

**BY-LAWS
OF
HIDDEN SHORES HOMEOWNERS ASSOCIATION, INC.**

*A corporation not for profit organized
under the laws of the State of Florida*

1. Identity. These are the By-Laws of **HIDDEN SHORES HOMEOWNERS ASSOCIATION, INC.** (the "Association"), a corporation not for profit incorporated under the laws of the State of Florida, and organized for the purposes set forth in its Articles of Incorporation.
 - 1.1 Fiscal Year. The fiscal year of the Association shall be the twelve (12) month period commencing January 1st and terminating December 31st of each year. The provisions of this subsection 1.1 may be amended at any time by a majority of the Board of Directors of the Association.
 - 1.2 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.
 - 1.3 Office: The office of the Association shall be Etheridge Property Management, Inc., 908 Gardengate Circle, Pensacola, FL 32504.

2. Definitions. For convenience, these By-Laws shall be referred to as the "By-Laws" and the Articles of Incorporation of the Association as the "Articles". The other terms used in these By-Laws shall have the same definitions and meanings as those set forth in the Declaration of Covenants, Conditions and Restrictions for Hidden Shores, recorded at Official Records Book 1805, Page 1021 of the public records of Santa Rosa County, Florida (as revitalized pursuant to Chapter 720, Part III, Florida Statutes and as amended from time to time), unless herein provided to the contrary, or unless the context otherwise requires. The term "Act" refers to the provision of Chapter 720, *Florida Statutes*, as may be amended from time to time, which are incorporated into these By-laws and control to the extent of conflict.

3. Members.
 - 3.1 Annual Meeting. The annual members' meeting shall be held on the date, at the place and at the time determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and, to the extent possible, no later than thirteen (13) months after the last preceding annual meeting. The purpose of the meeting shall be, except as provided herein to the contrary, to elect Directors, and to transact any other business authorized to be transacted by the members, or as stated in the notice of the meeting sent to Lot Owners in advance thereof. Unless changed by the Board of Directors, the first annual meeting shall be held in the month of October following the year in which the Declaration is filed.
 - 3.2 Special Meetings. Special members' meetings shall be held at such places and as such times as may be determined by the Board of Directors, and may be called by the President or by a majority of the Board of Directors of the Association, and must be called by the President or Secretary upon receipt of a written request from a majority of the total voting interests of the Association. The business conducted at a special meeting shall be limited to those agenda items specifically identified in the notice of the meeting.
 - 3.3 Participation by Lot Owners. Subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board, Lot Owners shall have the right to speak at the annual and special meetings of the Lot Owners, committee meetings and Board meetings with

reference to all designated agenda items. A Lot Owner does not have the right to speak with respect to items not specifically designated on the agenda, provided, however, that the Board may permit a Lot Owner to speak on such items in its discretion. Every Lot Owner who desires to speak at a meeting, may do so, provided that the Lot Owner has filed a written request with the Secretary of the Association not less than twenty four (24) hours prior to the scheduled time for commencement of the meeting. Unless waived by the President at the meeting (which may be done in the President's sole and absolute discretion and without being deemed to constitute a waiver as to any other subsequent speakers), all Lot Owners speaking at a meeting shall be limited to a maximum of three (3) minutes per speaker. Any Lot Owner may tape record or videotape a meeting, subject to the following and such further reasonable restrictions as may be adopted from time to time by the Board:

- (a) The only audio and video equipment and devices which Lot Owners are authorized to utilize at any such meeting is equipment which does not produce distracting sound or light emissions;
- (b) Audio and video equipment shall be assembled and placed in position in advance of the commencement of the meeting;
- (c) Anyone videotaping or recording a meeting shall not be permitted to move about the meeting room in order to facilitate the recording; and
- (d) At least forty eight (48) hours (or twenty four (24) hours with respect to a Board meeting) prior written notice shall be given to the Secretary of the Association by any Lot Owner desiring to make an audio or video taping of the meeting.

