

BY-LAWS OF

500 ATLANTIC CONDOMINIUM ASSOCIATION, INC.

ARTICLE I: IDENTITY

500 ATLANTIC CONDOMINIUM ASSOCIATION, INC. ("Association") is a not-for-profit corporation, organized and existing pursuant to the laws of the State of Florida for purposes of operating and administering 500 ATLANTIC CONDOMINIUM, located in Volusia County, Florida ("Condominium").

Section 1. Principal Office. The principal office of the Association shall be at 500 North Atlantic Avenue, Daytona Beach, Florida, or at such other place as may be subsequently designated by the Board of Administration of the Association.

Section 2. Definitions. As used herein, the word "Condominium Association" shall be the equivalent of "Association," as defined in the Declaration of Condominium to which these By-Laws are attached, and all other terms used herein shall have the same definitions as attributed to them in said Declaration of Condominium. As used herein, in the Declaration of Condominium, or in the Florida Condominium Act, the terms "Board of Administration" and "Board of Directors" shall be synonymous.

ARTICLE II: MEMBERSHIP AND VOTING PROVISIONS

Section 1. Membership in the Association. Membership in the Association shall be limited to Owners of Units in the Condominium. Transfer of Unit ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership shall become vested in the transferee. If Unit ownership is vested in more than one person, then all of the persons so owning said Unit shall be members eligible to hold office, attend meetings, etc., but, as hereinafter indicated, the vote of a Unit shall be cast by the "voting member." If Unit ownership is vested in a corporation, general partnership, limited partnership, limited liability company or other entity (for purposes herein, the foregoing are collectively defined as an "Entity"), said Entity shall designate an individual as its "voting member" pursuant to the provisions of Section 5 of this Article.

Any application for the transfer of membership, or for a conveyance of an interest in, or to encumber or lease a Condominium Parcel, where the approval of the Board of Administration is required by these By-Laws and the Declaration, shall be accompanied by application fee in an amount to be set by the Association to cover the cost of contacting the references given by the applicant and such other costs of investigation that may be incurred.

Section 2. Voting.

(A) The Owner(s) of each Unit shall be entitled to one vote for each Unit owned, said vote being a percentage equal to the Owner's percentage in the common elements. If a Unit Owner owns more than one Unit, such individual shall be entitled to the percentage vote for each Unit owned. Any two Units which have been combined into one combined living area shall be deemed to be two Units (as if they had not been so combined) and shall therefore be entitled to two percentage votes to be cast by its Owner. The vote of a Unit shall not be divisible.

(B) A majority of the voting interests represented by members who are present in person or by proxy pursuant to applicable Florida law and are entitled to vote under Section 5 of this Article at a meeting at which a quorum is present shall decide any question (except the election of members of the Board of Administration which must be by written ballot or voting machine), unless the Declaration, Articles of Incorporation, By-Laws, or agreement entered into by the Association provides otherwise, in which event the voting percentage required in said documents shall control.

Section 3. Quorum. The presence in person, or by limited or general proxy pursuant to applicable Florida law, of a majority of the members entitled to vote under Section 5 hereof shall constitute a quorum.

Section 4. Proxies. Votes may be cast in person or may be cast by limited or general proxy in certain circumstances in accordance with applicable Florida law. All proxies shall be in writing and signed by the person entitled to vote (as set forth below in Section 5) and shall be filed with the secretary of the Association not less than 3 days prior to the meeting in which they are to be used. Proxies shall be valid only for the particular meeting designated therein. Where a Unit is owned jointly by a husband and wife, and if they have not designated one of them as a voting member, a proxy must be signed by both husband and wife where a third person is designated.

Section 5. Designation of Voting Member. If a Unit is owned by one person, such person's right to vote shall be established by the recorded title to the Unit. If a Unit is owned by more than one person, the person entitled to cast the vote for the Unit shall be designated in a certificate, signed by all of the recorded Owners of the Unit and filed with the secretary of the Association. If a Unit is owned by an Entity, the individual entitled to cast the vote of the Unit for such Entity shall be designated in a certificate for this purpose, signed by (a) in the case of a corporation, the president or vice president, attested to by the secretary or assistant secretary of the corporation, (b) in the case of a general partnership, the general partners, (c) in the case of a limited partnership, the general partner(s) thereof on behalf of the limited partnership (if the general partner is a corporation, the president or vice president of such corporation shall execute such certificate and the secretary of such corporation shall attest thereto), (d) in the case of a limited liability company, the manager thereof, or (e) in the case of a legal entity other than as described above, the individual authorized to execute the certificate in accordance with such legal entity's governing documents. Such certificate shall be filed with the secretary of the Association. The person designated in such certificate who is entitled to cast the vote for a Unit shall be known as the "voting member." If such a certificate is required and is not filed with the secretary of the Association for a Unit owned by more than one person or by an Entity, the vote of the Unit concerned may not be cast and shall not be considered in determining the requirement for a quorum or for any purpose requiring the approval of a person entitled to cast the vote for the Unit. Unless the certificate shall otherwise provide, such certificates shall be valid until revoked or until superseded by a subsequent certificate, or until a change in the ownership of the Unit concerned. Notwithstanding the foregoing, if a Unit is owned jointly by a husband and wife, the following 3 provisions are applicable thereto:

(A) They may, but they shall not be required to, designate a voting member by certificate:

(B) If they do not designate a voting member, and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.

