

BY-LAWS
OF
HARBOR SIDE VILLAGE II CONDOMINIUM ASSOCIATION, INC.
(A Florida Corporation Not For Profit)

Section 1. Identification of Association

These are the By-Laws of the Harbor Side Village II Condominium Association, Inc., hereinafter referred to as the "Association", as duly adopted by its Board of Directors. The Association is a corporation not for profit, organized pursuant to and under Chapters 617 and 718 of the Florida Statutes for the purpose of administering multiple condominiums located in Flagler County, Florida.

1.1 The present office of the Association shall be located at 22 Lakeside Place East, Palm Coast, Florida 32137, and thereafter may be located at any place in the County designated by the Board of Directors of the Association.

1.2 The fiscal year of the Association shall be the calendar year, or as otherwise determined by the Board of Directors.

1.3 The seal of the Association shall bear the name of the Association, the word "Florida", and the words "Corporation Not For Profit".

Section 2. Explanation of Terminology

The terms defined in the Declaration of Condominium administered by the Association are incorporated herein by reference.

**Section 3. Membership in the Association,
Members' Meetings, Voting and Proxies**

3.1 The qualification of members, the manner of their admission to membership in the Association and the manner of the termination of such membership shall be as set forth in Article IV of the Articles.

3.2 The members shall meet annually at the office of the Association or such other place in the County on the first Monday of June, commencing with the year 2001; provided, however, that said date may be changed by resolution of the Board of Directors so

long as the annual members meeting for any year shall be held not later than thirteen (13) months after the last preceding annual members meeting. The purpose of the annual members meeting shall be to hear reports of the officers, elect members of the Board of Directors (subject to the provisions of Article IX of the Articles) and to transact any other business authorized to be transacted by the members.

3.3 Special meetings of the members shall be held at any place within the County, whenever called by the President, a Vice President or a majority of the Board of Directors. A special meeting must be called by the President or a Vice President upon receipt of a written request from one-third (1/3) of the members. Special meetings shall be called by the President or a Vice President upon receipt of written notice from the Association of a meeting of the members thereof.

3.4 Written notice of any meeting (whether an annual members meeting or a special meeting of the members) shall be mailed to each member entitled to vote at his last known address as it appears on the books of the Association. Written notice of an annual members meeting shall be mailed to each member (in the manner required by the Act and any amendments thereto in effect at the time of mailing) not less than fourteen (14) days prior to the date of the annual members meeting. Written notice of a special meeting of the members shall be mailed not less than fourteen (14) days prior to the date of such special meeting. Proof of mailing shall be given by the affidavit of the person giving the notice. The notice shall state the time and place of such meeting and the object for which the meeting is called and shall be signed by the Secretary or acting Secretary of the Association. Notice of the annual members meeting shall be posted at a conspicuous place on the Condominium Property at least fourteen (14) continuous days prior to an annual members meeting. If a meeting of the members, whether a special meeting or an annual members meeting, is one which, by express provision of the Act or Condominium Documents, there is permitted or required a greater or lesser amount of time for the mailing or posting of notice than is required or permitted by the provisions of this Section 3.4, then the aforesaid express provision shall govern. Notice of any special meeting shall set forth the purpose of such special meeting. Notice of any meeting may be waived in writing by any member before, during or after a meeting.

3.5 The members may, at the discretion of the Board of Directors, act by written consent in lieu of a special meeting, provided written notice of the matter or matters to be voted upon is given to each member at the addresses and within the time periods set forth in Section 3.4 herein or duly waived in accordance with such Section. The decision of the majority of the members as to the matter or matters to be voted upon (as evidenced by written consent requested in the notice) shall be binding on the members. The notice shall set forth a time period during which time a response must be made by the members.

3.6 A quorum of the members shall consist of persons entitled to cast a majority of the votes of the entire membership and decisions shall be made by owners of a majority of the Condominium Units represented at a meeting at which a quorum is present. When a quorum is present at any meeting and the jurisdiction of such meeting is challenged, the holders of a majority of the vote present in person or by "Proxy", as hereinafter defined, shall decide the question. However, if the question is one which, by express provisions of the Act or the Condominium Documents, requires a vote other than the majority vote of a quorum, then such express provision shall govern and control the required vote on such question.

