

BYLAWS
OF
WATERCREST CONDOMINIUM ASSOCIATION, INC.



ARTICLE 1

IDENTITY

These are the Bylaws of WaterCrest Condominium Association, Inc., (the "Association"), a Florida corporation not for profit organized for the purpose of operating that certain condominium in Manatee County, Florida, known as WaterCrest, a condominium (the "Condominium") pursuant to the Condominium Act.

1.1 Principal Office. The principal office of the Association shall be at the Condominium or at such other place in Manatee County, Florida, as the Board of Directors may determine.

1.2 Seal. The seal of the Association shall be inscribed with the name of the Association, the year of its organization, and the words "Florida" and "corporation not for profit". The seal may be used by causing it, or a facsimile of it, to be impressed, affixed, reproduced or otherwise placed upon any document or writing of the corporation where a seal may be required.

1.3 Definitions. The terms used herein shall have the same definitions as set out in the Declaration of Condominium for the Condominium, as well as those in the Condominium Act unless otherwise expressly provided in these Bylaws or unless the context otherwise requires.

ARTICLE 2

MEMBERS

2.1 Qualification. The members of the Association are the Owners of legal title to the Units. For purposes of determining voting and use rights, a life tenant shall be deemed the Owner with respect to a Unit owned of record as a life estate. Membership becomes effective upon the recording in the Public Records of a deed or other instrument evidencing legal title to the Unit in the member.

2.2 Voting Rights; Voting Interests. The members of the Association are entitled to one (1) vote for each Unit owned by them. The total number of votes ("Voting Interests") is equal to the total number of Units. The vote of a Unit is not divisible. The right to vote may not be denied because of delinquent Assessments.

2.3 Designation of Voting Representative. The right to cast the vote attributable to each Unit shall be determined, established and limited pursuant to the provisions of this section.

- (a) **Single Owner.** If a Unit is owned by one natural person, that person is entitled to cast the vote attributable to such Unit.
- (b) **Multiple Owners.** If a Unit is owned by more than one person, the person entitled to cast the vote attributable to such Unit shall be designated by a certificate signed by all of the Owners thereof and filed with the Association (a "Voting Certificate"). If no Voting Certificate designating a voting representative is on file with the Association, and only one of the Owners is present at a meeting, he or she may cast the vote for such Unit without concurrence of the other Owners. If two or more of the Owners are present, they may jointly cast the vote attributable to such Unit if they are able to agree on the manner of casting such vote, but if they are unable so to agree, their vote shall not be counted on any such matter, although the Unit may still be counted for purposes of the quorum.
- (c) **Life Estate.** If a Unit is owned as a life estate, the life tenant shall be entitled to cast the

vote attributable to the Unit.

- (d) **Entity.** If a Unit is owned by a corporation, partnership, or limited liability company, the officer, partner, manager, member, employee or agent thereof entitled to cast the vote attributable to such Unit shall be designated by a Voting Certificate executed by an executive officer, general partner, manager or managing member, as may be applicable.
- (e) **Trust.** If a Unit is owned by trustees, the trustees shall be entitled to cast the vote. Multiple trustees shall be subject to the same provisions as multiple Owners. Trustees may by Voting Certificate executed by all trustees designate a beneficiary as the person entitled to cast the vote.
- (f) **Other Fiduciary.** If a Unit is subject to administration by a duly authorized and acting personal representative or guardian of the property, then such fiduciary shall be entitled to cast the vote attributable to such Unit upon filing with the Association a current certified copy of Letters of Administration or Guardianship. Multiple fiduciaries shall be subject to the same provisions as multiple trustees.

Whenever a Voting Certificate designating a voting representative is permitted or required, such Voting Certificate shall, once filed, be valid until the earlier of any date specified therein or the revocation of such Certificate in writing signed by any Owner, and delivered to the Association.

2.4 Approval or Disapproval of Matters. Whenever the decision of an Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by any person authorized to cast the vote of such Unit at an Association meeting as stated in Section 2.3 above, unless the written joinder of all record Owners is specifically required by the Declaration, these Bylaws or by law.

ARTICLE 3

MEETINGS OF MEMBERS

3.1 Annual Meeting. The annual meeting of the members shall be held in Manatee County or Sarasota County, Florida, each calendar year not later than the month of March, at a day, place and time designated by the Board of Directors, for the purpose of transacting any business duly authorized to be transacted by the members. At the time of the annual meeting all ballots cast in the annual election of Directors shall be counted and the election results announced.

3.2 Special Meetings. Special meetings of the membership shall be held whenever called by the President or by a majority of the Board of Directors, and must be called by such officers on receipt of a written request from members having at least ten percent (10%) of the votes of the entire membership. Requests for a meeting by the members shall state the purpose(s) for the meeting. Business at any special meeting shall be limited to the items specified in the notice of meeting.

3.3 Notice of Meetings. Notice of all members' meetings must state the time, date, and place of the meeting and include an agenda for the meeting. The notice must be mailed to each member at the most recent address which appears on the books of the Association, be furnished by personal delivery, or be electronically transmitted. Where a Unit is owned by more than one person, the Association shall provide notice, for meetings and all other purposes, to that one address which the Developer initially identifies for that purpose, and thereafter as one or more of the Owners of the Unit shall so advise the Association in writing, or if no address is given or the Owners of the Unit do not agree, to the address provided on the deed of record; provided, that notices electronically transmitted shall be transmitted in accordance with Section 10.3 hereof.

The notice must be mailed, delivered, or transmitted at least fourteen (14) days before the meeting, and shall be posted in a conspicuous place on the Condominium Property for at least fourteen (14) continuous days prior to the meeting. An affidavit of the officer or other person providing such notice shall provide an affidavit, or United States Postal Service Certificate for notices sent by mail, affirming that notice was provided as required hereby, such affidavit and certificate to be retained as part of the Association records. Notice of any meeting may be waived in writing by any person entitled to receive such notice.

