

“EXHIBIT “D”  
TO  
DECLARATION OF CONDOMINIUM

BYLAWS

**BYLAWS  
OF  
MEDITERRANEA OF DESTIN CONDOMINIUM  
OWNERS ASSOCIATION, INC.**

**I. IDENTITY**

These are the Bylaws of MEDITERRANEA OF DESTIN CONDOMINIUM OWNERS ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida (the "Association"), organized for the purpose of operating that certain condominium located in Walton County, Florida, and known as *Mediterranea of Destin, A Condominium* (the "Condominium").

1.1 Principal Office. Until the Developer transfers control of the Association to the unit owners, the principal office of the Association shall be at 50 Surfsong Lane, Destin, Florida 32550, or at such other place as may be designated by the Board of Directors.

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

1.3 Seal. The seal of the Association shall bear the name of the corporation, the word "Florida", the words "Corporation Not for Profit", and the year of incorporation.

1.4 Definitions. For convenience, these Bylaws shall be referred to as the "Bylaws"; the Articles of Incorporation of the Association as the "Articles"; and the Declaration of Condominium for the Condominium as the "Declaration." "Division" shall mean the Division of Land Sales, Condominiums, and Mobile Homes. "Board" shall mean the Board of Directors for the Association. The other terms used in these Bylaws shall have the same definitions and meaning as those set forth in *F.S. Chapter 718, The Condominium Act* (the "Act"), as well as those set forth in the Declaration and the Articles, unless provided to the contrary in these Bylaws, or unless the context otherwise requires.

**II. MEETINGS OF UNIT OWNERS AND VOTING**

2.1 Membership-Designation of Unit Owners. Persons or entities shall become members of the Association on the acquisition of a fee simple interest to a Unit in the Condominium after approval of the acquisition in the manner provided in the Declaration, and shall thereafter be Unit Owners. Membership shall be terminated when a person or entity no longer owns a Unit in the Condominium. If a Unit is owned by more than one natural person, or a corporation, partnership or other artificial entity, then the voting interest of that Unit shall be exercised only by such natural person as shall be named in a voting certificate signed by all the natural persons who are owners or by the chief executive officer of the artificial entity and filed with the Secretary of the Association among its official records.

2.2 Annual Meeting. The annual meeting of the Unit Owners shall be held on the date and at the place and time as determined by the Board from time to time, provided that there shall be an annual meeting every calendar year and no later than 13 months after the last annual meeting. The purpose of the meeting shall be to elect Directors and to transact any other business authorized to be transacted by the Unit Owners.

2.3 Special Meetings. Except as modified by the specific requirements for special kinds of Unit Owner meetings as set out in these Bylaws, notice of special meetings shall be delivered to each Unit Owner not less than 14 or more than 60 days before the date of the meeting. Unit Owner special meetings shall be held at such places as provided for annual meetings and may be called by the President or by a majority of the Board, and must be called by the President or Secretary on receipt of a written request from at least 10% of the voting interests of the Association. Requests for a meeting by the Unit Owners shall state the purpose for the meeting, and business conducted at any special meeting shall be limited to the matters stated in the notice for it.

2.4 Notice of Annual Meeting. Written notice of the annual meeting shall be mailed to each Unit Owner at least 14 days and not more than 60 days before the annual meeting. Notice of an annual meeting at which Directors will be elected shall be delivered pursuant to Provisions 2.9 and 3.3

2.5 Notice of Budget Meeting. The Board shall mail a notice and a copy of the proposed annual budget to the Unit Owners not less than 14 days before the meeting at which the Board will consider the budget. Notice shall be delivered pursuant to Provision 2.9. Evidence of Compliance with this fourteen (14) day notice must be made by an affidavit executed by an officer of the Association or the Condominium Manager and filed among the official records of the Association.

2.6 Notice of Meeting to Consider Excessive Budget. If a budget adopted by the Board requires assessment against the Unit Owners for the calendar year exceeding 115% of assessment for the preceding year (less any lawfully excluded items), the Board, on written application of 10% of the voting interests to the Board, shall call a special meeting of the Unit Owners within 30 days upon not less than 10 days written notice of the meeting to each unit owner. Notice shall be delivered pursuant to Provision 2.9.

2.7 Notice of Meeting to Consider Recall of Directors. A special meeting of the Unit Owners to recall a Director or Directors may be called by 10% of the voting interests giving notice of the meeting as required for a special meeting of Unit Owners. The notice must be accompanied by a dated copy of a signature list of at least 10% of the Unit Owners. The meeting shall be held not less than 10 days nor more than 60 days from the date the notice of the meeting is given. Recalls shall be held in accordance with Provision 3.7.

2.8 Notice of Meeting to Elect Non-developer Directors. Notice of a meeting to elect a Director or Directors from Unit Owners other than the Developer shall be given as described in Section 3.2 (D) below. The meeting may be called and notice given by any Unit Owner if the Association fails to do so.

2.9 Delivery of Notice; Content; Posting; Waiver. Notice for all meetings, and all other purposes, shall be addressed to the address that the Developer initially identified for that purpose unless one or more of the Unit Owners advises the Association of a different address. If no address is given or the Unit Owners do not agree, the notice shall be delivered to the address provided on the deed of record. Notice for budget meetings shall be mailed or hand delivered to each Unit Owner at the address last furnished to the Association. For all other meetings, the Association shall mail or deliver, whether by separate Association mailing or included in another Association mailing or delivery, including regularly published newsletters, a copy of the notice. An officer of the Association shall provide an Affidavit, to be included in the official records of the Association affirming that notices of the Association meeting were mailed or otherwise delivered to each Unit Owner at the address last furnished to the Association. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the Unit Owner at the address as it appears in the records of the Association, with postage prepaid. Payment of postage for notice of any meeting, by whomever called, shall be an obligation of the Association. The notice shall include the date, time and location of the meeting. The notice shall also include an identification of agenda items. A copy of the notice shall also be posted in a conspicuous place on the condominium property at least 14 continuous days before the meeting. A Unit Owner may waive their right to receive notice of any meeting by a writing signed by them and filed with the Secretary of the Association either before, at or after the meeting for which the waiver is given.

2.10 Quorum. A quorum at Unit Owner meetings shall consist of persons entitled to exercise, either in person or by proxy, a majority of the voting interests of the entire membership. Absentee ballots, alone, may not be counted in determining a quorum.

2.11 Participation. Unit Owners shall have the right to participate in meetings of Unit Owners with reference to all designated agenda items. The Association may, however, adopt reasonable rules governing the frequency, duration, and manner of Unit Owner participation. Any such rules must first be adopted in written form. The rules may limit a Unit Owner's presentation time to not less than 3 minutes and may require that a Unit Owner file with the Association, at or a reasonable time before the meeting, a written request to speak at a meeting.

2.12 Voting; Number of Votes; Majority Vote. In any Unit Owner meeting, each Unit shall have one vote. The vote of a Unit is not divisible. The acts approved by a majority of the voting interests present in person or by proxy at a meeting at which a quorum is present shall be binding on all Unit Owners for all purposes unless the Act, the Declaration, the Articles, or these Bylaws require a larger percentage, in which case that larger percentage shall control.