3.7 If a meeting of the members cannot be held because a quorum is not in attendance, the members who are present, either in person or by Proxy, may adjourn the meeting from time to time until a quorum is present. If a meeting is adjourned because of the lack of a quorum, the notice provisions for the adjournment shall, subject to the Act, be as determined by the Board of Directors.

3.8 Minutes of all meetings of the members shall be kept in a businesslike manner and be available for inspection by the members and Directors at all reasonable times and upon reasonable notice. The Association shall retain minutes for at least seven (7) years subsequent to the date of the meeting.

3.9 Voting rights of members shall be as stated in the Declaration and Articles. Such votes may be cast in person, by Proxy or by "Voting Certificate" (as defined in the Declaration). Proxy is defined to mean an instrument containing the appointment of a person who is substituted by a member to vote for him and in the members place and stead. Proxies shall be in writing and shall

be valid only for the particular meeting designated therein and any adjournments thereof if so stated. A Proxy must set forth the name of the person voting by Proxy, his Condominium Unit number, the name of the person authorized to vote the Proxy for him, and the date the Proxy was given. A Proxy must be filed with the Secretary of the Association before the appointed time of the meeting in order to be effective. Any Proxy may be revoked prior to the time a vote is cast according to such Proxy.

3.10 At any time prior to a vote upon any matter at a meeting of the members any member may demand the use of a secret written ballot for voting on such matter. The Chairman of the meeting shall call for the nomination and election of Inspectors of Election to collect and tally written ballots upon the completion of balloting.

3.11 Cumulative voting shall not be permitted.

Section 4. Board of Directors; Director's Meetings

4.1 The Association shall be administered by a Board of not less than three (3) Directors, subject to the increase as set forth in Article IX of the Articles.

4.2 The provisions of the Articles setting forth the selection, election, designation and removal of Directors are hereby incorporated herein by reference.

4.3 Subject to Section 4.5 below and to Declarant's rights as set forth in the Articles and as set forth in Section 4.5(c) below, vacancies in the Board of Directors shall be filled by persons appointed by the remaining Directors. Any such person shall be a Director and have all of the rights, privileges, duties and obligations as a Director elected at an Annual members meeting and shall serve for the term prescribed in Section 4.4 of these By-Laws.

4.4 The term of each Director shall extend until the next annual members meeting at which his term expires as provided in Article IX of the Articles, and until his successor is duly elected and qualified, or until he is removed in the manner elsewhere provided herein.

4.5 (a) A Director elected by the Purchaser Members may be removed from office upon the affirmative vote or the agreement in writing of a majority of the Purchaser Members at a special meeting of the Purchaser Members with or without cause. A meeting of Purchaser Members to so remove a Director elected by them shall be held, subject to the notice provisions of Section 3.4 hereof, upon the written request of ten percent (10%) of the Purchaser Members. However, before any such Director is removed from office, he shall be notified in writing prior to the meeting at which a motion will be made to remove him that such a motion will be made, and such Director shall be given an opportunity to be heard at such meeting should he be present prior to the vote on his removal.

(b) Purchaser Members shall elect, at a special meeting of the members or at an annual members meeting, persons to fill vacancies on the Board of Directors caused by the removal of a Director elected by Purchaser Members in accordance with Section 4.5(a) above.

(c) A Director designated by Declarant, as provided in the Articles, may be removed only by Declarant in its sole discretion. Declarant shall have the right to name a successor for any Director removed by it or for any vacancy on the Board of Directors as to a Director designated by it and Declarant shall notify the Board of Directors of the name of the respective successor Director and the commencement date for the term of such successor Director.

4.6 The organizational meeting of the members of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected.

4.7 Regular 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 Directors. Special meetings of the Board of Directors may be called at the discretion of the President or, in his absence, the Vice President of the Association. Special meetings must be called by the Secretary at the written request of one-third (1/3) of the Directors.

4.8 Notice of the time and place of regular and special meetings of the Board of Directors, or adjournments thereof, shall

be given to each Director in person, telephone or telegraph at least three (3) business days prior to the day named for such meeting, or in the event notice is given by mail, five (5) business days prior to the day named for such meeting. Notice of a Board of Directors meeting shall be posted conspicuously on each Condominium Property forty-eight (48) continuous hours in advance of said meeting. Notice of any meeting where "Assessments" (as such term is hereinafter defined) are to be considered shall state that Assessments will be considered and the nature of such Assessments. Directors may waive notice of a meeting before, during or after a meeting, and such waiver shall be deemed equivalent to the receipt of notice by such Director.

