

EXHIBIT "C" TO DECLARATION

BY-LAWS

OF

COVE TOWERS PRESERVE CONDOMINIUM ASSOCIATION, INC.

1. IDENTITY — These are the By-laws of Cove Towers Preserve Condominium Association, Inc., a nonprofit Florida corporation formed for the purpose of administering the Cove Towers Preserve Condominiums which will be located at Naples, Collier County, Florida, upon the lands described in Exhibit "E" to the Declarations of Condominium. (The corporation shall hereafter be referred to as the "Association.")

1.1. OFFICE — The office of the Association shall be at such location within Collier or Lee Counties, Florida as may from time to time be determined by the Board of Directors.

1.2. FISCAL YEAR — The fiscal year of the Association shall be the calendar year, unless otherwise determined by the Board of Directors.

1.3. SEAL — The seal of the Association shall be circular in shape, bear the abbreviated name of the Association, the word Florida, and the year of establishment, 2000.

2. MEMBERS' MEETINGS

2.1. ANNUAL MEETINGS — Annual members' meetings shall be held at the Condominium or at such other convenient location as may be determined by the Board of Directors, no later than the month of April each year, in conjunction with the election of Directors and for transacting any business authorized to be transacted by the members.

2.2. SPECIAL MEETINGS — Special member's meetings shall be held whenever called by the President, Vice President or by a majority of the Board of Directors and when requested by written petition signed and dated from at least 25% of the total voting interests.

Such petition shall state the purpose(s) of the meeting. The business at a special meeting requested by petition shall be limited to the items specified in the petition and contained in the notice of the meeting. In the event that the Board of Directors adopts a budget requiring assessments exceeding 115% of the assessments for the preceding year, the Board upon written application of 10% of the voting interests shall call a special meeting of the unit owners to consider and enact an alternate budget. The determination as to whether the assessments exceed 115% shall be made in accordance with F.S. 718.112 (2)(e). Members meetings to recall a member or members of the Board of Directors may be called by 10% of the Association voting interests.

2.3. NOTICE OF MEMBERS' MEETINGS — Notice of members meetings including a recall meeting and the annual meeting, which must include an identification of agenda items, shall be delivered or mailed to each unit owner by United States mail, unless waived in writing, at least 14 days prior to the meeting, provided however, that any election at which one or more Directors are to be elected must be noticed as provided for in Section 2.4. next following. An officer of the Association shall execute an affidavit of mailing or delivery per F. S. 718.112(2)(d)(2) or provide a United States Postal Certificate of Mailing which shall be retained in the official records of the Association as proof of such mailing or delivery. Written notice of the meeting shall also be posted in a conspicuous place on the Condominium property at least 14 continuous days prior to the annual meeting. The Board, upon notice to unit owners shall by duly adopted rule designate a specific location on the Condominium property upon which all notices of unit owner meetings shall be posted.

2.4. BOARD ELECTION MEETINGS — NOTICE AND PROCEDURE — The regular or general election shall occur at the time and place at which the annual meeting is scheduled to occur, regardless of whether a quorum is present.

2.4.1. Not less than 60 days before a scheduled election, the Association shall mail or deliver, whether by separate Association mailing or included in another Association mailing or delivery, including regularly published newsletters, to each unit owner entitled to vote, the first notice of the date of the election. It must contain the name and correct mailing address of the Association. Any unit owner or other eligible person desiring to be a candidate for the board of administration must give written notice to the Association not less than 40 days before a scheduled election. The Association shall then mail or deliver a second notice of the election to all unit owners entitled to vote therein not less than 14 days before the scheduled election, together with a written ballot which shall list all candidates. Upon request of a candidate, the Association shall include an information sheet which must be furnished by the candidate not less than 35 days before the election, on one side of a sheet, no larger than 8 1/2 inches by 11 inches, with the costs of copying and mailing to be borne by the Association. The Association shall not edit, alter, or otherwise modify the content of the information sheet and shall have no liability for its contents.

2.4.2. A voting machine may also be used by those attending the meeting in person, and a unit owner who needs assistance in voting due to blindness, disability or inability to read or write may obtain assistance from a member of the Board of Directors or other unit owner but no unit owner shall permit another person to cast his ballot and any such ballots improperly cast shall be deemed invalid.

2.4.3. There is no quorum requirement; however at least 20 percent of the eligible voting interests must cast a valid ballot to have a valid election and elections shall be decided by a plurality of those votes cast.

