

EXHIBIT "B"

BY-LAWS

BY-LAWS OF WINTERLAKES PROPERTY OWNERS ASSOCIATION, INC.

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

1. **Identity.** These are the By-Laws of WINTERLAKES PROPERTY OWNERS ASSOCIATION, INC., 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 month period commencing January 1st of each year and terminating December 31st of the succeeding year.
 - 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.
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 Protective Covenants for Winterlakes (the "Declaration") as same is or shall be recorded in the Public Records of St. Lucie County, Florida and in the Articles, unless herein provided to the contrary, or unless the context otherwise requires.
3. **Members.**
 - 3.1 As provided in Section 4, Article III, of the Declaration, and in Section 3 of Article IV of the Articles, all voting of membership interests shall be conducted by votes of the Neighborhood Representatives, each casting the number of votes equal to the number of Lots in their respective Neighborhood; provided, however, that voting for and election of directors shall be as provided in Section 3 of Article VI of the Articles.
 - 3.2 **Annual Meeting.** The annual meeting of the Neighborhood Representatives shall be held on a date during the last quarter of each calendar year, and at the time and place, all as determined by the Board of Directors from time to time. 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, or as stated in the notice of the meeting sent to Neighborhood Representatives in advance thereof. Unless changed by the Board of Directors, the first annual meeting shall be held in the last quarter of each calendar year following the year in which the Declaration is recorded.

3.3 Special Meetings. Special meetings of Neighborhood Representatives shall be held at such places as provided herein for annual meetings, 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 the Neighborhood Representatives having the power to cast a majority of the votes of the Association. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting.

3.4 Attendance by Owners. All meetings of the Neighborhood Representatives shall be open to all Members. The right to attend such meetings does not necessarily include the right to speak at same.

3.5 Notice of Meeting; Waiver of Notice. Notice of a meeting of Neighborhood Representatives (annual or special) stating the time and place and the purpose(s) for which the meeting is called, shall be given to the Neighborhood Representatives by the President or Secretary. A copy of the notice shall be posted at a conspicuous place on The Properties for at least forty-eight (48) continuous hours prior to the meeting. The notice of the annual meeting shall be hand delivered or sent by regular mail to each Neighborhood Representative. The posting and mailing of the notice for either special or annual meetings, which notice shall incorporate an identification of agenda items in the case of special meetings, shall be effected not less than fourteen (14) days, nor more than sixty (60) days, prior to the date of the meeting. The Board shall adopt by rule, and give notice to all Neighborhood Committees of, the specific location on The Properties upon which all notices of meetings shall be posted.

Notice of specific meetings may be waived before or after the meeting and the attendance of any Neighborhood Representative, either in person or by proxy, shall constitute such Neighborhood Representative'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 their 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 a 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. No other proof of notice of a meeting shall be required.

3.6 Quorum. A quorum at a Neighborhood Representatives' meetings shall be attained by the presence, either in person or by proxy (limited or general), of Neighborhood Representatives entitled to cast thirty (30%) percent of the votes entitled to be cast at the subject meeting; provided, however, that at the annual

meeting at which Directors are to be elected, the actual number of voting interests present at the meeting, either in person or by proxy, shall be deemed to establish a quorum.

3.7 Voting.

(a) Number of Votes. Each Neighborhood Representative shall have and cast as many votes as there are Lots in the Neighborhood represented thereby. No Neighborhood Representative may divide or allocate such votes.

(b) Majority Vote. The acts approved by a majority of the votes present and voting in person or by proxy at a meeting at which a quorum shall have been attained shall be binding 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 owners" and, "majority of the members" shall mean a majority of the votes entitled to be cast by the Neighborhood Representatives (except for instances where direct voting by Members and not through Neighborhood Representatives is provided) and not a majority of the members, Lots or Neighborhood Representatives themselves and shall further mean more than 50% of the then total authorized votes present and voting in person or by proxy at any meeting at which a quorum shall have been attained. Similarly, if some greater percentage of members or votes is required herein or in the Declaration or Articles, it shall mean such greater percentage of the votes of Neighborhood Representatives and not of the members, Lots or Neighborhood Representatives themselves.