3.4 Quorum. A quorum at a members' meeting is attained by the presence, either in person or by proxy, of persons entitled to cast at least one-third (1/3) of the total Voting Interests. Once a quorum has been attained, the subsequent withdrawal of members from a meeting does not affect the existence of a quorum for the remainder of that meeting.

3.5 Vote Required. The acts approved by a majority of the votes cast at a duly called meeting of the members at which a quorum has been attained shall be binding upon all Owners for all purposes, except where a greater or different number of votes is required by law or by any provision of the Condominium Documents.

3.6 Proxies. To the extent lawful, any person entitled to attend and vote at a members meeting may establish his presence and cast his vote by proxy. Proxies may not be used in electing Directors, or in any vote to forego retrofitting of any part of the Condominium Property with a fire sprinkler system or other engineered life safety system, or for any other matter where the use of a limited proxy is prohibited by the Condominium Act, as it may be amended from time to time. Limited proxies shall be used for votes taken to waive or reduce reserves, to waive the financial reporting requirements of the Condominium Act, as amended from time to time, to amend the Condominium Documents, and for all other matters for which the Condominium Act requires or permits a vote of the members by limited proxy. General and limited proxies may be used to establish a quorum. General proxies may be used for procedural votes and for non-substantive amendments to proposals for which a limited proxy is being used. A proxy may be given by any person entitled to vote, but shall be valid only for the specific meeting for which originally given and any lawful adjournment of that meeting, and no proxy is valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at the pleasure of the person executing it. To be valid, a proxy must be in writing, dated, signed by the person authorized to cast the vote for the Unit, specify the date, time and place of the meeting for which it is given, and the original must be delivered to the Secretary by the appointed time of the meeting or adjournment thereof. Holders of proxies need not be members. No proxy shall be valid if it names more than one person as the holder of the proxy, but the holder shall have the right, if the proxy so provides, to substitute another person to hold the proxy.

3.7 Adjourned Meetings. Any duly called meeting of the members may be adjourned to be reconvened at a specific later time and place by vote of the majority of the Voting Interests present, regardless of whether a quorum has been attained. Any business which might have been conducted at the meeting as originally scheduled may instead be conducted at the continuance.

3.8 Order of Business. The order of business at members' meetings shall be substantially as follows:

- (a) Collection of election ballots (if applicable) and Call to Order
- (b) Election of a chair of the meeting, unless the President or Vice President is present, in which case he or she shall preside
- (c) Calling of the roll, certifying of proxies, and determination of a quorum
- (d) Proof of notice of meeting or waiver of notice
- (e) Reading or waivers of reading the minutes of the last members meeting
- (f) Reports of Officers
- (g) Reports of Committees

- (h) Appointment of inspectors of election
- (i) Determination of number of directors
- (j) Election of Directors
- (k) Unfinished Business
- (l) New Business
- (m) Adjournment

3.9 Minutes. Minutes of all meetings of the members, and of the Board of Directors, shall be kept in a businesslike manner, available for inspection by members or their authorized representatives at all reasonable times, and for at least seven (7) years after the meeting. Minutes must be reduced to written form, as provided by law, after the meeting at which they were taken.

3.10 Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the law, or the Condominium Documents. The presiding officer may appoint a Parliamentarian to advise on matters of procedure, but the decision of the Presiding Officer on questions of parliamentary procedure shall be final. Any question or point of order not raised at the meeting to which it relates shall be deemed waived.

3.11 Owner Participation. Owners shall have the right to participate in meetings and to tape record and videotape meetings as required by law.

3.12 Action by Members Without Meeting. Except for the holding of the annual meeting and election of Directors, any action required or permitted to be taken at a meeting of the members may be taken without a meeting if written consents or other instruments expressing approval of the action proposed to be taken are signed and returned by members having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all of the Voting Interests were present and voting. If the requisite number of written consents are received by the Secretary within sixty (60) days after the earliest date which appears on any of the consent forms received, the proposed action so authorized shall be of full force and effect as if the action had been approved by vote of the members at a meeting of the members held on the sixtieth (60th) day. Within ten (10) days thereafter, the Board shall send written notice of the action taken to all members who have not consented in writing. Nothing in this paragraph affects the rights of members to call a special meeting of the membership, as provided for by Section 3.2 above, or by law. If the vote is taken by the method described in this Section 3.12, the list of Owners on record with the Secretary at the time of mailing the voting material shall be the list of qualified voters.

ARTICLE 4

BOARD OF DIRECTORS

The administration of the affairs of the Association shall be by a Board of Directors. All powers and duties granted to the Association by law, as modified in the Condominium Documents, shall be exercised by the Board, subject to approval, consent or authorization by the Owners only when such is specifically required.

4.1 Number and Terms of Service. The Initial Board of Directors shall consist of three (3) persons designated by the Developer. At such time as the members other than the Developer are entitled to elect the majority of the Directors, the Board shall be composed of such odd number of Directors (but in no event fewer than five) that the Board may decide, and until the Board so decides, that number shall be five (5). In order to provide for a continuity of experience, there shall be staggered terms of office for the Board. In the first election in which Owners other than the Developer elect a majority of the Directors, the candidate receiving the highest number of votes shall be elected for a term which expires at the annual election that will take place in the month that is at least eighteen (18) months immediately following the month in which such first election occurs. The candidate(s) receiving the next highest numbers of votes shall each be elected for a

term which expires at the next annual election that is scheduled in a month that is at least six (6) months immediately following the month in which such first election occurs. If each candidate receives an equal number of votes, the duration of the terms shall be determined by drawing lots. Thereafter, each Director shall be elected for a two (2) year term ending at the annual election at which his successor is to be duly elected, or at such other time as may be provided by law. Subject to Developer's right to appoint Directors, Directors shall be elected by the members as described in Section 4.3 below, or in the case of a vacancy, as provided in 4.4 below.