. 4.9 A quorum of the Board of Directors shall consist of a majority of the Directors. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board of Directors, except as specifically otherwise provided in the Declarations, Articles or elsewhere herein. If at any meeting of the Board of Directors there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present.

4.10 The presiding officer at Board meetings shall be the President.

4.11 Directors shall not receive any compensation for their services as Directors.

4.12 Minutes of all meetings of the Board of Directors shall be kept in a businesslike manner and be available for inspection by members and Directors at all reasonable times and upon reasonable notice. The minutes shall be retained by the Association for at least seven (7) years subsequent to the date of the meeting the minutes reflect.

4.13 The Board of Directors shall have the power to appoint an executive committee of the Board of Directors consisting of not less than a majority of the Directors, which shall have and exercise such powers of the Board of Directors as may be delegated to such executive committee by the Board of Directors. All acts of the executive committee shall be affirmed at the next meeting of the Board of Directors.

4.14 Meetings of the Board of Directors at which a quorum of the members is present shall be open to all unit owners. Any unit owner may tape record or videotape meetings of the Board of Directors. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The division shall adopt reasonable rules governing the tape recording and videotaping of the meeting. The association may adopt written reasonable rules governing the frequency, duration, and manner of unit owner statements. Adequate notice of all meetings, which notice shall specifically incorporate an identification of agenda items, shall be posted conspicuously on the condominium property at least 48 continuous hours preceding the meeting except in 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. However, written notice of any meeting at which nonemergency special assessments, or at which amendment to rules regarding unit use, will be considered shall be mailed or delivered to the unit owners and posted conspicuously on the condominium property not less than 14 days prior to the meeting. Evidence of compliance with this 14-day notice shall be made by an affidavit executed by the person providing the notice and filed among the official records of the association. Upon notice to the unit owners, the board shall by duly adopted rule designate a specific location on the condominium property or association property upon which all notices of board meetings shall be posted. If there is no condominium property or association property upon which notices can be posted, notices of board meetings shall be mailed or delivered at least 14 days before the meeting to the owner of each unit. Notice of any meeting in which regular assessments against unit owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments. Meetings of a committee to take final action on behalf of the board or make recommendations to the board regarding the association budget are subject to the provisions of this paragraph. Meetings of a committee that does not take final action on behalf of the board or make recommendations to the board regarding the association budget are subject to the provisions of this section, unless those meetings are exempted from this section by the bylaws of the association. Notwithstanding any other law, the requirement that board meetings and committee meetings be open to the unit owners is inapplicable

to meetings between the board or a committee and the association's attorney, with respect to proposed or pending litigation, when the meeting is held for the purpose of seeking or rendering legal advice.

Section 5. Powers and Duties of the Board of Directors

The Board of Directors shall have the powers and duties necessary for the management and administration of the affairs of the condominiums. All powers and duties of the Association, including those existing under the Act and the Condominium Documents, shall be exercised by the Board of Directors, unless otherwise specifically delegated therein to the members. Such powers and duties of the Board of Directors shall be exercised in accordance with the provisions of the Act and the Condominium Documents and shall include, but not be limited to, the following:

5.1 Making and collecting against members to pay the Common Expenses of the Condominium and Association. These Assessments shall be collected by the Association through payments made directly to it by the members as set forth in the Declaration.

5.2 Using the proceeds of Assessments in the exercise of the powers and duties of the Association and the Board of Directors.

5.3 Maintaining, repairing and operating the Common Elements of the Condominium and other property owned by the Association.

5.4 Reconstructing improvements after casualties and losses and making further authorized improvements of the Condominium Property.

5.5 Making and amending rules and regulations with respect to the operation and use of the Condominium Property of the Condominium and any property owned by the Association.

5.6 Approving or disapproving subject to payment of any deposit and fee which may be imposed pursuant to 718.112(2)(i) of the Act with respect to any proposed sales in accordance with the provisions set forth in the Declaration.