(C) Where they do not designate a voting member, and only one is present at a meeting, the person present may cast the Unit vote, just as though he or she owned the Unit individually, and without establishing the concurrence of the absent person.

ARTICLE III: MEETINGS OF THE MEMBERSHIP

Section 1. Place. All meetings of the Association membership shall be held at such place and at such time as shall be designated by and stated in the notice of the meeting.

Section 2. Notices. It shall be the duty of the secretary to mail, hand deliver or electronically transmit a written notice of each annual or special meeting, stating the time and place thereof and an identification of agenda items to each Unit Owner of record at least 14 but not more than 30 days prior to such meeting, and to post at a conspicuous place on the property a copy of the notice of said meeting at least 14 continuous days preceding said meeting. Notice of any annual or special meeting shall state the purpose thereof and said meeting shall be confined to the matters stated in said notice. All notices shall be mailed to, served or electronically transmitted at the address of the Unit Owner last furnished to the Association and posted as hereinbefore set forth. An officer of the Association shall provide an affidavit, to be included in the official records of the Association, affirming that notices of the Association meeting were mailed, hand delivered or electronically transmitted in accordance with this section, to each Unit Owner at the address last furnished to the Association.

Section 3. Annual Meeting. The annual meeting for the purpose of electing directors and transacting any other business authorized to be transacted by the members shall be held once in each calendar year at such time and on such date in each calendar year as the Board of Administration shall determine. At the annual meeting, the members shall elect, by plurality vote, a Board of Administration and shall transact such other business as may have been stated in the notice for said meeting. The election of the Board of Administration at the annual meeting shall be conducted in accordance with applicable provisions of the Florida Condominium Act. Cumulative voting shall be prohibited.

Section 4. Special Meeting. Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president, and shall be called by the president or secretary at the request in writing of a majority of the Board of Administration. Except for the purpose of removing a director governed by the provisions of Section 3 of Article IV hereof, a special meeting must be called by the president or secretary upon the request in writing of voting members representing 10% of the members' total votes, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the matters stated in the notice thereof.

Section 5. Waiver and Consent. Any approval by Unit Owners called for by the Florida Condominium Act, the Declaration or these By-Laws shall be made at a duly noticed meeting of Unit Owners and shall be subject to all requirements of the Florida Condominium Act or the Declaration relating to Unit Owner decision making, except that Unit Owners may take action by written agreement, without meetings, on any matters for which the vote of members at a meeting is required or permitted by any provision of these By-Laws, or on matters for which action by written agreement without meeting is expressly allowed by the Declaration, or any Florida statute which provides for Unit Owner action.

Section 6. Adjourned Meeting. If any meeting of members cannot be organized because a quorum of voting members is not present, either in person or by proxy, the meeting may be adjourned from time to time until a quorum is present.

Section 7. Approval or Disapproval. Approval or disapproval of a Unit Owner upon any matter, whether or not the subject of an Association meeting, shall be by the voting members; provided, however, that where a Unit is owned jointly by a husband and wife, and they have not designated one of them as a voting member, their joint approval or disapproval shall be required where they are both present, or in the event only one is present, the person present may cast the vote without establishing the concurrence of the absent person.

ARTICLE IV: DIRECTORS

Section 1. Number, Term and Qualifications; Transfer of Control. The affairs of the Association shall be governed by a Board of Administration, serving without compensation, composed of not less than 3 nor more than 9 directors. There shall never be less than 3 directors. The term of each director's service shall extend until the next annual meeting of the members, and thereafter until his successor is duly elected and qualified, or until he is removed in the manner provided in Section 3 below. All directors shall be members of the Association; provided, however, that all directors that the Developer is entitled to elect or designate need not be members. The individual designated as the voting member for a Unit owned by an Entity shall be deemed to be a member of the Association so as to qualify to become a director of the Association.

If unit owners other than the Developer, own 15 percent or more of the units in a condominium that will be operated ultimately by an association, the unit owners other than the developer are entitled to elect at least one-third of the members of the board of administration of the association. Unit owners other than the Developer are entitled to elect at least a majority of the members of the board of administration of an Association upon the first to occur of any of the following events: (a) three years after 50 percent of the units that will be operated ultimately by the association have been conveyed to purchasers; (b) three months after 90 percent of the units that will be operated ultimately by the association have been conveyed to purchasers; (c) when all the units that will be operated ultimately by the Association have been completed, some of them have been conveyed to purchasers, and none of the others are being offered for sale by the