4.2 Qualifications. Except for Directors appointed by the Developer, each Director must be an Owner, the spouse of an Owner, an officer of a corporate Owner, partner of a partnership Owner, member of a limited liability company Owner, or trustee or beneficiary entitled to possession of a Unit owned by a trustee.

4.3 Members' Rights to Elect Directors. When Owners other than the Developer own fifteen percent (15%) or more of the Units, the Owners other than the Developer shall be entitled to elect one-third (1/3rd) of the members of the Board of Directors. Unit Owners other than the Developer become entitled to elect a majority of the members of the Board of Directors upon the first of the following events to occur:

- (a) Three years after fifty percent (50%) of the Units that will be operated ultimately by the Association have been conveyed to purchasers;
- (b) Three months after ninety percent (90%) of the Units that will be operated ultimately by the Association have been conveyed to purchasers;
- (c) 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;
- (d) 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; or
- (e) Seven years after recordation of the declaration of condominium; or in the case of an association which may ultimately operate more than one condominium, 7 years after recordation of the declaration 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 recordation of the Declaration creating the initial Phase, whichever occurs first.

4.4 Developer's Right to Designate Directors. Developer has the right to appoint, remove and replace Directors except for those to be elected by Owners other than the Developer as provided in Section 4.3 above. After Owners other than Developer become entitled to elect a majority of the members of the Board, the Developer shall be entitled to designate at least one Director so long as the Developer holds for sale in the ordinary course of business at least five percent (5%) of the Units.

4.5 Notice of Election. Within seventy-five (75) days after Owners other than the Developer are entitled to elect one or more Directors, the Association shall call, upon not less than sixty (60) days notice, a meeting of the members, and an election in which the Owners other than Developer shall elect the Directors that the Owners other than Developer are entitled to elect. The election, and the meeting in conjunction with which the election is to be held, may be called, and the notice given, by any Owner if the Association fails to do so. All non-developer Owners may vote in the election of Directors. The meeting in conjunction with which Owners other than the Developer first elect a majority of the Directors is commonly referred to as the "Turnover Meeting."

4.6 Transfer of Association Control. By electing at least a majority of the Directors of the Association, the Owners other than the Developer assume control. At that time the Developer must deliver to the Association all property of the Owners, and of the Association, held or controlled by the Developer, and all items and documents that the Developer is required to deliver or turn over to the Association under Florida law. The Developer may turn over control of the Association to Owners other than the Developer before the

times mentioned in Section 4.3 above, in its sole discretion, by causing all of its appointed Directors to resign, whereupon it becomes the affirmative obligation of Owners other than the Developer to elect Directors and assume control of the Association. Provided at least sixty (60) days notice of the Developer's decision to cause its appointees to resign is given to Owners, neither the Developer, nor such appointees, shall be liable in any manner in connection with such resignations, even if Owners other than the Developer refuse or fail to assume control.

4.7 Elections. At the meetings called pursuant to Section 4.5, and in each annual election thereafter, the members shall elect, by written secret ballot, as many Directors as there are vacancies to be filled, unless the balloting is dispensed with as provided for by law.

- (a) **First Notice; Candidates.** Not less than sixty (60) days before the election, the Association shall mail, deliver, or electronically transmit to each Owner entitled to vote, a first notice of the date of the election. Any Owner or other eligible person wishing to be a candidate may qualify as such by giving written notice to the Association at least forty (40) days before the annual election.
- (b) **Second Notice; Candidate Information Sheets.** If there are more candidates than there are Directors to be elected, balloting is required. At least fourteen (14) days before the election, the Association shall mail, deliver, or electronically transmit a second notice of election, together with the notice of the annual meeting, to all Owners entitled to vote in the contested election, together with a ballot listing all qualified candidates in alphabetical order, by surname. Upon timely request of a candidate, not less than 35 days before the election, the Association shall also include an information sheet (no larger than 8-1/2 inches by 11 inches, furnished by the candidate) in the mailing, delivery, or transmission. The costs of mailing, delivery, transmission, and copying the candidate information sheet are borne by the Association.
- (c) **Balloting.** Where balloting is required, Directors shall be elected by a plurality of the votes cast, provided that at least twenty percent (20%) of the eligible voters cast ballots. Proxies may not be used in the election. In the election of Directors, each Unit shall have as many votes as there are Directors to be elected, but no Unit may cast more than one vote for any candidate, it being the intent hereof that voting for Directors shall be non-cumulative. Tie votes shall be broken by agreement among the candidates who are tied, or if there is no agreement, by lot, or by any other method required or permitted by law.
- (d) **Unequal Terms.** If for any reason there arise circumstances in which one or more Directors must be elected for a two-year term at the same time as one or more other Directors must be elected for a one-year term, the candidate(s) receiving the most votes shall be elected to the longest term(s).

4.8 Vacancies on the Board. Except as otherwise provided by law for filling a vacancy, if any position on the Board becomes vacant for any reason, a successor or successors shall be appointed or elected as follows:

- (a) **Developer Appointees.** If a vacancy on the Board occurs with respect to a position for which the Developer holds the right of appointment, then the Developer is entitled to fill such vacancy by appointment.
- (b) **Other Vacancies.** Subject to the provisions of Subsection (a) of this Section 4.8, if a vacancy occurs because of an increase in the number of Directors, or the death, disqualification, or resignation of a Director, or for any other cause except recall of a Director, a majority of the remaining Directors, though less than a quorum, shall appoint a successor, who shall hold office until the next regularly scheduled election for any Board position, at which time a

successor shall be elected to fill the remaining unexpired term, if any, unless otherwise provided by law.