3.4 Notice of Meeting; Waiver of Notice. Notice of a meeting of members (annual or special), stating the time and place and the purpose(s) for which the meeting is called, shall be given by the President or Secretary. A copy of the notice shall be posted at a conspicuous place on the Common Area. The notice of an annual or special meeting shall be hand delivered, electronically transmitted or sent by regular mail to each Lot Owner, unless the Lot Owner waives in writing the right to receive notice of the annual meeting by mail. The delivery or mailing shall be to the address of the member as last furnished to the Association by the Lot Owner. However, if a Lot is owned by more than one (1) person, the Association shall provide notice, for meetings and all other purposes, to that one address identified as one or more of the Owners of the Lot shall so advise the Association in writing, or if no address is given or if the Owners disagree, notice shall be sent to the address for the Owner as set forth on the deed of the Lot. The posting and mailing of the notice for either special or annual meetings (other than election meetings), which notice shall incorporate an identification of agenda items, shall be effected not less than fourteen (14) continuous days prior to the date of the meeting. The Board shall adopt by rule, and give notice to Lot Owners of, a specific location on the Common Area upon which all notices of members' meetings shall be posted. In lieu of or in addition to the physical posting of notice of any meeting of the Lot Owners on the Common Area, the Association may, by reasonable rule, adopt a procedure for conspicuously posting and repeatedly broadcasting the notice and the agenda on a closed-circuit cable television system serving the Association, if any. However, if broadcast notice is used in lieu of a notice posted physically on the Common Area, the notice and agenda must be broadcast at least four (4) times every broadcast hour of each day that a posted notice is otherwise required. When broadcast notice is provided, the notice and agenda must be broadcast in a manner and for a sufficient continuous length of time so as to allow an average reader to observe the notice and read and comprehend the entire content of the notice and the agenda.

Notice of specific meetings may be waived before or after the meeting and the attendance of any member (or person authorized to vote for such member), either in person or by proxy, shall constitute such member's waiver of notice of such meeting, and waiver of any and all objections to the place of the meeting, the time of the meeting or the manner in which it has been called or convened, except when his (or his authorized representative's) 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.

An officer of the Association, or the manager or other person providing notice of the meeting shall provide an affidavit or United States Postal Service certificate of mailing, to be included in the official records of the Association, affirming that notices of meetings were posted and mailed or hand delivered in accordance with this Section and Section 720.306 of the Act, to each Lot Owner at the appropriate address for such Lot Owner. No other proof of notice of a meeting shall be required.

3.5 Quorum. A quorum at members' meetings shall be attained by the presence, either in person or by proxy (limited or general), of thirty (30%) percent of the total voting interests of the Association.

3.6 Voting.

(a) Number of Votes. In any meeting of members, the Owners of each Lot shall be entitled to cast the number of votes designated for their Lot as set forth in the Declaration, except that no voting interest or consent right allocated to a Lot owned by the association shall be exercised or considered for any purpose, whether for a quorum, an election, or otherwise. The vote of a Lot shall not be divisible. Any Lot Owner or member of the Association delinquent in the payment of assessments, fines or other monetary obligations of the Association shall not have a right to vote as to any matter.

(b) Majority Vote. The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum shall have been attained shall be binding upon all Lot Owners for all purposes, except where otherwise provided by law, the Declaration, the Articles or these By-Laws. As used in these By-Laws, the Articles or the Declaration, the terms "majority of the Lot Owners" and "majority of the members" shall mean a majority of the votes entitled to be cast by the members and not a majority of the members themselves and shall further mean more than fifty percent (50%) of the then total authorized votes present in person or by proxy and voting at any meeting of the Lot Owners at which a quorum shall have been attained. Similarly, if some greater percentage of members is required herein or in the Declaration or Articles, it shall mean such greater percentage of the votes of members and not of the members themselves.

(c) Voting Member. If a Lot is owned by one person, that person's right to vote shall be established by the roster of members. If a Lot is owned by more than one (1) person, those persons (including husbands and wives) shall decide among themselves as to who shall cast the vote of the Lot. In the event that those persons cannot so decide, no vote shall be cast. A person casting a vote for a Lot shall be presumed to have the authority to do so unless the President or the Board of Directors is otherwise notified. If a Lot is owned by a corporation, partnership, limited liability company, trust or any other lawful entity, the person entitled to cast the vote for the Lot shall be designated by a certificate signed by persons having lawful authority to bind the corporation, partnership, limited liability company, trust or other lawful entity and filed with the Secretary of the Association. Such person need not be a Lot Owner. Those certificates shall be valid until revoked or

until superseded by a subsequent certificate or until a change in the ownership of the Lot concerned. A certificate designating the person entitled to cast the vote for a Lot may be revoked by any record owner of an undivided interest in the Lot. If a certificate designating the person entitled to cast the vote for a Lot for which such certificate is required is not on file or has been revoked, the vote attributable to such Lot shall not be considered in determining whether a quorum is present, nor for any other purpose, and the total number of authorized votes in the Association shall be reduced accordingly until such certificate is filed.