2.13 Proxies; Powers of Attorney. Voting interests may be exercised in person or by proxy. Except as specifically provided herein, Unit Owners may not vote by general proxy, but may vote by limited proxy substantially conforming to a limited proxy form provided by the Association. Limited proxies and general proxies may be used to establish a quorum. No proxy, limited or general, shall be used in the election of Directors. Limited proxies shall be used for votes taken to waive or reduce association reserves, for votes taken to waive the requirement of the Association to deliver to the Unit Owners a complete set of financial statements for each preceding fiscal year, for votes taken to amend the Declaration of Condominium, for votes taken to amend the Articles of Incorporation or Bylaws, or for any other matter for which a Unit Owner is required or permitted to vote. General proxies may be used for other matters for which limited proxies are not required. Each proxy shall set forth specifically the name of the person voting by proxy, the name of the person authorized to vote the proxy, and the date the proxy was given. Each proxy shall contain the date, time, and place of the meeting for which the proxy is given. If the proxy is a limited proxy, it shall set forth those items that the holder of the proxy may vote and the manner in which the vote is to be cast. The proxy shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings. No proxy shall be valid for a period longer than 90 days after the date of the first meeting for which it was given, and it may be revoked at any time at the pleasure of the Unit Owner executing it. The proxy shall be signed by the Unit Owner or by the designated person mentioned in 2.1, or the duly authorized attorney-in-fact of that person or entity (provided the power of attorney is filed with the Secretary of the Association). The proxy shall be filed with the Secretary before or at the meeting for which the proxy is given. One holding a power of attorney from a Unit Owner, properly executed and granting such authority, may exercise the voting interest of that Unit. If the proxy expressly provides, any proxy holder may appoint, in writing, a substitute to act in his place. If no such provision is made, substitution is not authorized. Nothing contained herein shall prevent Unit Owners from voting in person.

2.14. Adjourned Meetings. If any meeting of Unit Owners cannot be organized because a quorum is not present, the Unit Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present; except that in the cases where meetings have been called to consider the enactment of a budget to replace a proposed budget which exceeds 115% of the assessments for the preceding year, or to determine to provide no reserves or reserves less adequate than required, they may not be adjourned for lack of a quorum and if a quorum is not present the excessive budget, or the reserves as the case may be, shall go into effect as scheduled. The time and place to which the meeting is adjourned shall be announced at the meeting at which the adjournment is taken and a notice and a copy of the meeting agenda shall be posted in a conspicuous place on the condominium property as soon thereafter as may be practical stating the time and place to which the meeting is adjourned.

2.15 Action by Unit Owners Without a Meeting. Unit Owners may take action by written agreement without a meeting, provided written notice is given to the Unit Owners in the manner prescribed elsewhere in these Bylaws appropriate to the subject matter to be agreed on, unless that notice is waived as provided in these Bylaws. The decision of a majority of the Unit Owners, or a larger percentage vote as otherwise may be required by the Act, the Declaration, the Articles or these Bylaws (the decision to be evidenced by written response to be solicited in the notice), shall be binding on the membership. The notice shall set forth a time period within which responses must be made by the Unit Owners, and responses received after that shall not be considered.

2.16 Minutes of Meetings. The minutes of all meetings of Unit Owners shall be kept in a book open to inspection by any Unit Owner or the authorized representative of such Owner, and Directors at all reasonable times. The minutes shall be retained by the Association for a period of not less than seven (7) years. Unit Owners and their authorized representatives shall have the right to make or obtain copies at the reasonable expense, if any, of the Unit Owner.

2.17 Order of Business. The order of business at annual Unit Owner meeting and as far as practical at other Unit Owner meetings, shall be:

- A. Call to order.
- B. Election of a chairman of the meeting, unless the President or Vice President is present, in which case he or she shall preside.
- C. Calling of the roll, certifying of proxies, determination of a quorum.
- D. Proof of notice of meeting or waiver of notice.
- E. Reading and disposal of any unapproved minutes.
- F. Reports of Officers.
- G. Reports of Committees.
- H. Appointment of inspectors of election.
- I. Determination of number of Directors.
- J. Election of Directors.
- K. Unfinished business.
- L. New business.
- M. Adjournment.

2.18 Actions Specifically Requiring Unit Owner Approval. The following actions require approval by the Unit Owners and may not be taken by the Board acting alone:

- A. Amendments to the Declaration, except those made by the Developer as otherwise provided specifically in the Declaration.
- B. Merger of two or more independent condominiums of a single complex to form a single condominium.
- C. Purchase of land or recreation lease.
- D. Cancellation of grants or reservations made by the Declaration, a lease or other document and any contract made by the Association before the transfer of control of the Association from the Developer to Unit Owners that provides for operation, maintenance or management of the Condominium Association or property serving the Unit Owners.
- E. Exercise of Option to purchase recreational or other commonly used facilities lease.
- F. Providing no Reserves, or less than adequate reserves.
- G. Recall of Directors.
- H. Other matters contained in the Declaration, the Articles or these Bylaws that specifically require a vote of the Unit Owners.

### III. DIRECTORS

3.1 Number and Qualifications. The affairs of the Association shall be managed initially by a Board of three Directors selected by the Developer. When Unit Owners other than the Developer are entitled to elect a majority of the Directors, the Board shall be composed of any odd number of Directors that the Unit Owners may decide. The number of Directors, however, shall never be less than three. Other than those selected by the Developer, Directors must be either Unit Owners, tenants residing in the Condominium, officers of a corporate Unit Owner, or partners of a

partnership Unit Owner. No Director (except those selected by the Developer) shall continue to serve on the Board after he ceases to be Unit Owner, a tenant residing in the Condominium, an officer of a corporate Unit Owner, or a partner of a partnership Unit Owner.

### 3.2 Transfer of Control of Association.

- A. One Third. When Unit Owners other than the Developer own 15% or more of the Units in any one Condominium that will be operated ultimately by the Association, they shall be entitled to elect no less than one third of the Directors.
- B. Majority. Unit owners other than the Developer are entitled to elect not less than a majority of the Directors at the earliest of:
- (i) three years after 50% of the Units that ultimately will be operated by the Association have been conveyed to purchasers; or
  - (ii) three months after 90% of the Units that ultimately will be operated by the Association have been conveyed to purchasers; or
  - (iii) when all the Units that ultimately will be operated by the Association have been completed, some of them have been conveyed to purchasers and none of the others are being offered for sale by the Developer in the ordinary course of business; or
  - (iv) when some of the Units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business; or
  - (v) seven (7) years after recordation of the Declaration of Condominium, whichever occurs first.

Transfer of Association Control shall be in accordance with *F.S. 718.301*.