- (c) **Vacancy Due to Recall.** If a vacancy results from a recall in which less than a majority of the Directors are removed, the vacancy may be filled by appointment by a majority of the remaining Directors, though less than a quorum. If vacancies occur as a result of a recall in which a majority or more of the Directors are removed, the vacancies shall be filled in accordance with procedural rules of the Division of Florida Land Sales, Condominiums and Mobile Homes governing the method of selecting successors, and providing procedures for the operation of the Association during the period after the recall but prior to the designation of successor Directors sufficient to constitute a quorum.

4.9 Removal of Directors from Office. Any or all Directors, except those appointed by the Developer, may be removed from office with or without cause by a majority of the Voting Interests of the Association, either by a written agreement or by a vote taken at any meeting called for that purpose. If a meeting is held or an agreement is filed for the removal of more than one Director, the question shall be determined separately as to each Director sought to be removed. The procedure and requirements for any such removal of a Director from office shall be set forth in Section 718.112(2)(j) of the Condominium Act, or any successor provision, as it may be amended from time to time. . Electronic transmission may not be used for the giving of notice of a meeting called, in whole or in part, for the purpose of considering the recall of one or more Directors.

4.10 Organizational Meeting. The organizational meeting of a new Board of Directors shall be held immediately following the meeting of members at which the election of new Directors was held, if all Directors are present, or if not, then within ten (10) days after the election of new Directors at such place and time as may be fixed and announced by the Directors at the meeting in conjunction with which they were elected.

4.11 Other Meetings. Meetings of the Board may be held at such time and place in Manatee or Sarasota County, Florida, as shall be determined from time to time by the President, or in his absence the Vice President, or a majority of the Directors. Notice of meetings shall be given to each Director, either orally in person or by telephone, by mail, or by electronic transmission given in accordance with law, on a day that is at least two (2) days prior to the day named for such meeting.

4.12 Notice to Owners. Except as otherwise provided below, all meetings of the Board of Directors must be open to attendance by Owners. The right of Owners to attend Board meetings includes the right to speak on all designated agenda items, subject to reasonable rules adopted by the Board of Directors governing the manner, duration and frequency of doing so. An Owner may tape record or videotape meetings subject to reasonable rules and regulations adopted pursuant to the Condominium Act. Notices of all Board meetings, together with an agenda of the business to be conducted, shall be posted conspicuously on the Condominium Property at least forty-eight (48) continuous hours in advance, except in an emergency, and subject to the following special circumstances:

- (a) **Assessments to be Considered.** Notice of any Board meeting at which Assessments against Owners are to be considered for any reason shall specifically contain a statement that Assessments will be considered and disclose the nature of such Assessments. Notice of any Board meeting at which a Special Assessment will be considered must also be mailed, delivered, or electronically transmitted, to the Owners of each Unit and posted conspicuously on the Condominium Property at least fourteen (14) days before the meeting, except in an emergency. Evidence of compliance with this fourteen (14) day notice shall be made by affidavit executed by the person providing the notice and filed among the official records of the Association.

- (b) **Budget Meetings.** Notice of any Board meeting held to formally adopt a budget, or to amend a previously adopted budget, must be furnished to the Owners as further provided in Section 6.2 below.
- (c) **Meetings with Association Legal Counsel.** Meetings between either the Board, or a committee, and Association legal counsel, regarding proposed, pending or ongoing litigation, to the extent the meeting is held for the purpose of seeking or rendering legal advice regarding that litigation, may be held without notice to Owners and may be closed.
- (d) **Amendment of Rules and Regulations.** Notice of any Board meeting at which an amendment to the Rules and Regulations regarding Unit use will be considered, shall be mailed, delivered, or electronically transmitted, to the Owners and posted conspicuously on the Condominium Property not less than fourteen (14) days prior to the meeting. Evidence of compliance with this fourteen (14) day notice shall be made by affidavit executed by the person providing the notice and filed among the official records of the Association.
- (e) **Emergency Consideration.** Any item not included on a notice of a Board meeting 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.

4.13 Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. If all Directors are present at a meeting, no notice to Directors shall be required.

4.14 Quorum of Directors. A quorum at a Board meeting exists when at least a majority of all Directors are present in person at a duly called meeting. Directors may participate in any meeting of the Board by a conference telephone call or similar communicative arrangement whereby all persons present can hear and speak to all other persons. Participation in a meeting by such means is equivalent to presence in person. Directors may not vote or participate in Board meetings by proxy or by secret ballot, except that officers may be elected by secret ballot.

4.15 Vote Required. The acts approved by a majority of those Directors present and voting at a meeting at which a quorum exists shall constitute the acts of the Board of Directors, except when approval by a greater number of Directors is required by the Condominium Documents or by applicable statutes. A Director who is present at a meeting of the Board shall be deemed to have voted with the prevailing point of view on every question, unless he voted against the question or abstained from voting because of an asserted conflict of interest. The vote or abstention of each Director present on each issue voted upon shall be recorded in the minutes.

4.16 Adjourned Meetings. The majority of the Directors present at any duly called meeting of the Board, regardless of whether a quorum exists, may adjourn the meeting to be reconvened at a specific time and date. At any reconvened meeting, provided a quorum is present, any business may be transacted that might have been transacted at the meeting originally as called.

4.17 Presiding Officer. The President of the Association, or in his absence, the Vice-President, shall be the presiding officer at all meetings of the Board of Directors. If neither is present, the presiding officer shall be selected by majority vote of the Directors present.

4.18 Compensation of Directors and Officers. Neither Directors nor officers shall receive compensation for their services as such. Directors and officers may be reimbursed for all actual and proper out-of-pocket expenses relating to the proper discharge of their respective duties.

4.19 Committees. The Board of Directors may appoint from time to time such standing or temporary committees as the Board may deem necessary and convenient for the efficient and effective operation of the Condominium. Any such committee shall have the powers and duties assigned to it in the resolution or motion creating the committee, or other authorization referring any matter to a committee. If a committee has delegated to it the authority to take final action on behalf of the Board or make recommendations to the Board regarding the Association's budget, or if the Board so determines for any particular committee, the committee must conduct its meetings, and give notice of such meetings, with the same formalities as required for Board meetings. To the maximum extent allowed by law, all other committees are exempt from this requirement.