(c) Voting Certificate. With respect to Neighborhood Committee elections in which members themselves vote, 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 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 Board of Directors is otherwise notified. If a Lot is owned by a corporation or other business entity, the person entitled to cast the vote for the Lot shall be designated by a certificate signed by an appropriate officer of the corporation, or other person authorized by law to bind the entity, and filed with the secretary of the Association. Such person need not be an 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 by Neighborhood Representatives at meetings of the Association, and votes to be cast at elections of Neighborhood Committees, may be cast in person or by proxy. Except as provided herein, Neighborhood Representatives and Members may not vote by general proxy, but may vote by limited proxies substantially conforming to a limited proxy form approved by the Board of Directors. General proxies may be used for voting for nonsubstantive changes to items for which a limited proxy is 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 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 on behalf of such person(s) and filed with the Secretary (or, in the case of the election of a Neighborhood Committee after a Chair thereof has been elected, the Chair of the Committee) 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. A Neighborhood Representative may only grant a proxy to a person elected as his alternate by the respective Neighborhood Committee, which shall notify the Secretary of the Association of the name of such alternate.

3.8 Adjourned Meetings. If any proposed meeting cannot be organized because a quorum has not been attained, the Neighborhood Representatives 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 meetings, and, if applicable, at other Neighborhood Representatives' or Neighborhood meetings, shall be:

- (a) Call to order by President (or Neighborhood Committee Chair);
- (b) Appointment by the President of a Chair of the meeting (who need not be a member or a director);
- (c) Proof of notice of the meeting or waiver of notice,
- (d) Reading of minutes;
- (e) Reports of officers;
- (f) Reports of committees;
- (g) Unfinished business;
- (h) Elections;
- (i) New business;
- (j) Adjournment.

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

3.10 Minutes of Meeting. The minutes of all meetings shall be kept in written form or on auditory tape and made available for inspection by owners or their authorized representatives and Board members at any reasonable time for proper purposes, but not as to matters covered by attorney-client privilege. The Association shall retain these minutes for a period of not less than seven years.

3.11 Action Without A Meeting. Anything to the contrary herein notwithstanding, to the extent lawful any action required or which may be taken at any annual or special meeting, may be taken without a meeting, without prior notice and without a Vote if a consent in writing, setting forth the action so taken, shall be signed by the persons entitled to vote thereon were present and voted. In order to be effective, the action must be evidenced by one or more written consents describing the action taken, dated and signed by approving persons having the requisite number of votes and entitled to vote on such action, and delivered to the Secretary of the Association or other authorized agent of the Association. Written consent shall not be effective to take the corporate action

referred to in the consent unless signed by Neighborhood Representatives having the requisite number of votes necessary to authorize the action within sixty (60) days of the date of the earliest dated consent and delivered to the Association as aforesaid. Any written consent may be revoked prior to the date the Association receives the required number of consents to authorize the proposed action. A revocation is not effective unless in writing and until received by the Secretary of this Association, or other authorized agent of the Association. Within ten (10) days after obtaining such authorization by written consent, notice must be given to members who have not consented in writing. The notice shall fairly summarize the material features of the authorized action. A consent signed in accordance with the foregoing has the effect of a meeting vote and may be described as such in any document,

4. Directors.

4.1 Membership. The affairs of the Association shall be governed by a Board of not less than three (3) directors, the exact number to be determined as provided in the Articles. Directors must be natural persons who are 18 years of age or older. Directors may not vote at Board meetings by proxy.

4.2 Election of Directors. Members of the Board of Directors shall be elected in the manner provided in the Articles of Incorporation.

4.3 Vacancies and Removal.

(a) Except as to vacancies resulting from removal of Directors by Neighborhood Representatives (as addressed in subsection (b) below), vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining Directors at any Board meeting.