- 3.7 Proxies. Votes to be cast at meetings of the Association membership may be cast in person or by proxy in accordance with Fla. Stat. 720.303(8) as may be amended from time to time. No proxy, limited or general, shall be used in the election of Board members. General proxies may be used for other matters for which limited proxies are not required and may also be used in voting for non-substantive changes to items for which a limited proxy is required and given. A proxy may be made by any person entitled to vote, but shall only be valid for the specific meeting for which originally given and any lawful adjourned meetings thereof. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the person executing it. A proxy must be in writing, signed by the person authorized to cast the vote for the Lot (as above described), name the person(s) voting by proxy and the person authorized to vote for such person(s) and filed with the Secretary before the appointed time of the meeting, or before the time to which the meeting is adjourned. Each proxy shall contain the date, time and place of the meeting for which it is given and, if a limited proxy, shall set forth the matters on which the proxy holder may vote and the manner in which the vote is to be cast. There shall be no limitation on the number of proxies which may be held by any person. If a proxy expressly provides, any proxy holder may appoint, in writing, a substitute to act in its place. If such provision is not made, substitution is not permitted.
- 3.8 Adjourned Meetings. If any proposed meeting cannot be organized because a quorum has not been attained, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present, provided notice of the newly scheduled meeting is given in the manner required for the giving of notice of a meeting. Except as required above, proxies given for the adjourned meeting shall be valid for the newly scheduled meeting unless revoked for reasons other than the new date of the meeting.
- 3.9 Order of Business. If a quorum has been attained, the order of business at annual members' meetings, and, if applicable, at other members' meetings, shall be:
- (a) Collect any ballots not yet cast;
 - (b) Call to order by President;
 - (c) Appointment by the President of a chairman of the meeting (who need not be a member or a Director);
 - (d) Counting of Ballots for Election of Directors;
 - (e) Proof of notice of the meeting or waiver of notice;
 - (f) Reading of minutes;
 - (g) Reports of officers;

- (h) Reports of committees;
- (i) Unfinished business;
- (j) New business;
- (k) Adjournment.

Such order may be waived in whole or in part by direction of the chairman.

3.10 Minutes of Meeting. The minutes of all meetings of Lot Owners shall be kept in a book available for inspection by Lot Owners or their authorized representatives and Board members at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.

4. Directors.

4.1 Membership. The affairs of the Association shall be governed by a Board, consisting of no less than three (3) and no more than five (5) Directors, the exact number to be determined from time to time upon majority vote of the membership. Directors must be natural persons who are eighteen (18) years of age or older. Any person who has been convicted of any felony by any court of record in this state or a United States District or Territorial Court, or who has been convicted of any offense in another jurisdiction that would be considered a felony if committed in this state, is not eligible for Board membership (provided, however, that the validity of any Board action is not affected if it is later determined that a member of the Board is ineligible for Board membership due to having been convicted of a felony) unless such felon's civil rights have been restored for a period of no less than 5 years as of the date on which such person seeks election to the board. Co-owners of a Lot are not eligible to serve as members of the board at the same time. A person who is more than 90 days delinquent in the payment of any fee, fine or assessment is not eligible to for board membership. Directors may not vote at Board meetings by proxy or by secret ballot. A director who abstains from voting on any action taken on any corporate matter shall be presumed to have taken no position with regard to the action.

4.2 Election of Directors. Election of Directors shall be held at the annual members' meeting, except as herein provided to the contrary. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Any eligible Lot Owner desiring to be a candidate may submit notice of candidacy to the Nominating Committee. However, co-owners of a Lot may not serve on the Board of Directors at the same time. The election of Directors shall be by written secret ballot at the annual meeting. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Notwithstanding the provisions of this Section 4.2, an election is not required unless more candidates file notices of intent to run than vacancies exist on the Board.

4.3 Vacancies and Removal.

- (a) Except as to vacancies resulting from removal of Directors by members (as addressed in subsection (b) below), vacancies in the Board of Directors occurring between annual meetings of members shall be filled by a majority vote of the remaining Directors at any Board meeting (even if the remaining Directors constitute less than a quorum), with the replacement Director serving the balance of the term of the vacating Board member.
- (b) In accordance with the provisions and procedure contained within Fla. Stat. 720.303(10) as amended from time to time, any Director elected by the members may be removed by recall with or without cause by concurrence of a majority of the voting interests of the members at a special meeting of members called for that purpose or by written agreement signed by a majority of all voting interests. Where Lot owners are seeking to recall at least a majority of the board, the Lot owners voting for recall shall be entitled to designate replacement board members in the course of the recall. If the Lot owners seek to recall less than a majority of the board, the vacancy or vacancies may be filled by the remaining board members, even if less than a quorum of the board remains. The conveyance of all Lots owned by a Director in the Subdivision (other than Directors who were not Lot Owners) shall constitute the resignation of such Director.

4.4 Term. Except as provided herein to the contrary, the term of each Director's service shall be for a period of one year and shall extend until the next annual meeting of the members and subsequently until his successor is duly elected and has taken office, or until he is removed in the manner elsewhere provided. If no person is interested in or demonstrates an intention to run for the position of a board member whose term has expired according to this subparagraph, such board member whose term has expired shall be automatically reappointed to the board and need not stand for reelection.