Developer in the ordinary course of business; (d) when some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business; (e) when the Developer files a petition seeking protection in bankruptcy; (f) when a receiver for the Developer is appointed by a circuit court and is not discharged within 30 days after such appointment unless the court determines within 30 days after appointment of the receiver that transfer of control would be detrimental to the association or its members; or (g) seven years after the date of the recording of the certificate of a surveyor and mapper pursuant to s. 718.104(4)(e) or the recording of an instrument that transfer title to a unit in the condominium which is not accompanied by a recorded assignment of Developer rights in favor of the grantee of such unit, whichever occurs first; or, in the case of an association that may ultimately operate more than one condominium, 7 years after the date of the recording of the certificate of a surveyor and mapper pursuant to s. 718.104(4)(e) or the recording of an instrument that transfers title to a unit which is not accompanied by a recorded assignment of developer rights in favor of the grantee of such unit, whichever occurs first, for the first condominium it operates; or, in the case of an association operating a phase condominium created pursuant to s. 718.403, 7 years after the date of the recording of the certificate of a surveyor and mapper pursuant to s. 718.104(4)(e) or the recording of an instrument that transfers title to a unit which is not accompanied by a recorded assignment of developer rights in favor of the grantee of such unit, whichever occurs first. The Developer is entitled to elect at least one member of the board of administration of an association as long as the developer holds for sale in the ordinary course of business at least 5 percent, in condominiums with fewer than 500 units, and 2 percent, in condominiums with more than 500 units, of the units in a condominium operated by the association. After the developer relinquishes control of the association, the developer may exercise the right to vote any developer-owned units in the same manner as any other unit owner except for purposes of reacquiring control of the association or selecting the majority members of the board of administration.

Section 2. First Board of Administration. The first Board of Administration named in the Articles of Incorporation shall hold office and serve until their successors have been elected and qualified.

Section 3. Removal of Directors. Any removal of a director or directors of the Board by recall shall be done in accordance with the provisions of Section 718.112(2)(j), Florida Statutes, or the rules promulgated thereunder, or in accordance with any other applicable provisions of the Florida Condominium Act.

Section 4. Vacancies on Directorate. If the office of any director or directors becomes vacant by reason of death, resignation, retirement, disqualification or otherwise or should a vacancy be created by an enlargement of the Board or should a director be removed by the procedure of Section 3 of this Article and a successor not be elected at the meeting, a majority of the remaining directors, though less than a quorum, shall choose a successor or successors, who shall hold office for the balance of the unexpired term in respect to which such vacancy occurred. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Administration. Notwithstanding the above, only the Developer may elect to fill a vacancy on the Board previously occupied by a Board member elected or appointed by the Developer, in which case a quorum for purposes of that election shall consist of a majority of Units owned by the Developer. Only Unit Owners other than the Developer may elect to fill a vacancy on the Board previously occupied by a Board member elected or appointed by Unit Owners other than the Developer.

Section 5. Disqualification and Resignation of Directors. Any director may resign at any time by sending a written notice of such resignation to the secretary of the Association. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the secretary. Commencing with the directors elected by the Unit Owners other than the Developer, the transfer of title of the Unit owned by a director shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Administration.

Section 6. Regular Meetings. The Board of Administration may establish a schedule of regular meetings to be held at such time and place as the Board of Administration may designate. Notice of such regular meetings (which shall specifically incorporate an identification of agenda items) shall, nevertheless, be given to each director personally or by mail, electronic transmission, telephone or telegraph at least 5 days prior to the day named for such meeting and shall be posted in accordance with

the procedures of Section 718.112, Florida Statutes.

Section 7. Special Meetings. Special meetings of the Board of Administration may be called by the president, and in his absence, by the vice president or secretary, or by a majority of the members of the Board of Administration, by giving 5 days' notice, in writing which shall specifically incorporate an identification of agenda items, to all of the members of the Board of Administration of the time and place of said meeting and shall be posted in accordance with the procedures of Section 718.112, Florida Statutes. All notices of special meetings shall state the purpose of the meeting.

Section 8. Directors' Waiver of Notice. Before or at any meeting of the Board of Administration, any director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all of the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. Owners shall be given proper notice pursuant to applicable Florida law.

Section 9. Quorum. At all meetings of the Board of Administration, a majority of the directors constitute a quorum for the transaction of business, and the acts of the majority of the directors present at such meetings at which a quorum is present shall be the acts of the Board of Administration. If at any meeting of the Board of Administration there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At such adjourned meeting, and provided a quorum is then present, any business may be transacted which might have been transacted at the meeting as originally called. Proper notice of any adjourned meeting shall be given in accordance with applicable Florida law.

Section 10. Notice of Board Meetings. All Board meetings, regular or special, shall be properly noticed pursuant to applicable Florida law.

Section 11. Notice to Developer. Until the earlier of (i) when Developer no longer holds a unit for sale in the ordinary course of business, or (ii) December 30, 2027, the Developer shall be entitled to attend the director's meetings and it may designate such person(s) as it desires to attend such meetings on its behalf. Such entitlement may be cancelled by Developer by delivering written notice to the Association.

Section 12. Powers and Duties. The Board of Administration shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Declaration, or these By-Laws, directed to be exercised and done by Unit Owners. These powers shall specifically include, but shall not be limited to, the following:

(A) To exercise all powers specifically set forth in the Declaration, the Articles of Incorporation, these By-Laws, and in the Florida Condominium Act, and all powers incidental thereto.