(b) Any Director elected by the Neighborhood Representatives (other than the Class B Member) may be removed by concurrence of a majority of the votes of the Class A Neighborhood Representatives at a special meeting called for that purpose or by written agreement signed by the Neighborhood Representatives entitled to cast a majority of the Class A votes. The vacancy in the Board of Directors so created shall be filled by the Voting Groups at a special meeting called for such purpose, or by the Board of Directors if such meeting does not occur within five (5) days of the removal.

(c) Anything to the contrary herein notwithstanding, until a majority of the Directors are elected by Voting Groups other than the Class B Member, neither the first Directors of the Association nor any other Directors named by the Class B Member, shall be subject to removal by Members other than the Class B Member, but the first Directors and

Directors replacing them may be removed and replaced by the Class B Member without the necessity of any meeting.

(d) If a vacancy on the board of Directors results in the inability to obtain a quorum of directors in accordance with these By-Laws, any owner may apply to the Circuit Court within whose jurisdiction the properties are located for the appointment of a receiver to manage the affairs of the Association. At least thirty (30) days prior to applying to the Circuit Court, the owner shall mail to the Association a notice describing the intended action and giving the Association an opportunity to fill the vacancy(ies) in accordance with these By-Laws, if, during such time, the Association fails to fill the vacancy(ies), the Owner may proceed with the petition. If a receiver is appointed, the Association shall be responsible for the salary of the receiver, court costs and reasonable attorneys' and paraprofessional fees. The receiver shall have all powers and duties of a duly constituted Board of Directors, and shall serve until the Association fills the vacancy(ies) on the Board sufficient to constitute a quorum in accordance with these By-Laws.

4.4 Term. Except as provided herein to the contrary, the term of each Director's service shall extend until the next annual meeting and subsequently until his successor is duly elected and has taken office, or until he is removed in the manner elsewhere provided. Notwithstanding the foregoing, any Director designated by the Class B Member shall serve at the pleasure of the Class B Member.

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. 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 at which a quorum of the Board is present shall be open to all Owners, but such Owners shall not be entitled to speak at the meeting. 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.

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 and Voting. 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 and voting 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. Each Director shall have one (1) vote on all matters coming before the Board, such vote to be cast only by the Director (*i.e.*, not by proxy).

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.

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 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 person 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) Election of officers;
- (e) Unfinished business.
- (f) New business;
- (g) 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 Directors, Members or their authorized representatives, for proper purposes (subject to attorney-client privilege) at any reasonable time. The Association shall retain these minutes for a period of not less than seven years.

4.14 Committees Generally. 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.

4.15 Neighborhood Committee. In addition to the Modifications Committee (if created) and any general committee of the Association, the Board of Directors shall create Neighborhood Committees which shall be composed and operated as follows:

(a) As soon as practicable after seventy-five percent (75%) of the Lots in a Neighborhood have been conveyed to Class A Members, the President or Secretary of the Association shall call a meeting of all Owners in the Neighborhood by giving at least fourteen (14) days written notice of such meeting,

(b) The President of the Association or his designee shall preside over the meeting of the owners in the Neighborhood, which meeting shall be conducted per Section 12 of these By-Laws. The actual number of voting interests in attendance at the meeting shall be deemed to establish a quorum.

(c) The Owners shall elect a five (5) person Neighborhood Committee by casting votes (in person or by proxy, which may be by a general proxy) for up to five (5) candidates. The persons receiving the five (5) highest number of votes shall be declared elected as the Neighborhood Committee until the next annual meeting of the Neighborhood.

(d) Within seven (7) days of its election, the Neighborhood Committee shall hold an organizational meeting at which it shall, at a minimum (i) elect a Chair, (ii) elect the Neighborhood Representative for the Neighborhood and (iii) establish a date for the annual meeting of the Neighborhood, which shall be no later than the month prior to the annual meeting of the Neighborhood Representatives for such year. The Chair shall then advise, in writing, the Secretary of the Association of the results of the foregoing actions.