4.5 Organizational Meeting. The organizational meeting of newly-elected or appointed Directors shall be held within ten (10) days of their election or appointment. The Directors calling the organizational meeting shall give at least three (3) days advance notice thereof, stating the time and place of the meeting.

4.6 Meetings. Meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Meetings of the Board of Directors may be held by telephone conference, with those Directors attending by telephone counted toward the quorum requirement, provided that a telephone speaker must be used so that the conversation of those Directors attending by telephone may be heard by the Directors and any Lot Owners attending such meeting in person. Notice of meetings shall be given to each Director, personally or by mail, telephone or telegraph, and shall be transmitted at least three (3) days prior to the meeting. Meetings of the Board of Directors, and any Committee thereof at which a quorum of the members of that Committee are present shall be open to all Lot Owners. Any Lot Owner may tape record or videotape meetings of the Board, in accordance with the rules of the Division. The right to attend such meetings includes the right to speak at such meetings with respect to all designated agenda items. The Association may adopt reasonable rules governing the frequency, duration and manner of Lot Owner statements. If 20 percent of the total voting interests petition the board to address an item of business, the board, shall at its next regular board meeting or at a special meeting, but not later than 60 days after the board's receipt of the petition, place the item on the agenda. Adequate notice of all board meetings, which notice shall specifically incorporate an identification of agenda items, shall be posted conspicuously on the Common Area at least forty-eight (48) continuous hours preceding the meeting, except in the event of an emergency. Any item not included on the notice may be taken up on an emergency basis by at least a majority plus one of the members of the Board. Such emergency action shall be noticed and ratified at the next

regular meeting of the Board. Notwithstanding the foregoing, written notice of any meeting of the Board at which nonemergency special assessments, or at which amendment to rules regarding Lot use will be proposed, discussed or approved, shall be mailed, delivered or electronically transmitted to all Lot Owners and posted conspicuously on the Common Area not less than fourteen (14) continuous days prior to the meeting. Evidence of compliance with this fourteen (14) continuous day notice shall be made by an affidavit executed by the Secretary of the Association and filed among the official records of the Association. Notice of any meeting at which regular or special assessments are to be considered for any reason shall specifically state that assessments will be considered and the nature, estimated cost, and description of the purpose or purposes for such assessments. The Board shall adopt by rule, and give notice to Lot Owners of, a specific location on the Common Area upon which all notices of Board and/or Committee meetings shall be posted. In lieu of or in addition to the physical posting of notice of any meeting of the Board on the Common Area, the Association may, by reasonable rule, adopt a procedure for conspicuously posting and repeatedly broadcasting the notice and the agenda on a closed-circuit cable television system serving the Association, if any. However, if broadcast notice is used in lieu of a notice posted physically on the Common Area, the notice and agenda must be broadcast at least four (4) times every broadcast hour of each day that a posted notice is otherwise required. When broadcast notice is provided, the notice and agenda must be broadcast in a manner and for a sufficient continuous length of time so as to allow an average reader to observe the notice and read and comprehend the entire content of the notice and the agenda. Special meetings of the Directors may be called by the President, and must be called by the President or Secretary at the written request of one-third (1/3) of the Directors or where required by the Act. A Director or member of a Committee of the Board of Directors may submit in writing his or her agreement or disagreement with any action taken at a meeting that such individual did not attend. This agreement or disagreement may not be used for purposes of creating a quorum.

- 4.7 Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting and that waiver shall be deemed equivalent to the due receipt by said Director of notice. Attendance by any Director at a meeting shall constitute a waiver of notice of such meeting, and a waiver of any and all objections to the place of the meeting, to the time of the meeting or the manner in which it has been called or convened, except when a Director states at the beginning of the meeting, or promptly upon arrival at the meeting, any objection to the transaction of affairs because the meeting is not lawfully called or convened.
- 4.8 Quorum. A quorum at Directors' meetings shall consist of a majority of the entire Board of Directors. 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 of Directors, except when approval by a greater number of Directors is specifically required by the Declaration, the Articles or these By-Laws.
- 4.9 Adjourned Meetings. If, at any proposed meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present, provided notice of such newly scheduled meeting is given as required hereunder. At any newly scheduled meeting, any business that might have been transacted at the meeting as originally called may be transacted as long as notice of such business to be conducted at the rescheduled meeting is given, if required (e.g., with respect to budget adoption).
- 4.10 Joinder in Meeting by Approval of Minutes. The joinder of a Director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the approval of that Director of the business conducted at the meeting, but such joinder shall not be used as a vote for or against any particular action taken and shall not allow the applicable Director to be counted as being present for purposes of quorum.