2.4.4. An election and balloting are not required unless more candidates file notices of intent to run or are nominated than vacancies exist on the Board.

2.4.5. Notwithstanding anything in this paragraph 2., the Association may, by the affirmative vote of a majority of the total voting interests, provide for different voting and election procedures in these By-laws which vote may be by a proxy specifically delineating the different voting and election procedures. The different voting and election procedures may provide for elections to be conducted by limited or general proxy.

2.5. NOTICE — OWNERS BUDGET MEETING — Notice of a special meeting called by the Board at the written request of 10% of the owners because of a budget exceeding 115% of that of the preceding year requires not less than 10 days' written notice to each unit owner.

2.6. NOTICES SPECIFIC — All notices of meetings shall state clearly and particularly the time, place, and purpose or purposes of the meeting and shall incorporate an identification of agenda items.

2.7. QUORUM — A quorum at members' meetings shall consist of persons entitled to cast a majority of the voting interests of the entire membership. Decisions made by a majority of the voting interests represented at a meeting at which a quorum is present in person or by proxy shall be binding and sufficient for all purposes except such decisions as may by F.S. 718 or the documents require a larger percentage in which case the percentage required in F.S. 718 or the Documents shall govern.

2.8. OWNER PARTICIPATION — Unit owners shall have the right to participate in meetings of unit owners with reference to all designated agenda items. However, the Association may adopt reasonable rules governing the frequency, duration and manner of unit owner participation. Such rules must be adopted in advance and in written form. Any unit owner may tape record or videotape a meeting of the unit owners subject and pursuant to Rules adopted

from time to time by the Division of Florida Land Sales, Condominiums and Mobile Homes.

2.9. INDIVISIBLE VOTE — Each unit shall have one indivisible vote. If multiple owners of a unit cannot agree on a vote, the vote shall not be counted. Voting certificates are not authorized.

2.10. PROXIES — Votes may be cast in person or by proxy. Proxies shall be in writing, signed and dated and shall be valid only for the particular meeting designated therein or an adjournment thereof, but in no event for more than 90 days, and must be filed with the Secretary before or at the voter registration immediately preceding the meeting. A photographic, photostatic or equivalent reproduction of a proxy is a sufficient proxy pursuant to F.S. 607.0722(2). Except as specifically otherwise provided in this paragraph, or by the Condominium Act from time to time, unit owners may not vote by general proxy, but may vote by limited proxies substantially conforming to the limited proxy form adopted by the Division of Florida Land Sales, Condominiums and Mobile Homes. Both limited proxies and general proxies may be used to establish a quorum. Limited proxies shall be used for votes taken to waive or reduce reserves; for votes taken to waive financial statement requirements; for votes taken to amend the Declaration; for votes taken to amend the Articles of Incorporation or By-laws; and for any other matter which F.S. 718 requires or permits a vote of the unit owners. No proxy, limited or general, shall be used in the election of Board members except in the filling of vacancies after recall pursuant to sections 61-B-23.0026 and 61-B-23.0027 F.A.C., unless an alternate election procedure is adopted pursuant to Section 2.4.5. above. General proxies may be used for other matters for which limited proxies are not required, and may also be used in voting for non-substantive changes to items for which a limited proxy is required and given.

2.11. NO QUORUM — If any meeting of members cannot be organized because

a quorum is not present, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

2.12. ORDER OF BUSINESS — The order of business at annual members' meetings and, as far as applicable at all other members' meetings, may be:

- (a) Election of a Chairman of the meeting, unless the President or Vice President of the Association is present, in which case he (or she) shall preside.
- (b) Collection of ballots.
- (c) Checking of signatures and unit identifications on ballot outer envelopes against the eligible voter lists.
- (d) Registering proxies and counting votes.
- (e) Proof of Notice of meeting or waiver of notice.
- (f) Calling of the roll.
- (g) Reading and disposal of any unapproved minutes.
- (h) Reports of Directors.
- (i) Reports of Committees.
- (j) Announcement of the results of the election of Directors.
- (k) Unfinished business.
- (l) New business.
- (m) Adjournment.