(e) At each subsequent annual meeting, which shall be conducted as aforesaid and at which the Chair of the Neighborhood Committee shall preside, a new election of the Neighborhood committee shall be held pursuant to (b) and (c), above, and the Neighborhood Committee shall then proceed pursuant to (d), above. A Neighborhood Committee Member may be re-elected as many times as he/she receives the requisite number of votes.

(f) The Neighborhood Committee need not meet more than annually but may meet as often as it deems appropriate (and shall meet within a reasonable time after the Board of Directors requests that it do so for the purpose of responding to any questions put to it by the Board), but other than as provided in (d), above, the function of the Neighborhood Committee shall be advisory only,

(g) In the event of a vacancy on a Neighborhood Committee, the remaining members thereof shall select an Owner from the Neighborhood to serve until the next annual meeting of such Neighborhood.

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 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 (whether entirely or in supplement to other maintenance) all types of Common Areas and other Association property.

(b) Determining the expenses required for the operation of the Association and The Properties.

(c) Employing and dismissing the personnel necessary for the maintenance and operation of the Common Areas and the Association's property; subject, however, to the requirement of the Declaration that such maintenance and operations be performed by a professional property management company under contract with the Association.

(d) Adopting and amending rules and regulations concerning the details of the operation and use of The Properties.

(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 real and personal property in the name of the Association, or its designee, for the use and benefit of its Members.

(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 or Tracts acquired by the Association, or its designee.

(i) Organizing corporations and appointing persons to act as designees of the Association in delegable matters.

(j) Obtaining and reviewing insurance for the Common Areas and against liabilities;

(k) Making repairs, additions and improvements to, or alterations of Common Areas and repairs to and restoration of same, 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 Owners, allocating revenue 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 applicable owners in accordance with the Declaration.

(n) Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep and maintenance of Common Areas 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 Neighborhood Representatives of Members having the power to cast at least two-thirds (2/3rds) of the votes cast by the Neighborhood Representatives shall be required for the borrowing of any sum which would cause the total outstanding indebtedness of the Association to exceed an amount equal to ten percent

(10%) of the budgeted gross expenses of the Association for the fiscal year in which the vote is taken.

(o) Contracting for the management and maintenance of the Common Areas and the Association and authorizing a duly licensed 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 covenants, restrictions and rules and maintenance, repair, and replacement of the Common Areas and other Association property 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 and these By-Laws, including, but not limited to, the making of Assessments, promulgation of rules and execution of contracts on behalf of the Association.

(p) Contracting with the City, County and other governmental and quasi-governmental entities.

(q) Exercising (i) all powers specifically set forth in the Declaration, the Articles, these By-Laws and applicable statutes, (ii) all powers incidental thereto, and (iii) all other powers of a Florida corporation not for profit.

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, except the President, 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 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 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 need not be Owners.

6.2 President. The President shall be the chief executive officer of the Association. The President shall have all of the powers and duties that are usually vested in the office of president of a property owners' 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. The Vice President 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 a

property owners' 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 a property owners' 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 Board of Directors for examination at reasonable time, 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 the Board of Directors.

7. Fiduciary Duty. The officers and directors of the Association have a fiduciary relationship to the Owners.
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 may 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 their post at any time by written resignation, delivered to the President or Secretary, which shall take effect upon its receipt unless a latter 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. The Board of Directors shall adopt an annual budget for the Association at least sixty (60) days prior to the beginning of each fiscal year, with

at least thirty (30) days' notice of the Assessments to be levied thereunder to be given to all Members.

Such budget shall contain projected revenues and reasonably distinct line items, for the expenses of operating the Association and the Common Areas including, without limitation, those for insurance, maintenance, professional fees, management fees, salaries and other employee expenses and general office and overhead items.

Each such budget shall also contain or be accompanied by a compilation of projected revenues and expenses for each Neighborhood for which Neighborhood Assessments will be levied.

To the extent that reserves are established per section 10.2, below, then a schedule of same shall be prepared with each item to be shown as being for General Common Areas or Neighborhood Common Areas, as appropriate.