(B) To adopt a budget and make and collect Assessments, including Special Assessments, enforce a lien for nonpayment thereof, and use and expend the Assessments to carry out the purposes and powers of the Association, subject to the provisions of the Declaration to which these By-Laws are attached and, where applicable, recognizing obligations of the Association contained in the provisions of the Declaration. The Board of Administration shall also have the power to levy a fine against the Owner of a Unit for the purposes specified in Section 2, Article VIII of these By-Laws.

(C) To employ, dismiss and control the personnel necessary for the maintenance and operation of the Condominium, including the right and power to employ attorneys, accountants, contractors, and other professionals, as the need arises, subject to any applicable provisions of the Declaration.

(D) To make and amend regulations respecting the operation and use of the Common Elements and Condominium Property and facilities and the use and maintenance of the Units therein.

(E) To contract for the management and maintenance of the Condominium Property 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 and other sums due

from Unit Owners, preparation of records, enforcement of rules and maintenance, repair and replacement of the Common Elements with funds as shall be made available by the Association for such purposes. The Association, its directors and officers shall, however, retain at all times the powers and duties granted by the Condominium documents and the Florida Condominium Act, including, but not limited to, the making of Assessments, promulgation of rules and execution of contracts on behalf of the Association.

(F) To enter into agreements acquiring leaseholds, memberships or other possessory or use interests regarding recreation area(s) and facilities for the use and enjoyment of the members of the Association as provided for in the Declaration.

(G) To further improve the Condominium Property, both real and personal, and the right to purchase realty and items of furniture, furnishings, fixtures and equipment for the foregoing, and the right to acquire and enter into agreements pursuant to the Florida Condominium Act, subject to the provisions of the Declaration and these By-Laws.

(H) To enter into such agreements or arrangements, as deemed appropriate, with such firms or companies as it may deem for and on behalf of the Unit Owners to provide certain services and/or maintenance otherwise the individual responsibility of the Unit Owners and to increase the Assessments due or otherwise charge each Unit Owner a share of the amount charged for said maintenance and service.

(I) To designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board of Administration in the management and affairs and business of the Association. Such committee shall consist of at least 3 members of the Association. The committee or committees shall have such name or names as may be determined from time to time by the Board of Administration, and said committee(s) shall keep regular minutes of their proceedings and report the same to the Board of Administration, as required.

Section 13. Proviso. The validity of any delegation of power and/or duty by the Board of Administration, as hereinbefore provided, shall not affect the remainder of said delegations, or the other provisions of these By-Laws or the Condominium documents and its exhibits.

ARTICLE V: OFFICERS

Section 1. Elective Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Administration and shall serve without compensation. One person may not hold more than one of the aforementioned offices, except one person may be both Secretary and Treasurer. The President shall be a member of the Board of Administration. Notwithstanding the foregoing, the restriction as to one person holding only one of the aforementioned offices or the President being a member of the Board of Administration shall not apply until control of the Association shall be transferred to the Unit Owners other than the Developer.

Section 2. Election. The officers of the Association designated in Section 1 above shall be elected annually by the Board of Administration at the organizational meeting of each new Board following the meeting of the members. Officers may be elected by secret ballot pursuant to applicable Florida law.

Section 3. Appointive Officers. The Board may appoint assistant secretaries and assistant treasurers and such other officers as the Board of Administration deems necessary.

Section 4. Term. The officers of the Association shall hold office until their successors are chosen and qualified in their stead. Any officer elected or appointed by the Board of Administration may be removed at any time, with or without cause, by the Board of Administration; provided, however, that no officer shall be removed except by the affirmative vote for removal by a majority of the whole Board of Administration. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Administration.

Section 5. The President. The President shall be the chief executive officer of the

Association. He shall preside at all meetings of the Unit Owners and of the Board of Administration. He shall have executive powers and general supervision over the affairs of the Association and other officers. He shall sign all written contracts to perform all of the duties incident to his office and which may be delegated to him from time to time by the Board of Administration.

Section 6. The Vice President. The Vice President shall perform all of the duties of the President in his absence and such other duties as may be required of him from time to time by the Board of Administration.

Section 7. The Secretary. The Secretary shall issue notices of all Board of Administration' meetings and all meetings of the Unit Owners; he shall attend and keep the minutes of same; he shall have charge of all of the Association's books, records and papers, including roster of members and mortgagees except those kept by the Treasurer. If appointed, an assistant secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 8. The Treasurer.

(A) The Treasurer shall have custody of the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association in such depositories as may be designated from time to time by the Board of Administration. The books shall reflect an account for each Unit which shall designate the name and current mailing address of the Unit Owner, the amount of each Assessment, the dates and amounts in which the Assessment came due, the amount paid upon the account and the balance due.

(B) The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Administration in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Administration at the regular meetings of the Board of Administration, or whenever they may require it, an account of all of his transactions as the Treasurer and of the financial condition of the Association.