4.20 Resignation. Any Director may resign at any time by sending or delivering a written notice of resignation to the Association, addressed to the President, Secretary or the Board. The resignation shall take effect upon receipt of the notice by the Association, unless another date is specified in the notice, in which case the resignation shall be effective on the date specified. Acceptance of a resignation is not required for it to be effective.

4.21 Designation of Posting Location. Upon notice to the Owners, the Board shall by duly adopted rule designate a specific location on the Condominium Property upon which all notices of Board meetings and Owner meetings shall be posted.

ARTICLE 5

OFFICERS

The executive officers of the Association shall be a President and a Vice-President, who must be Directors, and a Treasurer and a Secretary, all of whom shall be elected by a majority vote of the Board of Directors. Any officer may be removed with or without cause at any meeting by vote of a majority of the Directors. Any person except the President may hold two or more offices. The Board may, from time to time, appoint such other officers, and designate their powers and duties, as the Board shall find to be required to manage the affairs of the Association. If the Board so determines, there may be more than one Vice-President. Any officer may resign at any time by giving written notice to the Association and unless otherwise specified therein, the resignation shall become effective upon receipt.

5.1 President. The President shall be the chief executive officer of the Association; shall preside at all meetings of the members and Directors; shall be *ex officio* a member of all standing committees; shall have general and active management of the business of the Association; and shall see that all orders and resolutions of the Board are carried into effect. The President shall execute bonds, mortgages and other contracts requiring the seal of the Association, except where such are permitted by law to be otherwise signed and executed, and the power to execute is delegated by the Board of Directors to some other officer or agent of the Association.

5.2 Vice-Presidents. The Vice-Presidents, in the order of their seniority shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and they shall perform such other duties as the Board of Directors shall assign.

5.3 Secretary. The Secretary shall cause minutes of all meetings of the Board of Directors, including a record of all votes to be recorded in a book or books to be kept for the purpose, and shall perform like duties for committees when required. The Secretary shall give, or cause to be given, proper notices of all meetings of the members, and of the Board of Directors. The Secretary shall have custody of the seal of the Association and, when authorized by the Board, affix the same to any instrument requiring it. The Secretary is responsible for proper recording of all duly adopted amendments to the Condominium Documents. Any of the

foregoing duties may be performed by an Assistant Secretary, if one is elected.

5.4 Treasurer. The Treasurer shall be responsible for Association funds and securities, budget preparation, the keeping of full and accurate accounts in books belonging to the Association. The Treasurer is responsible for the deposit of all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. The Treasurer shall oversee the disbursement of Association funds, keeping proper vouchers for such disbursements, and shall render to the President and Directors, at meetings of the Board, or whenever they may require it, a full accounting of all transactions and of the financial condition of the Association. Any of the foregoing duties may be performed by an Assistant Treasurer, if one is elected.

ARTICLE 6

FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration shall be supplemented by the following provisions:

6.1 Depository. The Association shall maintain its funds in federally insured accounts in such financial institutions authorized to do business in the State of Florida as shall be designated from time to time by the Board. Withdrawal of funds from such accounts shall be only by persons authorized by the Board.

6.2 Budget.

(a) Board Adopted Budget. The Board of Directors shall adopt a budget of Common Expenses for each fiscal year. A copy of the proposed budget, and a notice stating the time, date and place of the meeting of the Board at which the budget will be adopted, shall be hand delivered or mailed to the Owner(s) of each Unit at the address last furnished to the Association by such Owner(s), or electronically transmitted to the location furnished by the Owner(s) for that purpose, not less than fourteen (14) days before that meeting. The proposed budget must be detailed, must show estimated monthly and annual expenses of the Condominium and of each Owner, and must show the amounts budgeted by income and expense classifications, including without limitation those specified in Section 718.504(21)(c) of the Condominium Act.

(b) Substitute Budgets. If the Board adopts in any Fiscal Year an annual budget which requires Assessments against Owners which exceed 115% of Assessments for the preceding Fiscal Year, then the Board shall conduct a special meeting of the Owners to consider a substitute budget if the Board receives, within twenty-one (21) days after adoption of the annual budget by the Board, a written request for a special meeting from at least ten (10%) percent of all Voting Interests. In such event, such special meeting shall be conducted within sixty (60) days after adoption of the annual budget. At least 14 days prior to such special meeting, the Board shall hand deliver to each Unit Owner, or mail to each Unit Owner, at the address last furnished to the Association, a notice of the meeting. An officer or manager of the Association shall execute an affidavit evidencing compliance with this notice requirement, and such affidavit shall be filed among the official records of the Association. Unit Owners may consider and adopt a substitute budget at the special meeting. A substitute budget is adopted if approved by not less than sixty-five (65%) percent of all Voting Interests. If there is not a quorum at the special meeting or a substitute budget is not adopted, the annual budget previously adopted by the Board shall take effect as scheduled. For the purposes of determining whether Assessments exceed 115% of the Assessments for the prior Fiscal Year, there shall be excluded any authorized provision for reasonable reserves for repair or replacement of the Condominium Property, anticipated expenses of the Association which the Board does not expect to be incurred on a regular or annual basis, or Assessments for betterments to the Condominium Property. During the time that

the Developer controls the Board, Assessments shall not exceed 115% of Assessments for the prior Fiscal Year unless approved by a majority of all Voting Interests.