- C. Developer Member. The Developer is entitled to elect at least one Director as long as the Developer holds for sale in the ordinary course of business at least 5% of the Units that ultimately will be operated by the Association, if that number shall be fewer than 500 Units, and 2% if that number shall be more than 500 Units.
- D. Election. Within 75 days after the Unit Owners other than the Developer are entitled to elect a Director or Directors, the Association shall call, and give not less than 60 days notice of a meeting of the Unit Owners to elect a Director or Directors. The meeting may be called and the notice given by any Unit Owner if the Association fails to do so. Any eligible person may nominate himself. Nominations must be provided in written form to the Association not less than 40 days before the meeting. Written notice of the meeting at which elections will be held, including an agenda and a ballot, shall be mailed or delivered to each unit owner at least fourteen (14) days prior to the meeting and shall be posted in a conspicuous place on the condominium property at least fourteen (14) days preceding the meeting. Elections shall be held by ballot in accordance with procedures adopted by the Division. Neither general or limited proxies shall be used for the election of Directors. Elections shall be decided by a plurality of the votes cast. There shall be no quorum requirement; however, at least 20 percent of the eligible voters must cast a ballot in order to have a valid election of members of the Board of Directors. Upon election of the first Unit Owner other than the Developer to the Board, the Developer shall forward to the Division the name and mailing address of the Unit Owner Director. Notice of the meeting shall be provided pursuant to Provision 2.9.
- E. Relinquishment of Control. At the time that Unit Owners other than the Developer elect a majority of the Directors, the Developer shall relinquish control of the Association and the Unit Owners shall accept control. Simultaneously, the Developer shall deliver to the Association at the Developer's expense, all property of the Unit Owners and of the Association held or controlled by the Developer,

including but not limited to those items specified in the Act. After relinquishing control of the Association, the Developer may exercise the right to vote any Developer-owned units in the same manner as any other Unit Owner except for purposes of re-acquiring control of the Association or selecting the majority of the Board.

- F. Compelling Compliance. In any action brought to compel compliance with *F.S. 718.301* regarding transfer of Association control and election of Directors by Unit Owners other than the Developer, the summary procedure provided for in *F.S. 51.011* may be employed, and the prevailing party shall be entitled to recover reasonable attorneys' fees.
- G. Early Transfer. Nothing contained in this 3.2 shall be deemed to prevent the Developer from transferring control of the Association to Unit Owners other than the Developer before the occurrence of the events described in this section.

3.3 Election of Directors after Transfer of Control of Association. After the initial election of Directors by Unit Owners pursuant to Provision 3.2(D.), Directors shall be elected at the annual Unit Owner meeting. Each Unit Owner shall be entitled to cast votes for each of as many nominees as there are vacancies. Neither general or limited proxies shall be used for the election of Directors. There shall be no cumulative voting. Not less than 60 days before an annual meeting at which an election is scheduled, the Association shall mail or deliver to each Unit Owner entitled to vote a first notice of the election. Any eligible person may nominate himself. Nominations must be provided in written form to the Association not less than 40 days before a scheduled election. The Association shall mail or deliver a second notice of the election to all Unit Owners entitled to vote, together with a ballot listing all candidates. Upon request of a candidate, the Association shall include an information sheet, no larger than 8-1/2" by 11", which must be furnished by the candidate not less than 35 days before the election, to be included with the mailing of the ballot. The failure of the Association to mail or deliver all information sheets provided shall void the election. The Association shall be responsible for the cost of mailing and copying. The Association shall not be liable for the contents of the information sheets prepared by the candidates. Elections shall be decided by a plurality of votes. There shall be no quorum requirement; however, at least 20% of the eligible voters must vote to have a valid election. No Unit Owner shall permit any other person to vote his ballot, and any such ballots shall be void. A Unit Owner who needs assistance in voting for the reasons stated in *F.S. 101.051* may obtain such assistance. Notwithstanding the provisions of this section, an election is not required unless more candidates are available for election than vacancies exist on the Board. Any Notice required herein shall be provided pursuant to Provision 2.9.

3.4 Election Procedures. Elections shall be held in accordance with the Act and any Division regulations.

3.5 Term. Each Director's term of service shall extend until the next annual Unit Owner meeting and thereafter until his successor is duly elected and qualified or until he is removed in the manner provided in Provision 3.7. The Unit Owners, however at any annual meeting after the Developer has relinquished control of the Association and to provide a continuity of experience, may vote to create classes of directorships having a term of one, two, or three years to create a system of staggered terms.

3.6 Vacancies. Except for vacancies resulting from removal of Directors, vacancies occurring between annual Unit Owner meetings of members shall be filled by majority vote of the remaining Directors. Any Director elected to fill a vacancy shall hold office only until the next election of Directors, irrespective of the length of the remaining term of the vacating Director.

3.7 Removal. Any Director, except those selected by the Developer, may be recalled and removed from office with or without cause by the vote or agreement in writing of a majority of all voting interests. A special meeting of the Unit Owners to recall a Director or Directors may be called by 10% of the voting interests giving notice of the meeting as required in these Bylaws. The notice shall state the purpose of the meeting. Any vacancy on the Board thus created shall be filled by the Unit Owners at the same meeting. If more than one Director is subject to recall, there shall be a separate vote on the question to remove each Director. Recalls shall be further governed by the Act and any Division regulations.

3.8 Disqualification and Resignation. Any Director may resign at any time by sending or personally delivering a written notice of resignation to the Association, addressed to the Secretary. The resignation shall take effect on receipt by the Secretary, unless it states differently. Any Director elected by the Unit Owners who is absent from more than three consecutive regular meetings of the Board, unless excused by resolution of the Board, shall be deemed to have resigned from the Board automatically, effective when accepted by the Board.

3.9 Organizational Meeting. The organizational meeting of a newly elected Board shall be held within 10 days of their election at a place and time established by the Directors at the meeting at which they were elected. Additional notice to the Directors shall not be required.

3.10 Regular Meetings. The Board may establish a schedule of regular meetings to be held at a time and place as a majority of them shall determine from time to time. Notice of regular meetings, however, shall be given to each Director personally or by mail, telephone or telegraph, at least 3 days before the meeting.

3.11 Special Meetings. Special meetings of the Board may be called by the President and, in his absence, by the Vice President, and must be called by the Secretary at the written request of one third of the Directors. Notice of the meeting shall be given personally or by mail, telephone or telegraph. The notice shall state the time, place, and purpose of the meeting and shall be delivered to each Director at least 3 days before the meeting.

3.12 Emergency Items. Any item not included on the notice of a regular or special meeting may be taken up on an emergency basis by at least a majority plus one (1) of the Board. Such emergency action shall be noticed and ratified at the next regular meeting of the Board.

3.13 Posting of Notice to Unit Owners. Upon notice to the Unit Owners, the Board shall by duly adopted rule, designate a specific location on the Condominium property or Association property for the posting of notices for all Board meetings. A copy of the notice of all Director or committee meetings shall be posted conspicuously at the selected location at least 48 continuous hours before the meeting, except in an emergency. The notice shall include a identification of agenda items, and the date, time, and location of the meeting. If no property is so designated, notices of all Board meetings shall be delivered pursuant to Provision 2.9 at least fourteen (14) days before the meeting.

3.14 Written Notice to Unit Owners. Written notice of any meeting at which non-emergency special assessments, the Association budget, or amendments to rules regarding unit use will be considered shall be delivered to the Unit Owners pursuant to Provision 2.9 not less than fourteen (14) days before the meeting. The notice shall include an identification of agenda items, and the date, time, and location of the meeting. Notice of any meeting in which regular assessments are to be considered shall specifically contain a statement that such assessments will be considered and the nature of any such assessments.

3.15 Waiver of Notice. Any Director may waive notice of a meeting before, at or after the meeting and that waiver shall be deemed equivalent to the giving of notice. Attendance by any Director at a meeting shall constitute a waiver of notice of the meeting, except when his attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called.

3.16 Quorum. A quorum at the meetings of the Directors shall consist of a majority of the Board. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board, except when approval by a greater number of Directors is required by the Declaration, the Articles or these Bylaws.