- 4.11 Presiding Officer. The presiding officer at the Directors' meetings shall be the President (who may, however, designate any other Lot Owner to preside).
- 4.12 Order of Business. If a quorum has been attained, the order of business at Directors' meetings shall be:
- (a) Proof of due notice of meeting;
 - (b) Reading and disposal of any unapproved minutes;
 - (c) Reports of officers and committees;
 - (d) Unfinished business;
 - (e) New business;
 - (f) Adjournment.

Such order may be waived in whole or in part by direction of the presiding officer.

- 4.13 Minutes of Meetings. The minutes of all meetings of the Board of Directors shall be kept in a book available for inspection by Lot Owners, or their authorized representatives, and Board members at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.
- 4.14 Committees. The Board may by resolution also create Committees and appoint persons to such Committees and vest in such Committees such powers and responsibilities as the Board shall deem advisable.

5. Authority of the Board.

- 5.1 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may take all acts, through the proper officers of the Association, in executing such powers, except such acts which by law, the Declaration, the Articles or these By-Laws may not be delegated to the Board of Directors by the Lot Owners. Such powers and duties of the Board of Directors shall include, without limitation (except as limited elsewhere herein), the following:
- (a) Operating and maintaining all Common Area and property of the Association.
 - (b) Determining the expenses required for the operation of the Association.
 - (c) Employing and dismissing the personnel necessary for the maintenance and operation of the Common Area and property of the Association.
 - (d) Adopting and amending rules and regulations concerning the details of the operation and use of the Common Area and property of the Association, subject to a right of the Lot Owners to overrule the Board as provided in Section 14 hereof.
 - (e) Maintaining bank accounts on behalf of the Association and designating the signatories required therefor.

- (f) Purchasing, leasing or otherwise acquiring title to, or an interest in, property in the name of the Association, or its designee, for the use and benefit of its members. The power to acquire personal property shall be exercised by the Board and the power to acquire real property shall be exercised as described herein and in the Declaration.
- (g) Purchasing, leasing or otherwise acquiring Lots or other property, including, without limitation, Lots at foreclosure or other judicial sales, all in the name of the Association, or its designee.
- (h) Selling, leasing, mortgaging or otherwise dealing with Lots acquired, and subleasing Lots leased, by the Association, or its designee.
- (i) Organizing corporations and appointing persons to act as designees of the Association in acquiring title to or leasing Lots or other property.
- (j) Obtaining and reviewing insurance for the Association.
- (k) Making repairs, additions and improvements to, or alterations of, Common Area and property of the Association, and repairs to and restoration of Common Area and property of the Association, in accordance with the provisions of the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or otherwise.
- (l) Enforcing obligations of the Lot Owners, allocating profits and expenses and taking such other actions as shall be deemed necessary and proper for the sound management of the Association.
- (m) Levying fines against appropriate Lot Owners for violations of the rules and regulations established by the Association to govern the conduct of such Lot Owners. No fine shall be levied except after giving reasonable notice and opportunity for a hearing to the affected Lot Owner and, if applicable, his tenant, licensee or invitee. The hearing must be held before a committee of other Lot Owners. If the committee does not agree with the fine, the fine may not be levied. No fine may exceed \$100.00 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 however, that no such fine shall in the aggregate exceed \$1,000.00.
- (n) Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep and maintenance of Common Area (if the need for the funds is unanticipated) or the acquisition of real property, and granting mortgages on and/or security interests in Association owned property; provided, however, that the consent of the Owners of at least two-thirds (2/3rds) of the Lots represented at a meeting at which a quorum has been attained in accordance with the provisions of these By-Laws shall be required for the borrowing of any sum which would cause the total outstanding indebtedness of the Association to exceed \$500,000.00.
- (o) Subject to the provisions of Section 5.2 below, contracting for the management and maintenance of the Common Area and property of the Association and authorizing a management agent to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of rules and maintenance, repair, and replacement of

the Common Area and property of the Association with such funds as shall be made available by the Association for such purposes. The Association and its officers shall, however, retain at all times the powers and duties granted by the Declaration, the Articles, these By-Laws and the Act, including, but not limited to, the making of Assessments, promulgation of rules and execution of contracts on behalf of the Association.

- (p) Executing all documents or consents, on behalf of all Lot Owners (and their mortgagees), required by all governmental and/or quasi-governmental agencies in connection with land use and development matters of the Common Area (including, without limitation, plats, waivers of plat, unities of title, covenants in lieu thereof, etc.), and in that regard, each Owner, by acceptance of the deed to such Owner's Lot, and each mortgagee of a Lot Owner by acceptance of a lien on said Lot, appoints and designates the President of the Association as such Owner's agent and attorney-in-fact to execute any and all such documents or consents.
- (q) Responding to Lot Owner inquiries in accordance with Section 720.303, F.S.
- (r) Exercising (i) all powers specifically set forth in the Declaration, the Articles, these By-Laws and in the Act, (ii) all powers incidental thereto, and (iii) all other powers of a Florida corporation not for profit.