(C) The Treasurer shall collect the Assessments and shall promptly report the status of collections and of all delinquencies to the Board of Administration and, when requested, to the Developer or other entity designated by the Board of Administration.

(D) The Treasurer shall give status reports to potential transferees on which reports the transferees may rely.

(E) If appointed, an assistant treasurer shall perform the duties of the Treasurer when the Treasurer is absent.

Section 9. Proviso. Notwithstanding any provisions to the contrary in these By-Laws, the Association shall maintain separate accounting records for this Association, shall keep such records according to good accounting practices, shall open such records for inspection by Unit Owners or their authorized representatives at reasonable times and shall supply written summaries of such records at least annually to the Unit Owners or their authorized representatives. In the event the Board of Administration designates a management firm to operate the Condominium on behalf of the Association, said management firm shall be required to follow the aforesaid provisions.

ARTICLE VI: FINANCES AND ASSESSMENTS

Section 1. Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board of Administration from time to time upon resolutions approved by the Board of Administration and shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Association as may be designated by the Board of Administration. Indebtedness obligations of the Association shall be signed by at least 2 officers of the Association; provided, however, that the provisions of any management agreement, entered into by the Association and

a management firm designated by the Association to operate the Condominium, relative to the subject matter in this Section 1 shall supersede the provisions hereof. The foregoing is further subject to the applicable provisions under the Declaration.

Section 2. Fidelity Bonds. The Association shall obtain fidelity bonds for officers and directors of the Association and other individuals only to the extent required by applicable Florida law.

Section 3. Fiscal Or Calendar Year. The Association shall be on a fiscal year basis beginning on the first day of January of each year. Notwithstanding the foregoing, the Board of Administration is authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America at such time as the Board of Administration deems it advisable. The setting of a fiscal year, as provided herein, shall not affect the applicable provisions of Article III, Section 3, of these By-Laws requiring an annual meeting in each calendar year.

Section 4. Determination of Assessments.

(A) The Board of Administration shall fix and determine from time to time the sum or sums necessary and adequate for the Common Expenses. Common Expenses shall include expenses for the operation, maintenance, repair or replacement of the Common Elements and the Limited Common Elements, cost of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance and extended coverage, obligations of the Association pursuant to the Declaration, water and sewer and any other expenses designated as Common Expenses from time to time by the Board of Administration, or under the provisions of the Declaration. The Board of Administration is specifically empowered, on behalf of the Association, to make and collect Assessments and to lease, maintain, repair and replace the Common Elements and Limited Common Elements; provided, however, the Association shall not charge any fee against a Unit Owner for the use of Common Elements or Association Property unless such use is the subject of a lease between the Association and the Unit Owner. Funds for the payment of Common Expenses shall be assessed against the Unit Owners in the proportions or percentages of sharing Common Expenses as provided in the Declaration and exhibits attached thereto. Said Assessments shall be payable monthly in advance and shall be due on the first (1st) day of each month in advance unless otherwise ordered by the Board of Administration. Special Assessments, should such be required by the Board of Administration, shall be levied in the same manner as hereinbefore provided for regular Assessments and shall be payable in the manner determined by the Board of Administration.

(B) All funds due from Unit Owners not as Common Expenses, including sums due as users of cable television service or pursuant to other applicable agreements or arrangements pertaining to all or substantially all Units, may be collected by the Association or its agents.

(C) An annual budget and level of Assessment for Common Expenses sufficient to fund such budget shall be proposed and adopted by the Board of Administration. The Board shall mail, or cause to be mailed, or hand deliver, or cause to be hand delivered, notice of the meeting of the Unit Owners or Board of Administration at which the budget will be considered not less than 14 days prior to said meeting. Evidence of compliance with this 14 day notice requirement shall be made by an affidavit executed by an officer of the Association, an authorized employee of the management firm, or other person providing notice of the meeting and filed among the official records of the Association. Such notice shall include a copy of the proposed annual budget and Assessment. If the Association shall fail for any reason to adopt a budget and authorize an Assessment prior to the beginning of the new fiscal year, the budget and Assessment for the previous year shall be increased by 15% and shall continue in effect until changed by the Association.

If the adopted budget requires an assessment against the Unit Owners in any fiscal year exceeding 115% of the Assessments for the preceding year, the Board, upon written application of 10% of the Unit Owners to the Board, shall call a special meeting of the Unit Owners within 60 days upon not less than 14 days' written notice to each Unit Owner. At this special meeting, Unit Owners shall consider and enact a budget upon the vote of the members representing a majority of all Units. If a special meeting of the Unit Owners has

been called pursuant to this section and a quorum is not attained or a substitute budget is not adopted by the Unit Owners, the budget adopted by the Board goes into effect as scheduled. In determining whether Assessments exceed 115% of similar Assessments in the preceding year, any authorized provisions for reasonable reserves for repair or replacement of the Condominium Property, anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis, or Assessments for betterments to the Condominium Property must be excluded from the computation. However, as long as the Developer is in control of the Board of Administration, the Board may not impose an Assessment for any year greater than 115% of the prior fiscal year's Assessment without prior approval of the members representing a majority of all Units.