Notice of the adoption of the budget, together with either a copy of the budget or a statement that it will be furnished to any member upon request, shall be mailed to each Member prior to the effective date of the budget; this requirement may be satisfied by inclusion of such notice or a copy of the budget in a newsletter mailed to each member by the Association.

10.2 Reserves. The Board of Directors may elect to establish reserves for general contingencies and/or for the deferred maintenance and replacement (in whole or in part) of components of common Areas. Such reserves may be funded through contributions from initial purchasers of Lots/Units, as a part of General or Neighborhood Assessments, or otherwise as the Board determines. The fact that a reserve has been established for a particular purpose shall not preclude the use of funds in same for another purpose if (i) the Board approves such other use and (ii) where such funds were collected as part of Neighborhood Assessments, they are only used for a purpose(s) related to the Neighborhood from which they were received.

10.3 Depository. The depository of the Association shall be such federally insured institutions in the State of Florida as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from those accounts shall be made only by checks signed by such person or persons as are authorized by the Directors.

The Board of Directors shall, by appropriate resolution (which may be on a form of resolution provided by a depository institution) designate the persons authorized to sign Association checks and shall require two (2) signatures on all checks or those for amounts in excess of that set by the Board.

10.4 Fidelity Bonds. Fidelity bonds may be obtained by the Board of Directors for all persons handling or responsible for Association funds in such amounts as shall be determined by a majority of the Board, but in no event less than the amounts required by standards adopted by applicable mortgage lenders or insurers. The premiums on such bonds shall be paid by the Association.

10.5 Accounting Records and Reports.

(a) 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 Owners or their authorized representatives at reasonable times for proper purposes and written summaries of them shall be supplied at least annually. The records shall include, but not be limited to, a record of all receipts and expenditures.

(b) The Association shall prepare an annual financial report within 60 days after the close of the fiscal year and, within that time, provide each Member with a copy of the annual financial report or a written notice that a copy of the financial report is available upon request at no charge to the member; said notice and/or report may be contained in any newsletter prepared by the Association and mailed to the Members. The financial report must consist of either:

(i) Financial statements presented in conformity with generally accepted accounting principles; or

(ii) A financial report of actual receipts and expenditures, cash basis, which report must show:

1. The amount of receipts and expenditures by classification; and

2. The beginning and ending cash balances of the association.

10.6 Application of Payment. All payments made by an Owner shall be applied as provided in these By-Laws and in the Declaration or as otherwise determined by the Board.

11. Roster of Unit Owners. Each Owner shall file with the Association a copy of the deed or other document showing their ownership; this filing shall be performed by each Builder for sales by each Builder. The Association shall maintain such information in a roster of Owners. The Association may rely upon the accuracy of such information for all purposes until notified in writing of changes therein as provided above. Only 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. Parliament Rules. Except when specifically or impliedly waived by the chair of a meeting (either of Members, Neighborhood Representatives, Voting Groups or directors), Robert's Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with applicable law, 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 the Neighborhood Representatives having the right to cast not less than one-third (1/3) of the votes of the Members of the Association. Directors and Neighborhood Representatives not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided that such approval is delivered to the Secretary at or prior to the meeting. The approval must be:

(a) by not less than a majority of the votes of all Members of the Association represented at a meeting of Neighborhood Representatives at which a quorum has been attained and by not less than 66-2/3% of the entire Board of Directors, or

(b) by the Class B Member.

13.3 Proviso. No amendment may be adopted which would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted or reserved to the Declarant or mortgagees without the consent of said Declarant or mortgagees, as applicable, in each instance. No amendment shall be made that is in conflict with the Articles or Declaration.

13.4 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. The amendment shall be effective when the certificate and a copy of the amendment is recorded in the Public Records of the County.

