Association shall be deposited. Withdrawal of monies from such account(s) shall be only by checks signed by such individuals as are authorized by the Board. All such funds shall be insured by an agency of the United States Government.

Section 7. Annual Report. A report of the accounts of the Owners' Association shall be made annually as set forth in Article VIII, Section 8 hereof, and a copy of the report shall be furnished to Declarant and each Voting Member no later than ninety (90) days following the fiscal year for which the report is made. Additionally, a copy of the report shall be furnished to any Institutional Mortgagee upon written request to the Owners' Association.

Section 8. Notices. All notices and mailings to the Voting Members or Declarant required under these By-Laws shall be deemed to be furnished to the above-named parties upon their delivery or mailing to the above-named parties shown on the records of the Owners' Association at their last known addresses as shown on the records of the Owners' Association.

**ARTICLE XV
AMENDMENTS**

Section 1. In General. These By-Laws may be amended at any regular or special meeting of the Board at which there is a quorum by a vote of a majority of the Administrators, provided that those provisions of these By-Laws which are governed by the Articles may not be amended except as provided in the Articles or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Master Declaration may not be amended except as provided in such Master Declaration.

Section 2. Instrument. Any instrument amending, modifying, repealing or adding By-Laws shall identify the particular Section or Sections affected and give the exact language of such modification, amendment or addition or of the provisions repealed. A copy of each such amendment, modification, repeal or addition certified to by the Secretary or Assistant Secretary of the Owners' Association shall be recorded amongst the Public Records of the County no sooner than five (5) business days after a copy of same has been delivered to Declarant and each Voting Member.

Section 3. Conflicts. In the case of any conflict between the Articles and these By-Laws, the Articles shall control; and in the case of any conflict between the Master Declaration and these By-Laws, the Master Declaration shall control; and in the event of any conflict between the Articles and the Master Declaration, the Master Declaration shall control.

Section 4. Rights of Declarant. No amendment to these By-Laws shall be effective which prejudices or otherwise detrimentally affects any of Declarant's rights or privileges without Declarant's prior written consent.

Section 5. Rights of Clubs. No amendment to these By-Laws shall be effective which shall impair or prejudice the rights or priorities of any of the Clubs without specific written approval of Declarant.

ARTICLE XVI
GENDER

Whenever the male pronoun is used herein, it shall be understood to be the female pronoun if the context or sex of the party referred to so requires.

IN WITNESS WHEREOF, we, being all of the Administrators of Hammock Dunes Owners' Association, Inc., have hereunto set our hands this _____ day of _____, 1989.

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