(D) All Assessments shall be payable to the Association, subject, however, to the provisions of a Management Agreement for as long as it shall remain in effect providing for collection of such Assessments directly by the Management firm, and also subject to any specific applicable provisions in the Declaration.

Section 5. Application of Payments and Co-mingling of Funds. Reserve and operating funds collected by the Association or by a management firm may not be commingled in a single fund except for purposes of investment, in which event separate accountings must be maintained for each fund and the combined account cannot at any time, be less than the amount identified as reserve funds in the combined account. All Assessment payments collected shall be applied (1) pursuant to the applicable provisions of the Declaration, or (2) as provided by a management agreement as long as the management agreement remains in effect, or thereafter, as the Board of Administration determines in its sole discretion. All funds shall be maintained in a separate account in the name of the Association. If so designated by the Board, a management firm shall maintain separate accounting records for each condominium it manages pursuant to the provisions of such management agreement and the Florida Condominium Act.

Section 6. Acceleration of Assessment Installments Upon Default. If a Unit Owner shall be in default in the payment of an installment of any Assessment, the Board of Administration may accelerate the monthly installment for the next 3 months upon the filing of a claim of lien in the public records of Volusia County, Florida, and providing written notice thereof to the Unit Owner and, thereupon, the unpaid installments of the Assessment together with the monthly Assessments for the next three months shall become due upon the date stated in the notice, but not less than 14 days after the filing and hand delivery of or the mailing of such notice to the Unit Owner. The acceleration of installments may be repeated at the end of each 3 month period thereafter if at the end of such period there remains any sums due and unpaid.

ARTICLE VII: UNAUDITED FINANCIAL STATEMENTS

In addition to any reporting requirements contained in the Florida Condominium Act or any applicable provision of Florida law, the Board, or its agents, shall (1) render to the members of the Association an unaudited statement for each fiscal year no later than 4 months next thereafter, and (2) perform internal audits of the Association's financial records for the purpose of verifying the same but no independent or external audit shall be required of it.

ARTICLE VIII: COMPLIANCE AND DEFAULT

Section 1. Violations. In the event of a violation (other than the non-payment of an Assessment) by the Unit Owner in any of the provisions of the Declaration, of these By-Laws, or of the applicable portions of the Florida Condominium Act, the Association, by direction of its Board of Administration, may notify the Unit Owner by written notice of said breach, transmitted by mail or delivered in person. If such violation shall continue for a period of 30 days from the date of the notice in the case of violations involving alterations and structural changes to the Unit and 5 days from the date of the notice in the case of all other violations, the Association, through its Board of Administration, shall have the right to treat such violation as an intentional and inexcusable and material breach of the Declaration, of the By-Laws, or of the pertinent provisions of the Florida Condominium Act, and the Association may then, at its option, have the following elections:

(A) An action at law to recover for its damage on behalf of the Association or on behalf

of the other Unit Owners;

(B) An action in equity to enforce performance on the part of the Unit Owner; or

(C) An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief.

Failure on the part of the Association to maintain such action at law or in equity within 30 days from date of a written request, signed by a Unit Owner, sent to the Board of Administration, shall authorize any Unit Owner to bring an action in equity or suit at law on account of the violation in the manner provided for in the Florida Condominium Act.

Section 2. Fines. In addition to the remedies as identified in Section 1 above, the Association may levy a fine not to exceed the maximum amount allowed by the Florida Condominium Act against any Owner, resident, guest or invitee, for failure to abide by any provisions of the Declaration, these By-Laws or the rules of the Association. No fine will become a lien against a Unit. A fine may be levied on the basis of a continuing violation, with a single notice and an opportunity for a hearing, provided that no such fine shall exceed the maximum aggregate amount allowed under the Florida Condominium Act. No fine may be levied except after giving reasonable notice and an opportunity for a hearing, to be held not less than 14 days after reasonable notice, to the Owner, resident, guest or invitee. Reasonable notice shall include the following: A statement of the date, time and place of the hearing; a statement as to the provisions of the Declaration, these By-Laws or the rules of the Association which have allegedly been violated; and a short and plain statement of the matters asserted by the Association.

A hearing shall be held before a committee of other Unit Owners. At the sole discretion of the Board of Administration, this committee may be either a standing committee appointed by the Board of Administration for the purpose of addressing all fine situations, or a committee appointed by the Board of Administration for the particular hearing. The committee shall contain at least three members who are not officers, directors or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee. At such hearing, the party against whom the fine may be levied shall have the opportunity to respond to, to present evidence relating to, and to provide written and oral argument on all issues involved, and shall have an opportunity to review, challenge and respond to any material considered by the committee. A fine may not be levied if the committee disagrees with such fine. The notice and hearing procedures shall also satisfy any other requirements of the Florida Condominium Act or the regulations promulgated thereunder.

Section 3. Negligence or Carelessness of Unit Owner, Etc. Any Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance company of rights of subrogation.