14. Rules and Regulations The Board of Directors may, from time to time, adopt, modify, amend or add to rules and regulations concerning the operation of the Association and the use of The Properties. copies of such modified, amended or additional rules and regulations shall be furnished by the Board of Directors to each affected owner upon request and the Board shall use reasonable efforts to publicize any rules adopted, amended or repealed by it. At no time may any rule or regulation be adopted which would prejudice the rights reserved to the Declarant.
15. Official Records. From the inception of the Association, the Association shall maintain a copy, of each of the following, where applicable, which shall constitute the official records of the Association:
- (a) Copies of any plans, specifications, permits, and warranties related to improvements constructed on the Common Areas or other property that the association is obligated to maintain, repair, or replace;
 - (b) A photocopy of the recorded Declaration and all amendments thereto;
 - (c) A photocopy of the recorded By-Laws of the Association and all amendments thereto;
 - (d) A certified copy of the Articles of Incorporation of the Association and all amendments thereto;
 - (e) A copy of the current Rules and Regulations of the Association;
 - (f) A book or books containing the minutes of all meetings of the Association, of the Board of Directors, and of Neighborhood Representatives, which minutes shall be retained for a period of not less than seven (7) years;
 - (g) A current roster of all owners, their mailing addresses, Lot identifications and, if known, telephone numbers;
 - (h) All current insurance policies of the Association or copies thereof, which shall be retained for a period of not less than seven (7) years;
 - (i) A current copy of all contracts to which the Association is a party, including, without limitation, any management agreement, lease, or other contract under which the Association has any obligation or responsibility. Bids received by the Association for work to be performed must also be considered official records and must be kept for a period of one (1) year;
 - (j) Deeds, Bills of Sale or other transfer instruments for all property owned by the Association;

(k) The financial and accounting records of the Association, kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least seven (7) years. The financial and accounting records must include:

1. Accurate, itemized, and detailed records of all receipts and expenditures.
2. A current account and a periodic statement of the account for each Member, designating the name and current address of each member who is obligated to pay assessments, the due date and amount of each Assessment or other charge against the Member, the date and amount of each payment on the account, and the balance due.
3. All tax returns, financial statements, and financial reports of the Association.
4. Any other records that identify, measure, record, or communicate financial information.

16. Construction. Wherever the context so permits herein, 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.
17. 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.
18. Dispute Resolutions and Limitation on Litigation.

18.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Association, Declarant, all Owners subject to the Declaration and any person not otherwise subject to the Declaration who agrees to submit to this section (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties, and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving The Properties, the Declaration, Articles of Incorporation, these By-Laws or the Association, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Declaration, the Articles, these By-Laws or rules and regulations (each, a "Claim"), except for those Claims authorized in Section 18.2, shall be resolved using the procedures set forth in Section 18.3 in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim. The provisions of this Section 18 are

intended to be effective to the fullest extent permitted by law, and also to implement the provisions of Section 617.311, *Florida Statutes*.

18.2 Exempt Claim. The following Claims ("Exempt Claims") shall be exempt from the provisions of Section 18.3:

(a) any suit by the Association against any Bound Party to enforce the obligation to pay Assessments, interest or related costs and reasonable attorney's and paraprofessional fees;

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of the Declaration;

(c) any suit between owners (other than Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of Florida in absence of a claim based on the Declaration, these by-Laws, or Articles or rules and regulations of the Association, if the amount in controversy exceeds \$5,000;

(d) any suit arising out of any written contract between Owners, or between the Declarant and any Builder, which would constitute, a cause of action under the laws of the State of Florida in absence of the Declaration, these By-Laws, and the Articles of the Association;

(e) any suit involving two or more parties if all parties are not Bound Parties; and

(f) the imposition of fines pursuant to the Declaration.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 18.3, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section 18.3 shall require the approval of the Board of Directors.

18.3 Mandatory Procedures for All Other Claims. All Claims other than Exempt Claims shall be resolved using the following procedures:

(a) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent"), other than an Exempt

Claim, shall notify each Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

1. the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim;
2. the basis of the Claim (*i.e.*, the provisions of the Declaration, these By-Laws, the Articles, rules and regulations or other authority out of which the Claim arises);
3. what Claimant wants Respondent to do or not do to resolve the Claim (*i.e.*, the relief sought); and
4. that Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) Negotiation.