3.17 Adjourned Meetings. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting 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 without further notice.

3.18 No Proxy. There shall be no voting by proxy at any meeting of the Board.



3.19 Presumed Assent. A Director present at any Board meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless he or she votes against such action or abstains from voting because of an asserted conflict of interest.

3.20 Joinder in Meeting by Approval of Minutes. A Director may join in the action of a meeting by signing and concurring in the minutes of that meeting. That concurrence, however, shall not constitute the presence of that Director for the purpose of determining a quorum.

3.21 Attendance by Conference Telephone. When a telephone conference is used, a telephone speaker shall be attached so that the discussion may be heard by the Board and by any Unit Owners present in an open meeting. Directors utilizing telephone conference calls may be counted toward obtaining a quorum and may vote over the telephone.

3.22 Meetings Open to Unit Owners. Meetings of the Board and any committee thereof, at which a quorum of the Directors is present, shall be open to all Unit Owners. At such meetings, Unit Owners shall have the right to address agenda items. The Association may adopt reasonable rules governing the frequency, duration, and manner of Unit Owner statements. Any such rules must first be adopted in written form. The rules may limit a Unit Owner's presentation time to not less than 3 minutes and may require that a Unit Owner file with the Association, at or a reasonable time before the meeting, a written request to speak at a meeting.

3.23 Presiding Officer. The presiding officer at Board meetings shall be the President or, in his absence, the Vice President, and in his absence, the Directors present shall designate any one of their number to preside.

3.24 Minutes of Meetings. The minutes of all meetings of the Board shall be kept in a book open to inspection by any Unit Owner or the authorized representative of such Owner and Directors at all reasonable times. The Association shall retain these minutes for a period of not less than seven years. Unit Owners and their authorized representatives shall have the right to make or obtain copies, at the reasonable expense, if any, of the Owner.

3.25 Executive Committee. The Board, by resolution, may appoint an executive committee to consist of three or more Directors. The executive committee shall have and may exercise all of the powers of the Board in the management of the business and affairs of the Condominium during the intervals between the meetings of the Board insofar as may be permitted by law. The executive committee, however, shall not have power to: (a) determine the common expenses required for the operation of the Condominium; (b) determine the assessments payable by the Unit Owners to meet the common expenses of the Condominium; (c) adopt or amend rules and regulations covering the details of the operation and use of the Common Elements; (d) purchase, lease or otherwise acquire Units in the Condominium in the name of the Association; (e) approve any actions or proposals required by the Act, the Declaration, the Articles or these Bylaws to be approved by Unit Owners; or (f) fill vacancies on the Board. Meetings of the executive committee shall be open to Unit Owners.

3.26 Compensation. Directors shall serve without pay but shall be entitled to reimbursement for expenses reasonably incurred in the discharge of their duties.

3.27 Order of Business. The order of business at meetings of Directors shall be:

- A. Calling of roll.
- B. Proof of notice of meeting or waiver of notice.
- C. Reading and disposal of any unapproved minutes.
- D. Reports of officers and committees.
- E. Election of Directors.
- F. Unfinished Business.

- G. New Business.
- H. Adjournment.

3.28 Failure to Elect Director Quorum. If the Association or the Board fails to fill vacancies on the Board sufficient to constitute a quorum, any Unit Owner may apply to the circuit court within whose jurisdiction the Condominium is situated for the appointment of a receiver to manage the affairs of the Association, in the manner prescribed in the Act. If a receiver is appointed, the Association shall be responsible for the salary of the receiver, court costs and attorneys' fees. The receiver shall have all the powers and duties of a duly constituted Board and shall serve until the Association fills vacancies on the Board sufficient to constitute a quorum.

#### IV. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association existing under the Act, the Declaration, the Articles and these Bylaws shall be exercised exclusively by the Board, or its duly authorized agents, contractors or employees, subject only to the approval by Unit Owners when that approval is specifically required. The powers and duties of the Board shall include, but shall not be limited to, the following:

##### 4.1 Maintenance, Management and Operation of the Condominium Property.

4.2 Contract, Sue or be Sued. After control of the Association is obtained by Unit Owners other than the Developer, the Association may institute, maintain, settle, or appeal actions or hearings in its name on behalf of all Unit Owners concerning matters of common interest, including but not limited to the common elements and commonly-used facilities. The statute of limitations for any actions in law or equity that the Association may have shall not begin to run until the Unit Owners have elected a majority of the Directors.

4.3 Right of Access to Units. The Association has the irrevocable right to access to each Unit during reasonable hours as necessary for the maintenance, repair, or replacement of any common elements or for making emergency repairs necessary to prevent damage to the common elements or to another Unit or Units.

4.4 Make and Collect Assessments; Common Elements. The Association has the power to make and collect assessments, and to lease, maintain, repair and replace the common elements. A user fee may not be charged for the use of common elements or Association property unless such fee is provided for in the Declaration, approved by a majority vote of the Unit Owners, or relate to expenses incurred by the Unit Owner having exclusive use of the common element or Association property. All assessments, regular and/or special, shall be proposed and approved by the Board of Directors in accordance with the requirements set forth for same in the Declaration, these Bylaws, and the Condominium Act, and shall require the affirmative vote of a majority of the board members for that assessment to become effective. Notwithstanding anything herein to the contrary, the Board of Directors shall be obligated to obtain the affirmative vote of 2/3rds of said Board in order to effectuate a special assessment for the purchase of real property as set forth in Paragraph 13.10 of the Declaration of Condominium for *Mediterranea of Destin*, a Condominium.

4.5 Lien and Foreclosure for Unpaid Assessments. The Association has a lien on each Condominium parcel for any unpaid assessments with interest and for reasonable attorneys' fees incurred in the collection of the assessment or enforcement of the lien. It also has the power to purchase the Condominium parcel at the foreclosure sale and to hold, lease, mortgage, or convey it.

4.6 Purchase Unit. In addition to its right to purchase Units at a lien foreclosure sale, the Association generally has the power to purchase Units in the Condominium and to acquire, hold, lease, mortgage, and convey them.

4.7 Grant or Modify Easements. The Association, without the joinder of any Unit Owner, may grant, modify, or move any easement if the easement constitutes part of or crosses common elements.

4.8 Purchase Land or Recreation Lease. Any land or recreation lease may be purchased by the Association on the approval of two-thirds of the voting interests of the Association.

4.9 Acquire Use Interest in Recreational Facilities. The Association may enter into agreements, acquire fee simple memberships and other possessory or use interest in lands or facilities, such as country clubs, golf courses, marinas, and other recreational facilities, whether contiguous to the Condominium property or not if (a) they are intended to provide enjoyment, recreation, or other use or benefit to the Unit Owners and (b) if they exist or are created at the time the Declaration was recorded, they are fully stated and described in the Declaration.

4.10 Acquire Title to Property. The Association has the power to acquire title to property or otherwise hold property for the use and benefit of its members.

4.11 Authorize Certain Amendments. If it appears that through a drafter's error in the Declaration that the common elements, common expenses, or common surplus has been stated or distributed improperly, an amendment to the Declaration correcting that error may be approved by the Board or a majority of the voting interests.

4.12 Adopt Rules and Regulations. The Association may adopt reasonable rules and regulations for the operation and use of the common elements, common areas, and recreational facilities serving the Condominium.