Section 4. Costs and Attorneys' Fees. In any proceeding brought by the Association pursuant to this Article, the Association, if it is the prevailing party, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the court.

Section 5. No Waiver of Rights. The failure of the Association or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium documents shall not constitute a waiver of the right of the Association or Unit Owner to enforce such right, provision, covenant or condition in the future.

Section 6. Election of Remedies. All rights, remedies and privileges granted to the Association or Unit Owner pursuant to any terms, provisions, covenants or conditions of the Condominium documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such other party by

Condominium documents, or at law or in equity.

ARTICLE IX: ACQUISITION OF UNITS

At any foreclosure sale of a Unit, the Board of Administration may, with the authorization and approval by the affirmative vote of voting members casting not less than 75% of the total votes of the members present at any regular or special meeting of the members wherein said matter is voted upon, acquire in the name of the Association or its designee a Condominium Parcel being foreclosed. The term "foreclosure," as used in this section, shall mean and include any foreclosure of any lien, excluding the Association's lien for Assessments. The power of the Board of Administration to acquire a Condominium Parcel at any foreclosure sale shall never be interpreted as any requirement or obligation on the part of the Board of Administration or of the Association to do so at any foreclosure sale. The provisions hereof are permissive in nature and for the purpose of setting forth the power in the Board of Administration to do so should the requisite approval of the voting members be obtained. Once general authority to purchase a Unit at a foreclosure sale is obtained, the Board of Administration shall not be required to obtain the specific approval of Unit Owners regarding the sum the Board of Administration determines to bid at such foreclosure sale unless the limit of such authority has been established in the original authorization.

ARTICLE X: AMENDMENTS TO THE BY-LAWS

The By-Laws may be altered, amended or added to at any duly called meeting of the Unit Owners, provided:

- (A) Notice of the meeting shall contain a statement of the proposed amendment; and
- (B) The amendment is approved upon the affirmative vote of two-thirds (2/3) of the votes cast at a duly-called and duly-noticed meeting of the Association membership called in whole or in part for such purpose.

Said amendment shall be recorded and certified as required by the Florida Condominium Act. Notwithstanding the foregoing, these By-Laws may only be amended with the written approval when required of the parties specified in Section 11 of the Declaration to which these By-Laws are attached.

- (C) No amendment to these By-Laws shall be made which affects any of the rights and privileges provided to the Developer in the Condominium documents without the written consent of the Developer.

ARTICLE XI: NOTICES

Whatever notices are required to be sent hereunder shall be posted, delivered or sent in accordance with the applicable provisions as to same as set forth in the Declaration to which these By-Laws and other exhibits are attached.

ARTICLE XII: INDEMNIFICATION

The Association shall indemnify every director and every officer, his heirs, executors and administrators, against all loss, cost and expense reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Association, including reasonable counsel fees, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

ARTICLE XIII: LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of membership in the Condominium shall not relieve or release any such former Owner or member from any liability or obligations incurred under or in any way connected with the

Condominium during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Owner and member arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto.

ARTICLE XIV: LIMITATION OF LIABILITY

Notwithstanding the duty of the Association to maintain and repair parts of the Condominium Property, the Association shall not be liable for injury or damage by a latent condition in the Condominium Property, nor for injury or damage caused by the elements or by other Owners or persons.

ARTICLE XV: PARLIAMENTARY RULES

Roberts' Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Florida Condominium Act, the Declaration, or these By-Laws.

ARTICLE XVI: MORTGAGE REGISTER

The Association, or its agents, may maintain a register of all mortgages and at the request of a mortgagee, the Association shall forward copies of all notices for unpaid Assessments or violations served upon a Unit Owner to said mortgagee. If a register is maintained, the Association or its agent maintaining same may make such charge as it deems appropriate against the applicable Unit for supplying the information provided herein.

ARTICLE XVII: RULES AND REGULATIONS

In addition to the rules and regulations set forth in the Declaration, the following rules and regulations, together with such additional rules and regulations as may hereafter be adopted, shall govern the use of the Units, Common Elements, Limited Common Elements, and any other Condominium Property, and also the conduct of all residents or occupants thereof. The Unit Owners shall, at all times, obey said rules and regulations and shall use their best efforts to see that they are faithfully observed by their families, guests, invitees, servants, lessees and persons over whom they exercise control and supervision. Said initial rules and regulations are as follows:

Section 1. The personal property of all Unit Owners shall be stored within their Units.

Section 2. No garbage cans, supplies, recycling containers, or other articles shall be placed on the Common Elements and Limited Common Elements of the Condominium except as authorized by the Association, nor shall any linens, cloths, clothing, curtains, rugs, mops or laundry of any kind, or other articles, be shaken or hung from any of the windows, doors, balconies, or entryways, or exposed on any part of the Limited Common Elements or Common Elements. If applicable, fire exits shall not be obstructed in any manner, and the Common Elements shall be kept free and clear of rubbish, debris, and other unsightly material. No clothesline or similar device shall be allowed on any portion of the Condominium Property nor shall clothes be hung anywhere within the Condominium Property except within the interior boundaries of a Unit, (as defined in the Declaration and as specifically described in the Condominium Plat).