6.3 Statutory Reserves for Capital Expenditures and Deferred Maintenance. In addition to operating expenses, the proposed budget must provide for funding reserve accounts for capital expenditures and deferred maintenance, as required by law. These accounts shall include roof replacement, building painting, and pavement resurfacing. They must also include any other planned or foreseeable capital expenditure or deferred maintenance item with a current estimated cost of \$10,000 or more. The amount to be reserved for each item shall be computed by a formula based on the estimated remaining useful life and replacement cost of the item. These reserves must be funded unless the members of the Association have, by a majority of the Voting Interests present in person or by proxy and voting at a duly called meeting of the Association, determined to fund no reserves, or less than adequate reserves, or reserves otherwise not calculated in accordance with the Condominium Act for a fiscal year. The vote to waive or reduce reserves, if any is taken, may be taken only after the proposed budget has been mailed to the Owners as required in Section 6.2 above. In addition to statutory reserves, the budget may include a separate schedule of any other reserve funds, use of which is to be restricted by the Association, as a separate line item, provided such schedule discloses the intended use of the restricted funds and the estimated fund balance of the item as of the beginning of the period for which the budget will be in effect. The funds in a reserve account established under this Section 6.3, and all interest earned on the account, shall be used only for the purposes for which the reserve account is established, unless use for another purpose is approved in advance by a majority of the Voting Interests, at a meeting of the Association called for the purpose.

6.4 Unrestricted Operating Account. In addition to the reserves described in Section 6.3 above, or in place of them if the members so vote as required in Section 6.3, the Board may establish one or more additional accounts in the operating budget for contingencies, operating expenses, repairs, minor improvements or special projects. These accounts offset cash flow shortages, provide financial stability, and avoid the need for Special Assessments on a frequent basis. The amounts proposed to be so designated shall be included in the proposed annual budget. These funds may be spent for any purpose approved by the Board.

6.5 Regular Assessments; Installments. Regular Assessments based on an adopted budget shall be payable in monthly installments, in advance, due on the first day of each month. The Board may determine from time to time to make Regular Assessments due in quarterly installments, rather than monthly, in which event the installments shall be due at the times determined by the Board. Written notice of the amount of the monthly installments shall be sent to the members at least fifteen (15) days prior to the due date of the first monthly installment coming due after (a) the adoption of the budget pursuant to which the installment is due, and (b) the adoption of any amended budget changing the amount of the installment. The Association may, but is not required to, send one or more reminder notices during the fiscal year. Written notice of the amount and due date of any quarterly installments shall be sent to the members at least fifteen (15) days prior to the due date. Failure to send (or receive) any such notice under this Section does not excuse the obligation to pay. If an annual budget has not been adopted at the time the first installment for a fiscal year is due, it shall be presumed that the amount of such installment is the same as the last installment, and payments shall be continued at such rate until a budget is adopted and new installments are calculated, at which time an appropriate adjustment shall be added to or subtracted from each Unit's next due installment. Provided, however, that if reserves were waived pursuant to Section 6.3 and the Condominium Act for the immediately preceding Fiscal Year, then there shall be added to the interim installments of Regular Assessments pending adoption of a new budget, the amount necessary to fund the reserves, unless such reserves have been waived for the then current Fiscal Year.

6.6 Special Assessments. Special Assessments may be imposed by the Board of Directors to meet unusual, unexpected, unbudgeted, or non-recurring expenses. Special Assessments are due on the day specified in the resolution of the Board approving such Assessments. The notice of any Board meeting at

which a Special Assessment will be considered shall be given as provided in Section 4.12 above; and the notice to the Owners that the Assessment has been levied must contain a statement of the purpose(s) of the Assessment. The funds collected must be spent for the stated purpose(s) or returned to the members as provided by law.

6.7 Fidelity Bonds. The President, Secretary and Treasurer, and all other persons who are authorized to sign checks, or otherwise control or disburse funds of the Association, shall be bonded in such amounts as may be required by law or, if there is no requirement by law, as determined by the Board of Directors. The cost of such bonds is a Common Expense. Such bonds shall otherwise comply with Section 14.2(d) of the Declaration.

6.8 Financial Reports. After the close of each fiscal year, the Association shall prepare or obtain a financial report for the preceding fiscal year, which report shall be prepared in the manner and within the time provided by the Condominium Act, as it may be amended from time to time, and which will be furnished or made available to Owners within the time and manner provided by the Condominium Act, and rules promulgated pursuant thereto, as each may be amended from time to time.

6.9 Fiscal Year. The fiscal year for the Association shall begin on the first day of January of each calendar year. The Board of Directors may adopt a different fiscal year in accordance with law and the regulations of the Internal Revenue Service.

ARTICLE 7

RULES AND REGULATIONS

The Board of Directors may, from time to time, adopt and amend administrative Rules and Regulations governing the use, maintenance, management and control of the Common Elements and Association Property, and the operation of the Association. Copies of such Rules and Regulations shall be furnished to each Owner. Any Rule or Regulation created and imposed by the Board must be reasonable. Notice of any Board Meeting at which Rules and Regulations will be adopted or amended shall be given as provided in Section 4.12(d).

ARTICLE 8

COMPLIANCE, DEFAULT AND REMEDIES

In addition to the remedies provided in the Declaration, the following shall apply:

8.1 Fines. The Board of Directors may levy fines against a Unit for the failure of the Owner of such Unit, or its Occupant, licensee or invitee, to comply with any provision of the Condominium Documents or the Rules and Regulations. Each day of a continuing violation shall be a separate violation. Fines shall be in reasonable amounts deemed necessary by the Board to deter future violations, but in no event shall any fine exceed the maximum amount allowed by law. No fine may be levied against an unoccupied Unit, and no fine will become a lien against a Unit. The procedure for imposing fines shall be as follows:

- (a) **Notice.** The party against whom the fine is sought to be levied shall be afforded an opportunity for hearing after reasonable written notice of not less than fourteen (14) days. The affected Owner, whether the offending party or not, shall always be given notice of the hearing. The notice shall include:
- (1) A statement of the date, time and place of the hearing;
 - (2) A specific designation of the provisions of the Condominium Documents or Rules and Regulations that are alleged to have been violated;
 - (3) A short and plain statement of the matters asserted by the Association; and

- (4) The possible amounts of any proposed fine.