4.13 Maintain Official Records. The Association shall maintain all of the records, where applicable, set forth in Article IX of these Bylaws, which shall constitute the official records of the Association.

4.14 Obtain Insurance. The Association shall use its best efforts to obtain and maintain adequate insurance to protect the Association, the Association property and the Condominium property. The Association may also obtain liability insurance for Directors and officers, insurance for the benefit of the Association employees, and flood insurance for common elements, Association property and units. The Association shall make available a copy of each policy for inspection by Unit Owners at reasonable times.

4.15 Furnish Annual Financial Reports to Unit Owners. Within 60 days following the end of the fiscal or calendar year or annually on such date as is otherwise provided in the Bylaws, the Board of Directors of the Association shall mail or furnish by personal delivery to each unit owner a complete financial report of actual receipts and expenditures for the previous 12 months prepared in accordance with generally accepted accounting principles. In addition, the Association may be required by 718.111(13), F.S., to deliver compiled, reviewed or audited financial annual statements to the unit owners.

4.16 Give Notice of Liability Exposure. If the Association may be exposed to liability in excess of insurance coverage in any legal action, it shall give notice of the exposure to all Unit Owners, who shall have the right to intervene and defend.

4.17 Provide Certificate of Unpaid Assessment. Any Unit Owner or unit mortgagee has the right to request from the Association a certificate stating all assessments and other monies owed to the Association with respect to the Condominium parcel.

4.18 Pay the Annual Fee to the Division for Each Residential Unit Operated by the Association.

4.19 Contract for Operation, Maintenance, and Management of the Condominium.

4.20 Pay Taxes or Assessments Against the Common Elements or Association Property.

4.21 Pay Costs of Utilities Service Rendered to the Condominium and Association Property and Not Billed Directly to Individual Unit Owners.

4.22 Employ Personnel. The Association may employ and dismiss personnel as necessary for the maintenance and operation of the Condominium property and may retain those professional services that are required for those purposes.

4.23 Impose Fines. The Board may impose fines on Unit Owners in such reasonable sums as they may deem appropriate, not to exceed the maximum allowed by the Division or Act for violations of the Declaration, these Bylaws, or lawfully adopted rules and regulations by Owners or their guests or tenants. See 7.10.

4.24 Suspend Approval for Delinquent Unit Owner. The Board may disapprove the prospective tenant of any Unit Owner as long as he is delinquent in the payment of assessments for Common Expenses.

4.25 Authorize Private Use of the Common Elements. The Board may authorize Unit Owners or others to use portions of the Common Elements, such as social rooms and meeting rooms for private parties and gatherings. Reasonable charges may be imposed provided a lease is entered into between the Association and the Unit Owner.

4.26 Repair or Reconstruct Improvements After Casualties.

4.27 Lien for Labor and Materials Furnished to the Common Elements. Labor performed on or materials furnished to the Common Elements, if authorized by the Board, may be the basis for the filing of a lien against all Condominium parcels in the proportions for which the Owners are liable for Common Expenses.

4.28 Evidence of Compliance to Fire and Safety Code. The Board may accept a certificate of compliance from a licensed electrical contractor or electrician as evidence of compliance of the condominium units to the applicable fire and life safety codes.

4.29 Owner Inquiries. When a Unit Owner files a written inquiry by certified mail with the Board, the Board shall respond to the Unit Owner within thirty (30) days of receipt of the inquiry. The Board shall give a substantive response to the unit owner, notify the unit owner that a legal opinion has been requested, or notify the unit owner that advice has been requested from the Division of Florida Land Sales, Condominiums, and Mobile Homes. The failure of the Board to comply with this provision shall preclude the Board from recovering attorney's fees and costs in any subsequent litigation, administrative proceeding, or arbitration arising out of the inquiry.

## V. OFFICERS

5.1 Executive Officers. The executive officers of the Association shall be a President, who shall be a Director, a Vice President, who shall be a Director, a Treasurer, a Secretary, and an Assistant Secretary. The officers shall be elected annually by the Board and may be removed without cause at any meeting by a vote of a majority of all of the Directors. A person may hold more than one office except that the President may not also be the Secretary or Assistant Secretary. No person shall sign an instrument nor perform an act in the capacity of more than one office. The Board from time to time shall elect other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

5.2 President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties that usually are vested in the office of president of an Association, including but not limited to the power to appoint committees from the Unit Owners to assist in the conduct of the affairs of the Association as he in his discretion may determine appropriate. He shall preside at all meetings of the Board.

5.3 Vice President. The Vice President shall exercise the powers and perform the duties of the President in the absence or disability of the President. He also shall assist the President and exercise those other powers and perform those other duties as shall be prescribed by the Directors.

5.4 Secretary. The Secretary shall keep the minutes of all proceedings of the Directors and the Unit Owners. He shall attend to the serving of all notices to the Unit Owners and Directors and other notices required by law. He shall have custody of the seal of the Association and shall affix it to instruments requiring the seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of the secretary of an association and as may be required by the Directors or the President.

5.5 Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep books of account for the Association in accordance with good accounting practices, which, together with substantiating papers, shall be made available to the Board for examination at reasonable times. He shall submit a treasurer's report to the Board at reasonable intervals and shall perform all other duties incident to the office of treasurer. All money and other valuable effects shall be kept for the benefit of the Association in such depositories as may be designated by a majority of the Board.

5.6 Compensation. The compensation, if any, of all officers and other employees of the Association shall be fixed by the Board. This provision shall not preclude the Board from employing a Director as an employee of the Association or preclude the contracting with a Director for the management of the Condominium.

## VI. FISCAL MANAGEMENT

6.1 Board Adoption of Budget. The Board shall adopt a budget for the common expenses of the Association in advance of each fiscal year at a special meeting of the Board called for that purpose at least 45 days before the end of each fiscal year.

6.2 Budget Requirements. The proposed annual budget of common expenses shall be detailed and shall show the amount budgeted by accounts and expense classifications, including, when applicable, but not limited to:

- A. Administration of the Association.
- B. Management fees.
- C. Maintenance.
- D. Rent for recreational and other commonly used facilities.
- E. Taxes on Association property.
- F. Taxes on leased areas.
- G. Insurance.
- H. Security provisions.
- I. Other expenses.
- J. Operating capital.
- K. Fees payable to the Division.
- L. Reserve accounts for capital expenditures and deferred maintenance pursuant to the Act and any Division regulations.

6.3 Notice of Budget Meeting. The Board shall mail or hand deliver to each unit owner at the address last furnished to the Association a meeting notice and copies of the proposed annual budget to the Unit Owners not less than 14 days before the meeting at which the budget will be

considered. Notice shall be provided pursuant to Provision 2.9. Evidence of Compliance with this fourteen (14) day notice must be made by Affidavit executed by an officer of the Association or other manager and filed among the official records of the Association.

6.4 Unit Owner Rejection of Excessive Budget. If a budget adopted by the Board of Directors requires assessment against the Unit Owners in any fiscal year exceeding 115% of the assessment for the previous year, the Board, on written application of 10% of the voting interests, shall call a special meeting of the Unit Owner within 30 days. Each Unit Owner shall receive 10 days notice of the meeting. Notice shall be provided pursuant to Provision 2.9. At the special meeting, Unit Owners shall consider and enact a budget by not less than a majority of all voting interests. If a quorum is not attained or a substitute budget is not adopted by the Unit Owners, the budget adopted by the Board shall go into effect as scheduled. Provisions for reasonable reserves for repair or replacement of the Condominium property, nonrecurring expenses and assessments for betterment to the Condominium property shall be excluded from the computation in determining whether assessments exceed 115% of similar assessments in the previous year.