Section 3. Where applicable, no Unit Owner shall allow anything whatsoever to fall from the windows, balconies, entryways or doors, nor shall such Unit Owner sweep or throw any dirt, water or other substance from such Owner's Unit or the balcony appurtenant to such Owner's Unit onto the Common Elements or any portion of the Condominium Property.

Section 4. No Unit Owner shall store or leave boats or trailers on the Condominium Property. Refuse and bagged garbage shall be deposited only in the area provided therefor.

Section 5. Agents or employees of the Association shall not be sent off the Condominium Property by any Unit Owner at any time for any purpose. No Unit Owner or resident shall direct, supervise, or in any manner attempt to assert any control over the agents or employees of the Association.

Section 6. The parking Garage shall be used in accordance with the provisions of the Declaration and any regulations duly promulgated by the Association. No vehicle which cannot operate on its own power shall remain on the Condominium Property for more than 24 hours, and no repair of vehicles shall be made on the Condominium Property. The types of vehicles permitted on the Condominium Property shall be as stated in the Declaration.

Section 7. No Unit Owner shall make or permit any disturbing noises by himself, his family, servants, employees, agents, visitors, and licensees (including, but not limited to, vocal and instrumental instruction or operation of televisions, stereos, radios or the like), nor do or permit anything by such persons that will interfere with the rights, comforts or convenience of other Unit Owners.

Section 8. Except as may be otherwise provided in the Declaration, no awning, canopy, shutter or other projection shall be attached to or placed upon the outside walls or doors or roof of a Unit or building without the written consent of the Board of Administration. Patios or balconies may not be enclosed, which includes the screening of same, nor may anything be affixed to the walls within such patios or balconies or entryways, it being the Developer's intention to maintain the uniform appearance of the exterior of the Building.

Section 9. The type, color and design of chairs and other items of furniture and furnishings that may be placed and used on any entryway, balcony or patio may be determined by the Board of Administration, and a Unit Owner shall not place or use any item thereon or upon any portion of the Common Elements except with the approval and as designated by the Board of Administration.

Section 10. No inflammable, combustible or explosive fluid, chemical or substance shall be kept in any Unit or covered porch appurtenant thereto or storage areas, except such as are required for normal household use.

Section 11. Each Unit Owner who plans to be absent from such Owner's Unit during the hurricane season shall remove all items not permanently affixed to the covered porch appurtenant to such Owner's Unit prior to departure. The Association shall promulgate hurricane shutter specifications in accordance with Section 718.113, Florida Statutes.

Section 12. The Board of Administration may, from time to time, adopt or amend rules and regulations governing the details of the operation, use, maintenance, management and control of the Units, Common Elements or Limited Common Elements or other property of the Condominium or services made available to the Unit Owners. A copy of any additional rules and regulations adopted from time to time, as herein provided, shall from time to time be posted in a conspicuous place and/or copies of same shall be furnished to each Unit Owner.

Section 13. In the event of any conflict between the rules and regulations adopted or from time to time amended and the Condominium documents or the Florida Condominium Act, the latter shall prevail. If any unreconciled conflict should exist or hereafter arise with respect to the interpretation of these By-Laws and the Declaration, the provisions of said Declaration shall prevail.

ARTICLE XVIII: MANDATORY NONBINDING ARBITRATION

All unresolved disputes between the Board and Members as defined in s. 718.1255(1) of the Florida Condominium Act must be arbitrated in mandatory nonbinding arbitration proceedings as provided in the Florida Condominium Act before commencing litigation, as long as the Condominium Act requires arbitration.

ARTICLE XIX: EMERGENCY POWERS

The following shall apply to the extent not viewed to be in conflict with the Act:

Section 1. In anticipation of or during any emergency defined in Section 6 below, the Board of

Administration may:

(A) Name as assistant officers, persons who are not Board members, which assistant officers shall have the same authority as the executive officers to whom they are assistant, during the period of the emergency, to accommodate the incapacity of any officer of the Association; and

(B) Relocate the principal office or designate alternative principal offices or authorize the officers to do so.

Section 2. During any emergency defined in Section 6 below:

(A) Notice of a meeting of the Board of Administration need be given only to those Directors whom it is practicable to reach and may be given in any practicable manner, including by publication and radio; and

(B) The Director or Directors in attendance at a meeting shall constitute a quorum.

Section 3. Corporate action taken in good faith during an emergency under this Section to further the ordinary affairs of the Association:

(A) Binds the Association; and

(B) Shall have the presumption of being reasonable and necessary.

Section 4. An officer, assistant officer, director, or employee of the Association acting in accordance with these emergency provisions is only liable for willful misconduct.

Section 5. These emergency provisions shall supersede any inconsistent or contrary provisions of the By-Laws for the period of the emergency.

Section 6. An emergency exists for purposes of this Article XIX if a quorum of the Association's Directors cannot readily be assembled because of an act of God, natural disaster or other like catastrophic event.

[END OF BY-LAWS]