5.7 Enforcing by legal means the provisions of the Condominium Documents including the Declaration, the Articles, these By-Laws, and any rules and regulations adopted by the Association and the applicable provisions of the Act.

5.8 To contract for the management and maintenance of the Condominium Property of the Condominium or other property owned by the Association and to authorize 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 any rules and regulations and maintenance, repair and replacement of Common Elements and other services with funds that shall be made available by the Association for such purposes and to terminate such contracts and authorizations. The Association and its officers shall, however, retain at all times the powers and duties granted by the Condominium Documents and the Act including, but not limited to, the making of Assessments, promulgation of rules and regulations and execution of contracts on behalf of the Association.

5.9 Paying taxes and assessments which are or may become liens against the Common Elements and Condominium Units owned by the Association, if any, and assessing the same against Condominium Units which are or may become subject to such liens.

5.10 Purchasing and carrying insurance for the protection of Condominium Unit Owners and the Association against casualty and liability for the Condominium Property.

5.11 Paying costs of all power, water, sewer and other utility services rendered to the Condominium and not billed to owners of Condominium Units.

5.12 Hiring and retaining such employees as it shall deem appropriate in its discretion to administer and carry out the services required for the proper administration of the affairs of the Association, including the hiring of resident managers and paying all salaries therefor.

5.13 To acquire, own, mortgage and convey real and personal property and take such other reasonable actions in that regard.

5.14 Electing, designating, and removing officers in accordance with the terms and provisions of the Condominium Documents.

5.15 Maintaining bank accounts on behalf of the Association and designating signatories required therefore.

Section 6. Officers of the Association

6.1 The officers of the Association shall be a President, who shall be a Director, one (1) or several Vice Presidents, a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors. Any officer may be removed without cause from office by a vote of the Directors at any meeting of the Board of Directors. The Board of Directors shall, from time to time, appoint such other officers and assistant officers and designate their powers and duties.

6.2 The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the President of a condominium association, including, but not limited to, the power to appoint such committees at such times from among the members as he may, in his discretion, determine appropriate to assist in conducting the affairs of the Association. The President shall preside at all meetings of the Board of Directors. The President shall also be the Voting Member of the Association or appoint by written proxy a person to be the Voting Member of the Association at meetings of the Association.

6.3 In the absence or disability of the President, the Vice President shall exercise the powers and perform the duties of the President. The Vice President shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors. In the event there shall be more than one (1) Vice President elected by the Board of Directors, then they shall be designated "First", "Second", etc., and shall exercise the powers and perform the duties of the Presidency in such order and shall perform such other duties as shall be prescribed by the President and the Board of Directors.

6.4 The Secretary shall cause to be kept the minutes of all meetings of the Board of Directors and the members, which minutes shall be kept in a businesslike manner and shall be available for inspection by members and Directors at all reasonable times and upon reasonable notice. He shall have custody of the seal of the Association and shall affix the same to instruments requiring such seal when duly authorized and directed by the Board of Directors to do so. He shall keep the records of the Association, except those of the Treasurer, and shall perform all of the duties incident to the office of Secretary of a condominium association as may be required by the Board of Directors or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall assist the Secretary and perform such other duties as shall be prescribed by the President or the Board of Directors.

6.5 The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members, keep the books of the Association in accordance with good accounting practices and shall perform all of the duties incident to the office of a Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer whenever the Treasurer is absent and shall assist the Treasurer and perform such other duties as shall be prescribed by the President or the Board of Directors.

6.6 The compensation, if any, of employees of the Association shall be fixed by the Board of Directors. Officers shall not be compensated for their services as officers. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association nor contracting with a Director for the management of the Condominium Property of any of the Condominiums or any other property owned by the Association.

Section 7. Accounting Records; Fiscal Management

7.1 The Association shall maintain accounting records in accordance with generally accepted accounting practices and on an accrual basis. The accounting records shall be open to inspection by members or their authorized representatives who shall be accountants at reasonable times and upon reasonable notice. Such authorization as a representative of a member must be in writing

and be signed by the member giving such authorization and dated within sixty (60) days of the date of any such request. Written financial reports or statements of the Association shall be supplied at least annually, as set forth more fully in Section 7.2(f) below, to the members. The accounting records shall include (a) a record of all receipts and expenditures, including, as applicable, and not limited to, costs for security, professional management, taxes, refuse collection and utility services, lawn care, building maintenance and repair, insurance, administrative and salary expenses, and general, maintenance, and depreciation reserves; (b) an account for each Condominium Unit which shall designate the name and address of the Condominium Unit Owner, the amount of each Assessment charged to the Condominium Unit, the amounts and due dates for each Assessment, the amounts paid upon such account and the balance due for each Condominium Unit; (c) an account indicating the Common Expenses allocated under the Condominium budget and the Common Expenses actually incurred during the course of the fiscal year.