6.5 Alternative Budget Adoption by Directors. At its option, for any fiscal year, the Board may propose a budget to the Unit Owners at a meeting of Directors or in writing. If the proposed budget is approved by the Unit Owners at the meeting or by a majority of all voting interests in writing, the budget shall be adopted.

6.6 Budget Restraints on Developer. As long as the Developer is in control of the Board, the Board shall not impose an assessment for any year greater than 115% of the previous year's assessment without approval of a majority of all voting interest other than those held by the Developer.

6.7 Accounting Records and Reports. The Association shall maintain accounting records in the county in which the Condominium is located, according to good accounting practices. The records shall be open to inspection by any Unit Owner or the authorized representative of such Owner at all reasonable times. The records shall include, but are not limited to:

- A. Accurate, itemized, and detailed records of all receipts and expenditures.
- B. A current account and a monthly, bi-monthly, or quarterly statement of the account for each Unit designating the name of the Unit Owner, the due date and amount of each assessment, the amount paid upon the account, and the balance due.
- C. All audits, review, accounting statements, and financial reports of the Association or Condominium.
- D. All contracts for work to be performed. Bids for work to be performed shall also be considered official records and shall be maintained for a period of one year. Within 60 days after the end of each fiscal year, the Board shall mail or furnish by personal delivery to each Unit Owner a complete financial report of actual receipts and expenditures for the previous 12 months.

6.8 Depository. The depository of the Association shall be those banks or savings and loan associations, state or federal, located in Florida, as shall be designated from time to time by the Board and in which the money for the Association shall be deposited. Withdrawal of money from those accounts shall be only by checks or other withdrawal instruments signed by those persons as are authorized by the Directors.

6.9 Fidelity Bonding. The Association shall obtain and maintain adequate insurance or fidelity bonding of all persons who control or disburse funds of the Association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the Association or its management agent, if any, at any one time. As used in this paragraph, the term "persons who control or disburse funds of the association" includes, but is not limited to, those individuals authorized to sign checks and the president, secretary, and treasurer of the Association. The Association shall bear the cost of bonding.

6.10 Annual Election of Income Reporting Method. The Board shall make a determination annually, based on competent advice, as to whether it shall cause the Association's income to be reported to the Internal Revenue Service by the "regular" method (Federal Tax Form 1120H), according to which method of reporting shall best serve the interest of the Association for the reporting period under consideration.

## VII. ASSESSMENTS AND COLLECTION

7.1 Assessments, Generally. Assessments shall be made against the Units not less frequently than quarterly in the discretion of the Board. The assessments shall be made in an amount no less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. The assessment funds shall be collected against Units in the proportions or percentages provided in the Declaration.

7.2 Special Assessments. The specific purpose or purposes of any special assessment, including emergency assessments, that cannot be paid from the annual assessment for Common Expenses, as determined by the Board, shall be set forth in a written notice of such assessment sent or delivered to each Unit Owner. The notice shall be sent or delivered within such time before the payment or initial payment thereunder shall be due, as may be reasonable or practicable in the circumstances. Special assessments shall be paid at the times and in the manner that the Board may require in the notice of the assessment. The funds collected pursuant to a special assessment shall be used only for the specific purpose or purposes set forth in such notice, or returned to the Unit Owners. Upon completion of such specific purpose or purposes, however, any excess funds shall be considered Common Surplus.

7.3 Charges for Other than Common Expenses. Charges by the Association against individual Unit Owners for other than Common Expenses shall be payable in advance and the billing and collection thereof may be administered by the Association. Charges for other than Common Expenses may be made only after approval of a Unit Owner or when expressly provided for in the Declaration or other Condominium documents. These charges may include, without limitation, charges for the use of the Condominium property or recreation area, maintenance services furnished at the expense of a Unit Owner and other services furnished for the benefit of a Unit Owner. The provisions of 7.7 shall not apply to the charges described herein.

7.4 Liability for Assessments. Each Unit Owner, regardless of how title is acquired, shall be liable for all assessments coming due while he is the Unit Owner. The Unit Owner and his grantee in a voluntary conveyance shall be jointly and severally liable for all unpaid assessments due and payable up to the time of the transfer of title. A first mortgagee or other purchaser of a Condominium Unit who obtains title to the Condominium parcel by a purchase at the public sale resulting from the first mortgagee's foreclosure judgment in a foreclosure suit in which the Association has been properly named as a defendant junior lienholder, or who obtains title as a result of a deed given in lieu of foreclosure, together with his successors and assigns, is liable for the share of Common Expenses or assessments attributable to the Condominium parcel or chargeable to the former Unit Owner of the parcel as required by F.S. 718.116. The unpaid share of Common Expenses or assessments are Common Expenses collectible from all of the Unit Owners, including such acquirer and his successors and assigns. 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.

7.5 Assessments Against Developer-Owned Units. If a Developer holds units for sale in the ordinary course of business, the Developer may not be assessed as a Unit Owner for capital improvements without written approval by the Developer.

7.6 Assessments, Amended Budget. If the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board. Unpaid assessments for the remaining portion of the year for which an amended assessment is made shall be payable in as many equal installments as there are installment payment dates remaining in the budget year as of the date of the amended assessment. The budget shall not be amended for emergency or special nonrecurring expenses.

7.7 Collection: Interest, Administrative Late Fees, and Application of Payment. Assessments and installments on them, if not paid within ten days after the date they become due, shall bear interest at the highest rate allowed by the laws of the State of Florida (currently 18%) from the date when due until paid. In addition to interest, the Association may charge an administrative late fee in an amount not to exceed the greater of \$25.00 or 5% of the assessment for each delinquent installment that is late. All payments received by the Association upon account shall be applied first to interest, then to any administrative late fee, then to any costs and reasonable attorneys fees incurred in collection, and then to the delinquent assessment.

7.8 Lien for Assessments. The Association has a lien on each Condominium parcel for any unpaid assessments with interest and for reasonable attorneys' fees incurred by the Association incident to the collection of the assessment or enforcement of the lien. Except as otherwise provided, the lien is effective from and shall relate back to the recording of the original Declaration of Condominium. However, as to first mortgages of record, the lien is effective from and after recording a claim of lien in the public records in the county in which the Condominium parcel is located.

To be valid, a claim of lien must state the description of the condominium parcel, the name of the record owner, the name and address of the Association, the amount due, and the due dates. It must be executed and acknowledged by an officer or authorized agent of the Association. No such lien shall be effective longer than one 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 one-year period shall automatically be extended for any length of time during which the Association is prevented from filing a foreclosure action by an automatic stay resulting from a bankruptcy petition filed by the parcel owner or any other person claiming an interest in the parcel. The claim of lien shall secure all unpaid assessments, interest, administrative late fees, costs, and attorneys' fees which are due and which may accrue after the recording of the claim of lien and before the entry of a final judgment of foreclosure. The lien is subordinate to any mortgage on the Condominium parcel recorded before it.