5.2 Contracts. As provided by s. 720.3055, Florida Statutes, any contract which is not to be fully performed within one (1) year from the making thereof, for the purchase, lease or renting of materials or equipment to be used by the Association in accomplishing its purposes, and all contracts for the provision of services, shall be in writing. Where a contract for purchase, lease or renting materials or equipment, or for the provision of services, requires payment by the Association in the aggregate exceeding ten percent (10%) of the total annual budget of the Association (including reserves), the Association shall obtain competitive bids for the materials, equipment or services. Nothing contained herein shall be construed to require the Association to accept the lowest bid. Notwithstanding the foregoing, contracts with employees of the Association and contracts for attorney, accountant, architect, community association manager, engineering and landscape architect services shall not be subject to the provisions hereof. Further, nothing contained herein is intended to limit the ability of the Association to obtain needed products and services in an emergency; nor shall the provisions hereof apply if the business entity with which the Association desires to contract is the only source of supply within the County.

6. Officers.

- 6.1 Executive Officers. The executive officers of the Association shall be a President, a Vice-President, a Treasurer and a Secretary (none of whom need be Directors), all of whom shall be elected by the Board of Directors and who may be peremptorily removed at any meeting by concurrence of a majority of all of the Directors. A person may hold more than one (1) office, except that the President may not also be the Secretary. No person shall sign an instrument or perform an act in the capacity of more than one (1) office. The Board of Directors from time to time shall elect such other officers and designate their powers and duties as the Board shall deem necessary or appropriate to manage the affairs of the Association. Officers must be Lot Owners (or authorized representatives of corporate/partnership/trust Lot Owners).
- 6.2 President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties that are usually vested in the office of president of an association.

- 6.3 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 such other powers and perform such other duties as are incident to the office of the Vice President of an association and as may be required by the Directors or the President.
- 6.4 Secretary. The Secretary shall keep the minutes of all proceedings of the Directors and the members. The Secretary shall attend to the giving of all notices to the members and Directors and other notices required by law. The Secretary shall have custody of the seal of the Association and shall affix it to instruments requiring the seal when duly signed. The Secretary 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.
- 6.5 Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. The Treasurer 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 of Directors for examination at reasonable times. The Treasurer shall submit a Treasurer's report to the Board of Directors at reasonable intervals and shall perform all other duties incident to the office of Treasurer and as may be required by the Directors or the President. All monies 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 of Directors.

7. Fiduciary Duty.

- (1) The officers and Directors of the Association, as well as any manager employed by the Association, have a fiduciary relationship to the Lot Owners. No officer, Director or manager shall solicit, offer to accept, or accept any thing or service of value for which consideration has not been provided for his own benefit or that of his immediate family, from any person providing or proposing to provide goods or services to the Association. Any such officer, Director or manager who knowingly so solicits, offers to accept or accepts any thing or service of value shall, in addition to all other rights and remedies of the Association and Lot Owners, be subject to a civil penalty in accordance with the Act. Notwithstanding the foregoing, this paragraph shall not prohibit an officer, Director or manager from accepting services or items received in connection with trade fairs or education programs.
- (2) An officer, director, or agent of the Association shall discharge his or her duties in good faith, with the care of an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the interests of the Association. An officer, director, or agent shall be liable for monetary damages as provided in s. 617.0830, Florida Statutes, if such person breached or failed to perform his or her duties and the breach of, or failure to perform, his or her duties constitutes a violation of the criminal law as provided in s. 617.0830, Florida Statutes; constitutes a transaction from which the person derived an improper personal benefit, either directly or indirectly; or constitute recklessness or an action or omission that was in bad faith, with malicious intent, or in a manner exhibiting wanton and willful disregard of human rights, safety, or property.

8. Compensation. Neither Directors nor officers shall receive compensation for their services as such, but this provision shall not preclude the Board of Directors from employing a Director or officer as an employee of the Association, nor preclude contracting with a Director or officer for the management of the Association or for any other service to be supplied by such Director or officer. Directors and officers shall be compensated for all actual and proper out of pocket expenses relating to the proper discharge of their respective duties.