7.2 (a) The Board of Directors shall adopt a budget of the Common Expenses of the Association (the "Budget") for each fiscal year at a regular or special meeting of the Board of Directors ("Budget Meeting") called for that purpose not later than **November 15 of the prior year**. In the event a Budget is not adopted by such date, it shall not abrogate or affect Condominium Unit Owners' obligations to pay Common Expenses. Prior to the Budget Meeting, a proposed Budget shall include, where applicable, but not be limited to, the following items of expense:

- (a) Costs for security;
- (b) Professional and management fees and expenses;
- (c) Taxes;
- (d) Costs for recreation facilities;
- (e) Expenses for refuse collection and utility services;
- (f) Expenses for lawn care;
- (g) Costs for building maintenance and repair;
- (h) Insurance costs;
- (i) Administrative and salary expenses; and
- (j) Reserves for capital expenditures, deferred maintenance, and any other category for which the association maintains a reserve account or accounts.

Copies of the proposed Budget and notice of the exact time and place of the Budget Meeting shall be mailed to each member at the member's last known address, as reflected on the books and records of the Association, not less than fourteen (14) days prior to said Budget Meeting, and the Budget Meeting shall be open to the members. Failure to timely adopt a Budget shall not affect or abrogate the obligation to pay Common Expenses.

(d) The Board of Directors may also include in the proposed Budget an amount as a Common Expense Assessment for the making of betterments to the Condominium Property for anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis or for the establishment of reserves for repair or replacement of the common elements of the Condominium either annually or from time to time as the Board of Directors shall determine the same to be necessary. Such amount may be levied upon the members by the Board of Directors as a Special Assessment and shall be considered an "Excluded Expense" under Section 7.3(a) hereof. In addition, the Board of Directors shall include, on an annual basis, the establishment of reserve accounts for capital expenditures and deferred maintenance of the common elements of the Condominium. The reserve accounts shall include, but not be limited to, roof repair and replacement, building painting, and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon remaining useful life and estimated replacement cost of each reserve item. This amount shall also be considered an Excluded Expense under Section 7.3(a) hereof. The members may by a majority vote at a duly called meeting of the association determine for a particular fiscal year to budget no reserves or reserves in a lesser amount than required herein.

(e) In administering the finances of the Association, the following procedures shall govern: (i) there shall be apportioned between calendar years on a pro rata basis any expenses which are prepaid in any one calendar year for Common Expenses which cover more than such calendar year; (ii) Assessments shall be made monthly, unless otherwise determined by the Board of Directors, in amounts no less than are required to provide funds in advance for payment of all of the anticipated expenses and for all unpaid expenses previously incurred; and (iii) Common Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such Common

Expenses is received. Assessments shall be sufficient to provide adequate and available funds to meet all budgeted expenses and anticipated cash needs in any calendar year.

(f) The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board of Directors in which the monies of the Association shall be deposited. Withdrawal of monies from such account shall be by checks signed only by such persons as are authorized by the Board of Directors; provided, however, that at least two (2) authorized signatures shall be on any check.

(g) A financial report for each year, including a statement of revenues and expenses of the Association shall be prepared by a Certified Public Accountant designated by the Board of Directors. Either a copy of such report or a complete set of financial statements shall be furnished to each member no later than the first day of April of the year following the year for which the report is made. The report or statements shall be deemed to be furnished to the member upon its delivery in person or mailing by prepaid, first-class mail to the member at his last known address shown on the books and records of the Association.