Where a unit owner is delinquent in the payment of assessments, and the Association institutes collection procedures by pursuing a claim of lien, for the purpose of that action, the Association may include the assessments due for the remaining budget year. If accelerated, those assessments become due and payable on the date the claim of lien is filed, regardless of the fact they might not have otherwise been billed or payable until a later date. Further, the claim of lien may secure interest owed on assessments and all reasonable costs and attorneys fees incurred by the Association incident to the collection process. Upon payment in full, the person making the payment is entitled to satisfaction of the lien.

7.9 Collection: Suit, Notice. The Association may bring an action in its name to foreclose any lien for assessments in the manner that a mortgage of real property is foreclosed. It also may bring an action to recover a money judgment for the unpaid assessment without waiving any claim of lien. The Association shall give notice to the Unit Owner of its intention to foreclose its lien at least 30 days before the foreclosure action is filed. The notice shall be given by delivery of a copy of it to the Unit Owner or by certified or registered mail, return-receipt requested, addressed to the Unit Owner at the last known address. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose an assessment lien, and to apply as a cash credit against its bid, all sums due the Association covered by the lien enforced. The Association is entitled to recover its reasonable attorney's fees incurred in either a lien foreclosure action or an action to recover a money judgment for unpaid assessments.

7.10 Fines. The Association may levy reasonable fines against a unit for the failure of the owner of the unit, or its occupant, licensee, or invitee, to comply with any provision of the declaration, the Association bylaws, or reasonable rules of the Association. No fine will become a lien against a unit. No fine may exceed \$100 per violation. However, a fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, provided that no such fine



shall in the aggregate exceed \$1,000. No fine may be levied except after giving reasonable notice and opportunity for a hearing to the unit owner and, if applicable, its licensee or invitee. The hearing must be held before a committee of other unit owners. If the committee does not agree with the fine, the fine may not be levied. Before levying a fine, the Board shall afford an opportunity for hearing to the party against whom the fine is sought to be levied, after reasonable notice of not less than 14 days. The notice shall include:

- A. a statement of the date, time and place of the hearing;
- B. a statement of the provisions of the Declaration, these Bylaws and lawfully adopted rules and regulations which have allegedly been violated; and
- C. a short and plain statement of the matters asserted by the Association. The party against whom the fine may be levied shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge, and respond to any material considered by the Association. Upon the levying of any fine, the Board may collect such fines like assessments in one or more installments. Each day of violation shall be a separate violation. The affected Unit Owner, whether the offending party or not, shall always be given notice of the hearing. No fine shall become a lien against a Unit. No fines may be levied against unoccupied Units.

## VIII. ASSOCIATION CONTRACTS

8.1 Fair and Reasonable Cancellation. Any contracts made by the Association before the Unit Owners assume control from the Developer must be fair and reasonable. All contracts for the operation, maintenance or management of the Association or property serving the Unit Owners, made by the Association, whether before or after assumption of control of the Association by the Unit Owners, must not be in conflict with the powers and duties of the Association or the rights of the Unit Owners. Contracts made by the Association before the Unit Owners assume control may be canceled by the Unit Owners after assumption of control in the manner and under the circumstances as provided in the Act.

8.2 Laundry-Related Vending Equipment. The Developer may obligate the Association under lease agreements or other contractual arrangements for laundry-related vending equipment. The leases or agreements for such vending equipment may not be subject to cancellation by Unit Owners other than the Developer if those leases or agreements contain certain provisions as prescribed by the Act.

8.3 Escalation Clauses in Management Contracts Prohibited. No management contract entered into by the Association shall contain an escalation clause, since they have been declared to be against the public policy of the State of Florida.

8.4 Requirements for Maintenance and Management Contracts. Written contracts for operation, maintenance and management entered into by the Association must contain certain elements in order to be valid and enforceable. These include, but are not limited to:

- A. Specification of the services, obligations, and responsibilities of the service provider.
- B. Specification of costs for services performed.
- C. An indication of frequency of performance of services.
- D. Specification of minimum number of personnel to provide the services contracted for.
- E. The disclosure of any financial or ownership interest that the Developer has in the service provider, if the Developer is in control of the Association.

### IX. ASSOCIATION OFFICIAL RECORDS

The Association, from its inception, shall maintain each of the following items when applicable, which shall constitute the official records of the Association:

- A. A copy of the plans, permits, warranties and other items provided by the Developer pursuant to F.S. 718.301(4) of the Act.
- B. A Photocopy of the recorded Declaration of each Condominium operated by the Association and all amendments.
- C. A photocopy of the recorded Bylaws of the Association and all amendments.
- D. A certified copy of the Articles of Incorporation of the Association and all amendments.
- E. A copy of the current rules of the Association.
- F. A book or books containing the minutes of all meetings of the Association, of the Board and of Unit Owners, which minutes shall be retained for a period of not less than seven years.
- G. A current roster of all Unit Owners, their mailing addresses, Unit identifications, voting certifications, and, if known, telephone numbers. Additionally, the Association may require a copy of the deed or other instrument showing each Unit's ownership, together with a copy of any mortgage on the Unit and any satisfaction of that mortgage.
- H. All current insurance policies of the Association and Condominiums operated by the Association.
- I. A current copy of any management agreement, lease or other contract to which the Association is a party or under which the Association or the Unit Owners have an obligation or responsibility.
- J. Bills of sale or transfer for all property owned by the Association.
- K. The accounting records required in 6.7.
- L. Ballots, sign-in sheets, voting proxies and all other papers related to voting, which shall be maintained for a period of one year from the date of the meeting, election or vote to which the document relates.
- M. All rental records where the Association is acting as agent for the rental of Condominium Units.
- N. A copy of the current question and answer sheet as described in section 718.504, Florida Statutes.
- O. All other records of the Association not specifically included in the foregoing which are related to the operation of the Association.

The official records of the Association shall be maintained in the county in which the Condominium is located and shall be open to inspection by any Unit Owner or the authorized representative of such Owner at all reasonable times. The right to inspect the records includes the right to make or obtain copies, at the reasonable expense, if any, of the Unit Owner. Failure to permit inspection of the Association records entitles any person prevailing in an enforcement action to recover reasonable attorneys' fees from the person in control of the records who, directly or indirectly, knowingly denied access to the records for inspection.

## **X. OBLIGATIONS OF OWNERS**

### **10.1 Violations, Notice, Actions.**

In the case of a violation (other than the nonpayment of an assessment) by a Unit Owner of any of the provisions of the Act, the Declaration, the Articles, these Bylaws, or any lawfully adopted rules and regulations, the Association by direction of the Board may transmit to the Unit Owner by certified mail, return-receipt requested, a notice of the violation. If the violation shall continue for a period of 30 days from the date of the notice, the Association shall have the right to treat the violation as an intentional and material breach of the provision cited in the notice. It then, at its option, may take the following actions:

- A. File an action to recover for its damages on behalf of the Association or on behalf of other Unit Owners.
- B. File an action for injunctive relief requiring the offending Unit Owner to take or desist from taking certain actions.
- C. File an action for both damages and injunctive relief.

A Unit Owner may bring an action against the Association or any Director for damages, injunctive relief, or both, if the Association, or a Director willfully and knowingly, fails to comply with the provisions of the Act, the Declaration, the Articles, these Bylaws or the rules and regulations.

The foregoing action may be taken in addition to the Association's right to impose fines under Provision 4.25.