A fine may be levied on the basis of each day of the continuing violation with a single notice and opportunity for hearing, provided that no such fines shall in the aggregate exceed the maximum aggregate amount allowed by law.

- (b) **Hearing.** At the hearing the party sought to be fined shall have a reasonable opportunity to respond, to present evidence, to provide written and oral argument on all issues involved, and to review, challenge, and respond to any evidence or testimony presented by the Association. The hearing shall be conducted before a panel of three (3) Owners appointed by the Board, none of whom may then be serving as Directors. If the panel, by majority vote, does not agree with the fine, it may not be levied.

8.2 Mandatory Non-Binding Arbitration. In the event of any "dispute" as defined in Section 718.1255(1) of the Condominium Act, between an Owner and the Association, the parties must submit the dispute to mandatory non-binding arbitration under the rules of the Division of Florida Land Sales, Condominiums and Mobile Homes before filing any lawsuit over the disputed matters. Nothing herein shall be construed to require arbitration of any disagreement that primarily involves title to any Unit or Common Element, the interpretation or enforcement of any warranty, the levy of a fee or Assessment or the collection of an Assessment levied against a party, the eviction or other removal of a tenant from a Unit, alleged breaches of fiduciary duty by one or more Directors, or claims for damages to a Unit based upon the alleged failure of the Association to maintain the Common Elements or Condominium Property. This Section 8.2 may not be amended by the Owners except upon approval of not less than two-thirds of all Voting Interests.

ARTICLE 9

AMENDMENT OF BYLAWS

Except as otherwise provided in the Declaration, amendments to these Bylaws may be proposed and adopted in the following manner:

9.1 Proposal. Amendments to these Bylaws may be proposed by a majority of the Board, or by written petition to the Board signed by at least one-fourth (1/4th) of the Voting Interests.

9.2 Procedure. Upon any amendment to these Bylaws being proposed by said Board or Unit Owners, the proposed amendment shall be submitted to a vote of the Owners not later than the next annual meeting for which proper notice can be given. The procedures for amendment shall be as provided by Section 718.112(2)(h), or any successor provision, of the Condominium Act, as it may be amended from time to time.

9.3 Vote Required. Except as otherwise provided by law, or by specific provision of the Condominium Documents, these Bylaws may be amended if the proposed amendment is approved by at least sixty percent (60%) of the Voting Interests of the Association present in person or by proxy and voting at any annual or special meeting called for the purpose, provided that the Voting Interests approving the proposed amendment are not less than a majority of all Voting Interests, and provided further that notice of the amendment has been given to the members in accordance with law.

9.4 Recording; Effective Date. A copy of each adopted amendment shall be attached to a certificate that the amendment was duly adopted, which certificate shall be executed by the President or Vice President of the Association with the formalities of a deed. The amendment is effective when the certificate and copy of the amendment are recorded in the Public Records. The certificate must identify the book and page of the Public Records where the Declaration is recorded.

ARTICLE 10

MISCELLANEOUS

10.1 Official Records. The Association shall maintain as its official records those items required to be maintained by the Condominium Act, as it may be amended from time to time.

10.2 Owner Inquiries. When an Owner files a written inquiry by certified mail with the Board of Directors, the Board shall respond in the manner required by the Condominium Act, as it may be amended from time to time. The Rules and Regulations may contain provisions with respect to response to Owner inquiries to the extent allowed by law.

10.3 Notice by Electronic Transmission. Unless prohibited by law or otherwise expressly provided in the Condominium Documents, any notice of meetings of the Owners, the Board, or committees of the Association, may be given by electronic transmission to Owners and Directors who consent to receive notice by electronic transmission. In no event, however, may electronic transmission be used for notice of any meeting to recall Board members under the Condominium Act. For the purposes of the Condominium Documents, the term "electronic transmission" shall be as defined in, and subject to the provisions of, Section 617.01401, Florida Statutes, as it may be amended or renumbered from time to time

10.4 Certificate of Compliance. A Certificate of Compliance from a licensed electrical contractor or electrician may be accepted by the Board of Directors as evidence of compliance of the Units to the applicable fire and life safety code.

10.5 Limited Power to Convey Common Elements. The Association shall have the limited power to convey a portion of the Common Elements to a condemning authority for the purpose of providing utility easements, right of way expansion or for other public purposes, whether negotiated or as a result of eminent domain proceedings.

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

10.7 Severability. Should any portion hereof be void or become unenforceable, the remaining provisions of the instrument shall remain in full force and effect.

10.8 Conflict. If any irreconcilable conflict should exist, or hereafter arise, with respect to the interpretation of these Bylaws and the Declaration or Articles, the provisions of the Declaration or Articles shall prevail over the provisions of these Bylaws.

The foregoing constitute the first Bylaws of the Association, and were duly adopted and effective as of November 7, 2003

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WATERCREST, A CONDOMINIUM

MAINTENANCE CHART

Responsibility for the maintenance, repair, and replacement of the listed items is as follows:

<u>ITEM</u>	<u>RESPONSIBILITY</u>	
	<u>Association</u>	<u>Owner</u>
Roof		
• Structure	x	
• Tile or other roofing material	x	
• Vents	x	
• Flashing	x	
• Trim	x	
• Gutters and downspouts	x	
• Insulation in Common Elements	x	
• Decorative Trim	x	
 Exterior of Buildings		
• Exterior structural walls	x	
• Common walls separating Units	x	
• Stucco or other exterior finish	x	
• Trim and shutters installed by Developer	x	
• Windows, including frames, glass, casings, sills, weather-stripping and hardware		x
• Screens on windows and sliding glass doors, and screening on any terrace		x
• Exterior surface of entry doors to Units and garages	x	
• Entry doors to Units & LCE garages, frames, casing, sills, weather-stripping, & hardware, except exterior surface		x
• Sliding glass doors, tracks and assemblies		x
• Exterior painting of garage doors	x	
• LCE garage doors, tracks, & openers		x