1. Each Claimant and Respondent (the "Parties") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

2. Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the community,

(c) Mediation.

1. If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of an independent mediation service designated by the Association, the local chapter of the Community Associations Institute, or such other independent agency providing similar services upon which the Parties may mutually agree.

2. If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of

Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons not a Party to the foregoing proceedings.

3. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.

4. Each Party shall, within five (5) days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent. The Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(d) Final and Binding Arbitration.

1. If the Parties do not agree in writing to accept either the settlement Demand, the Settlement offer, or otherwise resolve the Claim within twenty (20) days of the Termination of Mediation, the Claimant shall have twenty (20) additional days to submit the Claim to arbitration in accordance with the Florida Arbitration Code or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim provided, however, that nothing herein shall release or discharge Respondent from any liability to persons not a Party to the foregoing proceedings. The arbitration shall be, except as agreed by the parties, conducted within St. Lucie County, Florida, according to the applicable rules of the American Arbitration Association ("AAA") before the AAA.

2. This subsection (d) is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is

specifically enforceable under the applicable arbitration laws of the State of Florida. The arbitration award (the "Award") shall be final and binding, the judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Florida.

18.4 Allocation of Costs of Resolving Claims.

(a) Each Party shall bear its own costs incurred prior to and during the proceedings described in section 18.3 (a), (b) and (c), including the fees of its attorney or other representative. Each Party shall share equally all charges imposed by the mediator(s) pursuant to Section 18.3(c).

(b) Each Party shall bear its own costs (including the fees of its attorney or other representative) incurred after the Termination of Mediation under Section 18.3(c) and shall share equally in the costs of conducting the arbitration proceeding (collectively, "Post Mediation Costs", except as otherwise provided in subsection 18.5.

18.5 Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation or mediation in accordance with Section 18.3 and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with the Award after arbitration, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section 18.3. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, reasonable attorney's and paraprofessional fees and court costs.

19. Fines. The Association is hereby specifically authorized to fine Members and Article IX of the Declaration is hereby incorporated herein and made a part hereof for the purpose of these By-Laws complying with Section 617.2102, *Florida Statutes*.

The foregoing was adopted as the By-Laws of WINTERLAKES PROPERTY OWNERS ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, as of the _____ day of _____, 2004.

Approved:

President

Secretary

(CORPORATE SEAL)

EXHIBIT "C"

INITIAL PORTION OF THE COMMON AREAS

1. All of the Upland Buffer Tracts (U.B.T.s) and the Wetland Preservation Tract (W.P.T) Number 1 described on the Plat of WINTERLAKES according to the Plat thereof recorded in Plat Book 41 at Page 38 of the Public Records of St. Lucie County, Florida.
2. Any landscaped median now or hereafter located within any publicly dedicated right of way on that portion of Tract H which is between Tracts F and G of said Plat of WINTERLAKES.

EXHIBIT "D"

INITIAL DESIGNATION OF NEIGHBORHOODS

1. The single family residential community to be developed on Tract H of WINTERLAKES according to the Plat thereof recorded in Plat Book 41 at Page 38 of the Public Records of St. Lucie County, Florida.
2. The multi-family residential community known as the Sanctuary Apartments located on that portion of WINTERLAKES according to the Plat thereof recorded in Plat Book 41 at Page 38 of the Public Records of St. Lucie County, Florida owned as of the date hereof by Brisben Florida I Limited Partnership, a Florida limited partnership.
3. The multi-family residential community to be developed on that portion of WINTERLAKES according to the Plat thereof recorded in Plat Book 41 at Page 38 of the Public Records of St. Lucie County, Florida owned as of the date of recording of this Declaration by TCM Holdings, Inc., a Florida corporation.

EXHIBIT "E"

DESCRIPTION OF LAND PROPERTIES

All of WINTERLAKES according to the Plat thereof recorded in Plat Book 41, at Page 38 of the Public Records of St. Lucie County, Florida, except for Tracts A, A-1, B and C and except for Parcel 3, all as set forth on said Plat.