10.2 Attorneys' Fees. In any action brought pursuant to Provision 10.1, the prevailing party is entitled to recover reasonable attorneys' fees.

10.3 No Waiver of Rights. Neither a Unit Owner nor the Association may waive a provision of the Act if that waiver would adversely affect the rights of a Unit Owner or the purposes of the provision, except that Unit Owners or Directors may waive notice of specific meetings in writing.

## **XI. ARBITRATION OF INTERNAL DISPUTES**

Disputes among Unit Owners, the Association, their agents, and assigns may be resolved by mandatory non-binding arbitration pursuant to the Act and any Division regulations.

## **XII. LIABILITY SURVIVES MEMBERSHIP TERMINATION**

Termination of membership in the Association shall not relieve or release a former member from any liability or obligation incurred with respect to the Condominium during the period of membership, nor impair any rights or remedies that the Association may have against the former member arising out of his membership and his covenants and obligations incident to that membership.

## **XIII. LIMITATIONS ON UNIT OWNER LIABILITY FOR USE OF COMMON ELEMENTS**

Each Unit Owner may be personally liable for the acts or omissions of the Association relating to the use of the Common Elements. That liability shall be shared with other Unit Owners

in the same percentages as their respective interests in the Common Elements. No individual Unit Owner's liability shall exceed the value of his Unit.

#### **XIV. PARLIAMENTARY RULES**

ROBERTS' RULES OF ORDER (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Act, the Declaration, the Articles, or these Bylaws.

#### **XV. RULES AND REGULATIONS**

15.1 Board May Adopt. The Board may adopt and amend, from time to time, reasonable rules and regulations governing the details or the use and operation of the Common Elements, Allocation property, and recreational facilities serving the Condominium.

15.2 Posting and Furnishing Copies. A copy of the rules and regulations adopted from time to time by the Board, and any amendments to existing rules and regulations, shall be posted in a conspicuous place on the Condominium property and a copy furnished to each Unit Owner. No rule, regulation, or amendment shall become effective until 30 days after posting, except in the case of an emergency, in which case the rule, regulation, or amendment shall become effective immediately on posting.

15.3 Limitations on Authority. The Board may not unreasonably restrict any Unit Owner's right to peaceably assemble or right to invite public officers or candidates for public office to appear and speak in Common Elements, Association property, common areas, and recreational facilities. The Board may not deny any resident of the Condominium, whether tenant or owner, access to any available franchised or licensed cable television service or exact a charge or anything of value in excess of charges normally paid for like services by residents of single-family homes within the same franchise or license area.

15.4 Reasonableness Test. Any rule or regulation created and imposed by the Board must be reasonably related to the promotion of the health, happiness, and peace of mind on the Unit Owners and uniformly applied and enforced.

#### **XVI. RESTRICTIONS ON AND REQUIREMENTS FOR USE, MAINTENANCE AND APPEARANCE OF THE UNITS.**

16.1 Where Contained. Restrictions on the use, maintenance, and appearance of the individual Condominium Units shall be as stated in the Declaration and no amendments to such restrictions shall be contained elsewhere than in the Declaration as adopted by a vote of the Unit Owners conducted in the manner prescribed elsewhere in these Bylaws.

16.2 Tests for Validity of Restrictions. Restrictions contained in the Declaration and any amendments duly adopted by a vote of the Unit Owners shall be valid and in the nature of covenants running with the land, unless it is shown that they: (1) are wholly arbitrary in their application; (2) are in violation of public policy; or (3) abrogate some fundamental constitutional right.

#### **XVII. BYLAWS DEEMED AMENDED**

These Bylaws shall be deemed amended in those particulars as may be required to make them consistent with the provisions of the Act, as it may be amended from time to time.

### **XVIII. PRIORITIES IN CASE OF CONFLICT**

In the event of conflict between or among the provisions of any of the following, the order of priorities shall be, from highest priority to lowest:

- A. The Act, and any regulations promulgated by the Division.
- B. The Declaration
- C. The Articles
- D. These Bylaws
- E. The Association's rules and regulations

### **XIX. INDEMNIFICATION**

Every officer and Director shall be indemnified by the Association against all expenses and liabilities, including reasonable attorneys' fees incurred and imposed in connection with any proceedings to which he may be a party, or in which he may become involved by reason of his being or having been an officer or Director, whether or not he is an officer or Director at the time the expenses are incurred. The officer or Director shall not be indemnified if he is adjudged guilty of gross negligence or willful misconduct or shall have breached his fiduciary duty to the Unit Owner. The Association shall not be liable, however, for payment of a voluntary settlement unless it is first approved by the Board. The foregoing rights shall be in addition to and not exclusive of all other rights to which the Director or officer may be entitled.

### **XX. DEFECTIVE CONDOMINIUM DOCUMENTS, CURATIVE PROVISIONS**

Pursuant to F.S. 718.110(10) of the Act, the Association or a Unit Owner may petition the circuit court having jurisdiction in the county in which the Condominium property is situated to correct an error or omission in the Declaration or any other documents required to establish the Condominium, affecting its valid existence, and which errors or omissions are not correctable by the amendment procedures in the Declaration or the Act. In any case, after three years from the filing of the Declaration, it shall be deemed to be effective under the Act to create a Condominium, whether in fact it substantially complies with the mandatory requirements of the Act or not.

### **XXI. AMENDMENTS**

Amendments to these Bylaws shall be proposed and adopted in the following manner:

21.1 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which the proposed amendment is to be considered.

21.2 Adoption. An amendment may be proposed either by a majority of the Board or by not less than one third of the voting interests of the Association. The amendment shall be adopted if it is approved by not less than two-thirds of the voting interests of the Association.

21.3 Limitation. No amendment shall be made that is in conflict with the Act or the Declaration, nor shall any amendment abridge, alter or amend the rights of the Developer or mortgagees of Units without their consent.

21.4 Recording. A copy of each amendment shall be attached to or included in a certificate certifying that the amendment was duly adopted as an amendment of the Bylaws. The certificate, which shall identify the first page of the book and page of the public records where the Declaration

of each Condominium operated by the Association is recorded, shall be executed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the public records of the county where the Declaration is recorded.

21.5 Format. Proposals to amend existing Bylaws shall contain the full text of the Bylaws to be amended. New words shall be underlined and words to be deleted shall be lined through with hyphens. If the proposed change is so extensive that this procedure would hinder rather than assist understanding, a notation must be inserted immediately preceding the proposed amendment saying "SUBSTANTIAL REWORDING OF BYLAW. SEE BYLAW NUMBER \_\_\_\_\_ FOR PRESENT TEXT".

**XXII. CONSTRUCTION**

Whenever the context permits or requires, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall be deemed to include all genders.

The foregoing were adopted as the Bylaws of MEDITERRANEA OF DESTIN CONDOMINIUM OWNERS ASSOCIATION, INC., on May 1, 2002.

**MEDITERRANEA OF DESTIN  
CONDOMINIUM OWNERS  
ASSOCIATION, INC.**

BY: [Signature]

Name: Ronald L. Sarrano

Its: Director

[Print/Type Name]

[CORPORATE SEAL]

**THIS IS THE LAST PAGE OF THE DECLARATION OF CONDOMINIUM OF  
MEDITERRANEA OF DESTIN, A CONDOMINIUM**