Association

Owner

**EXHIBIT
D**

Interior of Buildings

• Structural posts, columns, beams trusses, slabs, and floors (excluding finish)	x	
• Elevators and elevator equipment	x	
• Finish on elevator doors opening into Unit		x
• Limited Common Element stairways	x	
• Elevator lobbies or landings serving more than one Unit	x	
• Light fixtures and replacement bulbs in Common Elements, except as otherwise noted	x	
• Light fixtures and replacement bulbs in LCE terraces & garages		x
• Interior partition walls and doors		x
• Drywall, plaster, wood, paneling, wallpaper, paint and all finish materials and treatments of exterior boundary walls and ceilings		x
• Interior carpet, tile, wood, vinyl, or other floor coverings		x
• Appliances		x
• Heating and air-conditioning system		x
• Cabinets		x
• Cleaning & painting of interior of LCE garages		x
• Routine cleaning of LCE terraces		x

Utilities and Equipment

• Water pipes to the Unit cut-off valve or entry into the Unit, as per Section 11.1(b)	x	
• Internal water pipes, lines, valves, connections and other plumbing from the point at which the Association responsibility terminates		x
• Electrical wiring to the point of entry into the circuit breaker panel, per Section 11.1(a)		x
• Circuit breaker panel and all electric wiring to and through the Unit from the panel		x
• Alarm Systems in Common Elements	x	
• Alarm systems in individual Units		x
• Sewer lines to the point a line serving one Unit enters that Unit, per Section 11.1(d)	x	

Association

Owner

EXHIBIT
D

- Sewer lines serving one Unit from the termination of Association responsibility to and through Unit x
- Cable television or other telecommunications per Section 11.1(c) x
- Exhaust fans in LCE garages x
- Cable television or other telecommunication wall outlets x
- Unit heating and air conditioning system x
- Unit Water heaters x
- Unit Smoke alarms x
- Unit Vent fans x
- All Unit interior wallpaper, paint, and other finishes and all floor coverings x
- Interior plumbing within the Unit x
- Interior electrical wiring, devices, receptacles and switches x
- External hose bibs x
- Dryer vents and exhaust vents x

Outside Areas

- Irrigation system x
- Landscaping x
- Driveways, sidewalks x

The Association is responsible for all maintenance of all Common Elements unless otherwise expressly provided in Article 11 of the Declaration or this Maintenance Chart. General responsibility for an item will exclude specific responsibility for any part thereof assigned otherwise, whether expressly excluded or not.

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**EXHIBIT
D**

Ken Burton, Jr. Manatee County Tax Collector - P.O. Box 25300 - Bradenton, FL 34206-5300

WATERCREST DEVELOPMENT LLC 710 N FLAKINTON AVE 1200 MILWAUKIE, WI 53203	REAL ESTATE PROPERTY ID # 588400909	TAX YEAR: 2004
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PROPERTY ADDRESS: 6390 WATERCREST WAY	STATUS: Paid
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LEGAL: PARCEL 204: A PARCEL OF LAND LYING IN SECS 31 AND 32-35S-19E DISC AS FOLL: COM AT THE SW COR OF SD SEC 32; TH N 10 DEG 48 MIN 34 SEC W, A DIST OF 4507.68 FT TO THE POB; TH CONT N (Continued on Tax Roll)	PRIOR YEAR TAXES DUE:
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Market Value: 4,704,480 Assessed Value: 4,704,480 Exempt Value: 0 Taxable Value: 4,704,480	EXEMPTIONS:	EI CORRECTION: Corr #: 0 Reason: Date:
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AD VALOREM TAX:	TAXING AUTHORITY	MILLAGE RATE	TAX AMOUNT
	BOARD OF COUNTY COMMISSIONERS	6.330800	29,783.12
	ENVIRONMENTAL LANDS	0.198400	933.37
	TRANSPORTATION TRUST FUND	0.587800	2,765.29
	LIBRARY OPERATIONS	0.274200	1,289.97
	CHILDREN'S SERVICES	0.333300	1,568.00
	STATE LAW REQUIRED EFFORT	5.387000	25,313.03
	BASIC DISCRETIONARY	0.510000	2,399.28
	SUPPLEMENTAL DISCRETION	0.102000	479.86
	CAPITAL IMPROVEMENT	2.000000	9,408.96
	COUNTY UNINCORP - MSTU	0.727400	3,422.04
	SW FL WTR MG - MANASOTA BASIN	0.160000	752.72
	SW FL WTR MG - MANATEE DIST	0.423000	1,985.29
	MOSQUITO CONTROL DISTRICT	0.149000	701.97
	W COAST INLAND NAV DIST	0.040000	188.18
	BRADEN RIVER FIRE DIST (ADV)	0.800000	3,763.58
	EMERSON POINT I & S	0.007800	36.69
	1993 GO REFUNDING	0.146500	689.21
TOTAL AD VALOREM TAX:		18.176200	85,509.56
NON-AD VALOREM TAX:	BRADEN RIVER FIRE DIST	VARIES/UNIT SIZE	20.44
	LAKWOOD RNCH CDD II	VARIES/LOT	71,714.00
	LAKWOOD RNCII I&S II	VARIES/LOT	30,821.40
TOTAL NON-AD VALOREM TAX:			102,555.84
GROSS TAX:			188,065.40

TOTAL: Amount Due if Received by: 188,065.40

NOV 30	180,542.78	DEC 31	182,423.44	JAN 31	184,304.09	FEB 28	186,184.75	MAR 31	188,065.40
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AMOUNT PAID: 180,542.78	DATE: 11/29/2004	RECEIPT #: H11292004P053803
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PAID BY: Remittance Processor	CHECK #:
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REFUND:	Estimated Date of Refund:
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ESCROW CODE:	NAME:
ADDRESS:	
PHONE #:	