7.3 Until the provisions of Section 718.112 (2)(e) of the Act relative to the members' approval of a Budget requiring Common Expense Assessments against the members in excess of one hundred fifteen percent (115%) of such Common Expense Assessments for the members in the preceding year are declared invalid by the Courts, or until amended by the Florida Legislature (however, if such amendment merely substitutes another amount for one hundred fifteen percent [115%], then such new amount shall be substituted for one hundred fifteen percent [115%] each time it is used in this Section 7.3), the following shall be applicable:

(a) Should the Budget adopted by the Board of Directors at the Budget Meeting require Common Expense Assessments against the members the Condominium or the Association as a whole of an amount not greater than one hundred fifteen percent (115%) of such Common Expense Assessments for the prior year, the Budget shall be deemed approved. If, however, the Common Expense Assessments required to meet the Budget exceed one hundred fifteen percent (115%) of such Common Expense Assessments against the members in the Condominium or the Association as a whole for the preceding

year (an "Excess Assessment"), then the provisions of Sections 7.3(b), (c) and (d) hereof shall be applicable; provided that in computing whether a Common Expense Assessment constitutes an Excess Assessment, there shall be excluded from such computation certain expenses (the "Excluded Expenses"), including the following:

(i) Reserves for repair or replacement of the Condominium Property of the Condominium and other property owned by the Association;

(ii) Anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis; and

(iii) Common Expense Assessments for betterments to the Condominium Property and other property owned by the Association.

(b) Prior to the Majority Election Meeting: Should an Excess Assessment be adopted by the Board of Directors while Declarant is in control of the Board of Directors, then a special meeting of the members in the affected Condominium, or the Association, as the case may be, shall be called by the Board of Directors which shall be held not less than ten (10) days subsequent to the sending of written notice to each member, but within twenty (20) days after the Budget Meeting. At said special meeting, the Excess Assessment shall be presented to the members in the affected Condominium, or the Association, as the case may be. If at said special meeting a majority of the members in the affected Condominium, or the Association, as the case may be, shall approve the Excess Assessment, then the Budget adopted by the Board of Directors shall be the final Budget. If, at said special meeting of the members a majority of the members in the affected Condominium, or the Association, as the case may be, shall not approve the Excess Assessment, then the Board of Directors shall reconvene at a special meeting for the purpose of reducing the items of anticipated expense in the Budget in an amount necessary so that the Budget adopted by the Board of Directors will not result in an Excess Assessment against the members.

(c) After the Majority Election Meeting: Should an Excess Assessment be adopted by the Board of Directors after the Board of Directors is no longer controlled by Declarant, then upon written application requesting a special meeting signed by ten percent (10%) or more of the members in the Condominium, or the Association, as the case may be, and delivered to the Board of Directors within twenty (20) days after the Budget Meeting, the Board of Directors shall call a special meeting to be held not less than ten (10) days subsequent to the sending of written notice to each member, but within thirty (30) days of the delivery of such application and shall enact a revision of the Budget. The enactment of a revision of the Budget shall require approval of not less than two-thirds (2/3) of the members in the Condominium, or the Association, as the case may be. If such a revised Budget is enacted at said special meeting, then the revised Budget shall be the final Budget, or if a revised Budget is not enacted at such special meeting, or if no quorum is attained at such special meeting, then the Budget originally adopted by the Board of Directors shall be the final Budget. If no written application is delivered, as provided herein, then the Budget originally adopted by the Board of Directors shall be the final Budget.

(d) The term "Majority Election Meeting" shall have the same meaning as set forth in the Articles.

(e) The Board of Directors shall not anticipate revenues from Assessments or expend funds to pay for Common Expenses not included in the Budget or which shall exceed budgeted items and the Board of Directors shall not engage in deficit spending. Should there exist any deficiency which results from there being greater Common Expenses than revenues from Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of a Special Assessment to be levied by the Board of Directors as provided in the Declaration.

7.4 (a) The Budget constitutes an estimate of the expenses of the Association and for the Condominium.

(b) A Condominium Unit Owner shall also be liable for any Special Assessment levied against his Condominium Unit by the Board of Directors as provided in the Declaration or assessments for Operating Expenses or Special Assessments by the Association as provided in the Condominium Documents.

7.5 If a Condominium Unit Owner shall be in default in the payment of an installment of the Annual Assessment, the Board of

Directors or its agent may accelerate the remaining installments of the Annual Assessment on a quarterly basis.