9. Resignations. Any Director or officer may resign his or her post at any time by written resignation, delivered to the President or Secretary, which shall take effect upon its receipt unless a later date is specified in the resignation, in which event the resignation shall be effective from such date unless withdrawn. The acceptance of a resignation shall not be required to make it effective.
10. Fiscal Management. The provisions for fiscal management of the Association set forth in the Declaration and Articles shall be supplemented by the following provisions:

10.1 Budget.

- (a) Adoption by Board; Items. In accordance with the provisions and procedures of Fla. Stat. 720.303(6) as amended from time to time, the Board of Directors shall prepare an annual budget that sets out the annual operating expenses. The budget must reflect the estimated revenues and expenses for that year and the estimated surplus or deficit as of the end of the current year. The budget must set out separately all fees or charges paid for by the association for recreational amenities, whether owned by the association, the developer, or another person. The association shall provide each member with a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the member.

The adoption of a budget for the Association shall comply with the requirements hereinafter set forth:

- (i) Notice of Meeting. A copy of the proposed budget shall be hand delivered, mailed or electronically transmitted to each Lot Owner (at the address last furnished to the Association) not less than fourteen (14) days prior to the meeting of the Board of Directors at which the budget will be considered, together with a notice of that meeting indicating the time and place of such meeting. An officer or manager of the Association, or other person providing notice of such meeting, shall execute an affidavit evidencing compliance with such notice requirement and such affidavit shall be filed among the official records of the Association.
- (ii) Special Membership Meeting. If the Board of Directors adopts in any fiscal year an annual budget which requires assessments against Lot Owners which exceed one hundred fifteen percent (115%) of such Assessments for the preceding fiscal year, the Board of Directors shall conduct a special meeting of the Lot Owners to consider a substitute budget if the Board of Directors receives, within twenty-one (21) days following the adoption of the annual budget, a written request for a special meeting from at least ten percent (10%) of all voting interests. The special meeting shall be conducted within sixty (60) days following the adoption of the annual budget. At least fourteen (14) days prior to such special meeting, the Board of Directors shall hand deliver to each Lot Owner, or mail to each Lot Owner at the address last furnished to the Association, a notice of the meeting. An officer or manager of the Association, or other person providing notice of such meeting, shall execute an affidavit evidencing compliance with this notice requirement and such affidavit shall be filed among the official records of the Association. Lot Owners may propose, consider, and adopt a substitute budget at the special meeting. A substitute budget is adopted if approved by a majority of the total voting interests of the Association. If there is not a quorum at the

special meeting or a substitute budget is not adopted, the annual budget previously adopted by the Board of Directors shall take effect as scheduled.

(iii) Determination of Budget Amount. Any determination of whether assessments exceed one hundred fifteen percent (115%) of assessments for the preceding fiscal year shall exclude any authorized provision for reasonable reserves for repair or replacement of the Common Area, anticipated expenses of the Association which the Board of Directors does not expect to be incurred on a regular or annual basis, or assessments for betterments to the Common Area.

(b) Adoption by Membership. In the event that the Board of Directors shall be unable to adopt a budget for a fiscal year in accordance with the requirements of Subsection 10.1(a) above, the Board of Directors may call a special meeting of Lot Owners for the purpose of considering and adopting such budget, which meeting shall be called and held in the manner provided for such special meetings in said subsection.

10.2 Fidelity Insurance or Fidelity Bonds. The Association shall obtain and maintain adequate insurance or fidelity bonding of all persons who control or disburse Association funds, which shall include, without limitation, those individuals authorized to sign Association checks and the president, secretary and treasurer of the Association. The insurance policy or fidelity bond shall be in such amount as shall be determined by a majority of the Board, but must be sufficient to cover the maximum funds that will be in the custody of the Association or its management agent at any one time. The premiums on such bonds and/or insurance shall be paid by the Association as a Common Expense.

10.3 Accounting Records and Reports. In accordance with the provisions and procedures of Fla. Stat. 720.303(7) as may be amended from time to time, the Association shall maintain accounting records in the State, according to accounting practices normally used by similar associations. The records shall be open to inspection by Lot Owners or their authorized representatives at reasonable times and written summaries of them shall be supplied at least annually. The records shall include, but not be limited to, (a) a record of all receipts and expenditures, and (b) an account for each Lot designating the name and current mailing address of the Lot Owner, the amount of Assessments, the dates and amounts in which the Assessments come due, the amount paid upon the account and the dates so paid, and the balance due. Written summaries of the records described in clause (a) above, in the form and manner specified below, shall be supplied to each Lot Owner annually.

10.4 Application of Payment. All payments made by a Lot Owner shall be applied as provided in these By-Laws and in the Declaration in a manner consistent with the requirements of Fla. Stat. 720.3085 as may be amended from time to time.

10.5 Reserves. In addition to annual operating expenses, the budget may include reserve accounts for capital expenditures and deferred maintenance for which the association is responsible in accordance with Section 720.303(6), Florida Statutes (as amended from time to time).