Section 8. Rules

The Board of Directors at any meeting may adopt rules or amend or rescind existing rules for the operation and use of the Condominium Property of the Condominium and other property owned by the Association or Condominium Unit Owners. Copies of rules promulgated, amended or rescinded shall be mailed to all Condominium Unit Owners at their last known address as shown on the books and records of the Association and shall not take effect until forty-eight (48) hours after such mailing.

Section 9. Enforcement Procedures

(a) Enforcement Committee. The Association shall have the right to assess reasonable fines against an Owner in the manner provided herein. Each Board of Directors (the "Appointing Board") shall have the power to create an "Enforcement Committee" to be comprised of three (3) members other than Directors, one (1) of whom shall be designated as the Chairperson thereof. The Enforcement Committee shall serve a term consistent with the term of its Appointing Board. Members of the Enforcement Committee may be replaced with or without cause by majority vote of the Appointing Board.

(b) Conduct of Enforcement Hearing. The alleged non-complying member shall be given reasonable opportunity to be heard.

(c) Powers of the Enforcement Committee. The Enforcement Committee shall have the power to:

(i) Adopt rules for the conduct of its hearings to be approved by the Board of Directors;

(ii) Effectuate the provisions set forth in this provision;

(iii) Issue orders consistent with this provision; and

(iv) Order non-complying members to pay a fine not to exceed Fifty (\$50.00) Dollars, or such greater amount as may be permitted by the Act.

(d) Notice to Alleged Non-Complying members. Alleged non-complying members shall be given reasonable notice at least seven (7) days in advance of said hearing. No alleged non-complying member shall be given notice of hearing before the Enforcement Committee unless said alleged non-complying member has first been given reasonable opportunity to rectify the alleged non-complying condition.

Section 10. Internal Dispute Resolution

Internal disputes arising from the operation of the Condominium among Unit Owners, the Association, their agents, and assigns shall be subject to mandatory nonbinding arbitration of disputes upon the consent of the parties to such dispute.

The Association shall have no responsibility to settle disputes between members or intervene on behalf of any member regarding a dispute with another member.

Section 11. Certificate of Compliance

A Certificate of Compliance from a licensed electrical contractor or electrician may be accepted by the Association's Board as evidence of compliance of the Condominium Units to the applicable Fire and Safety Code.

Section 12. Parliamentary Rules

The then latest edition of Robert's Rules of Order shall govern the conduct of meetings of the Association; provided, however, if such Rules are in conflict with the Articles, these By-Laws, the Declaration, or the Act, then the Articles, By-Laws, Declaration, or the Act, as the case may be, shall govern in the following order of priority: Act, Declaration, Articles, By-Laws.

Section 13. Amendment of the By-Laws

13.1 These By-Laws may be amended by the affirmative vote of not less than a majority of the members present at an annual members meeting or a special meeting of the members. A copy of the proposed amendment shall be sent to each member along with the notice of the special meeting of the members or annual members meeting.

13.2 Amendments to these By-Laws shall be made in accordance with the requirements of the Act and amendments thereto in effect at the time of amendment.

13.3 No modification or amendment to these By-Laws shall be adopted which would affect or impair the priority of any "Eligible Mortgagee", as defined in the Declaration, the validity of the mortgage held by any such Eligible Mortgagee or any of the rights of Declarant.

13.4 No amendment to these By-Laws shall be valid unless recorded with identification on the first page thereof of the book and page of the public records where the Declaration is recorded.

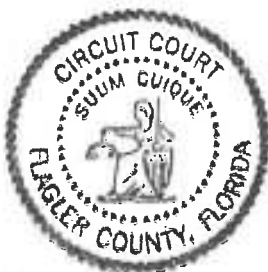
The foregoing By-Laws of Harbor Side Village II Condominium Association, Inc. are hereby adopted by all of the Directors of Harbor Side Village II Condominium Association, Inc. as and constituting the Board of Directors of said Association this 24 day of October, 2002.

[Signature]
Director

[Signature]
Director

[Signature]
Director

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I HEREBY CERTIFY this to be a true and correct copy of the original
Declaration of Condominium
at Harbor Side Village II Condominium
as the same appears of record in O.F./
Deed Book 879 at Page(s) 704-785
Flagler County Records.
Dated this 8th day of January
A.D. 2003
GAIL WADSWORTH
Clerk Circuit Court
Flagler County, Florida
By _____ D.C.