11. Roster of Lot Owners. Each Lot Owner shall file with the Association a copy of the deed or other document showing his ownership. The Association shall maintain such information. The Association may rely upon the accuracy of such information for all purposes until notified in writing of changes therein as provided above. Only Lot Owners of record on the date notice of any meeting requiring their vote is given shall be entitled to notice of and to vote at such meeting, unless prior to such meeting other Owners shall produce adequate evidence, as provided above, of their interest and shall waive in writing notice of such meeting.

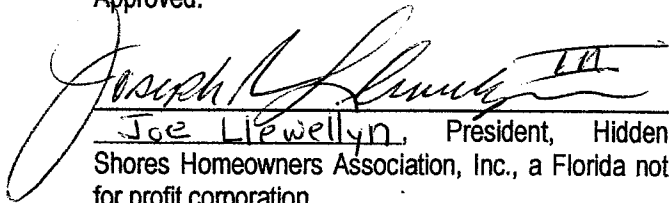
12. Parliamentary Rules. Except when specifically or impliedly waived by the chairman of a meeting (either of members or Directors), Robert's Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Act, the Declaration, the Articles or these By-Laws; provided, however, that a strict or technical reading of said Robert's Rules shall not be made so as to frustrate the will of the persons properly participating in said meeting.
13. Amendments. Except as may be provided in the Declaration to the contrary, these By-Laws may be amended in the following manner:
 - 13.1 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of a meeting at which a proposed amendment is to be considered.
 - 13.2 Adoption. A resolution for the adoption of a proposed amendment may be proposed either by a majority of the Board of Directors or by not less than one-third (1/3) of the members of the Association. The approval must be by not less than a majority of the votes of all members of the Association represented at a meeting at which a quorum has been attained
 - 13.3 Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of these By-Laws, which certificate 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 a copy of the amendment is recorded in the Public Records of the County with an identification on the first page of the amendment of the Official Records Book and Page of said Public Records where the Declaration is recorded.
14. Rules and Regulations. The Board of Directors may enact Rules and Regulations and may, from time to time, modify, amend or add to such rules and regulations, except that Owners of a majority of the Lots may overrule the Board with respect to any such modifications, amendments or additions. Copies of such modified, amended or additional rules and regulations shall be furnished by the Board of Directors to each affected Lot Owner not less than thirty (30) days prior to the effective date thereof.
15. Official Records. The official records of the Association, and obligations of the Association with regard to retention of the official records and furnishing access to the official records of the Association, shall be governed by Fla. Stat. 720.303(5) as may be amended from time to time.
16. Provision of Information to Purchasers or Lienholders. The Association or its authorized agent shall not be required to provide a prospective purchaser or lienholder with information about the Association other than information or documents required by the Act to be made available or disclosed. The Association or its authorized agent shall be entitled to charge a reasonable fee to the prospective purchaser, lienholder, or the current Lot Owner for its time in providing good faith responses to requests for information by or on behalf of a prospective purchaser or lienholder, other than that required by law, provided that such fee shall not exceed \$150.00 plus the reasonable cost of photocopying and any attorney's fees incurred by the Association in connection with the Association's response.
17. Electronic Transmission. For purposes hereof, "electronic transmission" means any form of communication, not directly involving the physical transmission or transfer of paper, which creates a record that may be retained, retrieved, and reviewed by a recipient thereof and which may be directly reproduced in a comprehensible and legible paper form by such recipient through an automated process. Examples of electronic transmission include, but are not limited to, telegrams, facsimile transmissions of images, and text that is sent via electronic mail between computers. Notwithstanding the provision for electronic transmission of notices by the Association, same may be only be sent to Lot Owners that consent to receipt of

Association notices by electronic transmission (and only for long as such consent remains in effect). Further, in no event may electronic transmission be used as a method of giving notice of a meeting called in whole or in part regarding the recall of a Director.

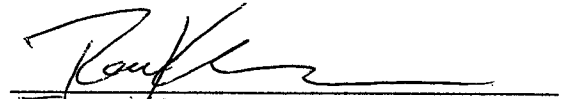
18. Construction. Wherever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall be deemed to include all genders. To the extent not otherwise provided for or addressed in these By-Laws, the By-Laws shall be deemed to include the provisions of Chapter 720, Florida Statutes, as may be amended from time to time. In the event of a conflict, the Declaration shall control the By-laws, and the By-laws shall control the Articles. .
19. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define or limit the scope of these By-Laws or the intent of any provision hereof.

The foregoing was adopted as the By-Laws of **HIDDEN SHORES HOMEOWNERS ASSOCIATION, INC.**, a corporation not for profit under the laws of the State of Florida, as of the 21 day of July, 2011.

Approved:



Joe Llewellyn, President, Hidden Shores Homeowners Association, Inc., a Florida not for profit corporation,



Tom Kiernan, Secretary, Hidden Shores Homeowners Association, Inc., a Florida not for profit corporation,