3. BOARD OF DIRECTORS

3.1. NUMBER, TERM, AND QUALIFICATIONS. The affairs of the Corporation shall be governed initially by a Board composed of three persons appointed by the Developer. The Developer-appointed Board may be, at the Developer's option, expanded to five persons. The Board, after turnover of control by the Developer, may consist of three or five

Directors as may be determined from time to time by the voting interests of the Association. All non-Developer Directors shall be members or spouses of members. All officers of a corporation, trust, partnership or other such owner shall be deemed to be members so as to be eligible for Board membership. A person who has been convicted of any felony by any Court of Record in the United States and who has not had his or her right to vote restored pursuant to law in the jurisdiction of his or her residence is not eligible for the Board. The validity of an action by the Board is not affected if it is later determined that a member of the Board is ineligible for Board membership due to having been convicted of a felony. Directors shall be elected by the Voting Interests as to regular or general elections at the time and place at which the annual meeting is scheduled to occur regardless of whether a quorum is present, except for Developer-appointed Directors. At and after turnover, members of the Board shall be elected for staggered two years terms. At the election held in conjunction with turnover, a majority shall be elected for two (2) years and the balance elected for one (1) year to provide continuity. Those persons receiving the highest number of votes shall serve the two year terms. In the event of a tie, for a designated position on the Board the tie shall be resolved by agreement of the candidates, if possible; otherwise the winning Director shall be chosen in a blind drawing.

3.2. TERM OF SERVICE — The term of each Director's service, except in the case of a vacancy caused by recall, shall extend until their elected term is completed and thereafter until their successor is duly elected and qualified or until the Director is recalled in the manner provided in the Condominium Act by a majority of the voting interests. A Board member appointed by the Board to replace a recalled Board member shall fill the vacancy until the next regularly scheduled election for any position. Provided that a seat held by a Director who ceases to be an owner shall thereby automatically become vacant.

3.3. BOARD VACANCIES — Vacancies in the Board of Directors occurring between annual meetings of members shall be filled by appointment by a majority vote of the remaining Directors; provided, however, that if a majority or more of the Board members are removed by recall the vacancies shall be filled in accordance with Rule 61B-23.0027 (if at a meeting) or with Rule 61B-23.0028 (if by written agreement), Florida Administrative Code; provided further that a Director who has been recalled by the membership may not be appointed to fill the vacancy created by his removal; and further provided that following relinquishment of Developer control during the time that both the Developer and unit owners other than the Developer have representation on the Board, pursuant to F. S. 718.301(1)(e), the Developer Directors may not vote for a majority of the Board. A Director elected or appointed to fill a vacancy shall be elected or appointed for the remaining term of the seat being filled.

3.4. ORGANIZATIONAL MEETING — The organizational meeting of each newly elected Board of Directors to elect officers shall be held at such place and time as shall be fixed by the Directors, provided a quorum shall be present. Unless otherwise noticed, it shall be held immediately following the annual meeting. Election of officers may be by secret ballot.

3.5. REGULAR MEETINGS — Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings, unless noticed previously, shall be given to each Director personally or by mail, telephone or telecopier at least forty-eight (48) hours prior to the day named for such meeting.

3.6. SPECIAL MEETINGS — Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of any two (2) Directors. Not less than forty-eight (48) hours notice of the meeting (except in an emergency) shall be given

personally or by mail, telephone or telecopier, which notice shall state the time, place and purpose of the meeting.

3.7. WAIVER OF NOTICE — Any Director may waive notice of a meeting before, at or after the meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at a meeting shall constitute waiver of notice of the meeting.

3.8. NOTICE TO OWNERS — Notices of Directors meetings, and meetings of committees to make recommendations regarding the Association budget or which have the authority to take action on behalf of the Board shall be posted conspicuously on the Condominium property at least 48 continuous hours in advance for the attention of unit owners, except in an emergency. Notices shall specifically incorporate an identification of agenda items. All other committee meetings are exempt from this section. Meetings at which a regular assessment is to be considered shall contain a statement that assessments will be considered and the nature of such assessments. However, written notice of any meeting at which non-emergency special assessments, or at which amendment to rules regarding unit use will be proposed, discussed, or approved, shall be mailed or delivered to the unit owners and posted conspicuously on the Condominium property not less than 14 continuous days prior to the meeting. Evidence of compliance with this 14-day notice shall be by an affidavit executed by the Secretary and filed among the official records of the Association. Upon prior notice to the unit owners, the Board shall by duly adopted rule designate a specific location on the Condominium property upon which all notices of Board meetings shall be posted.

3.9. OWNER PARTICIPATION — Meetings of the Board of Directors and any committee thereof required to give notice pursuant to 3.8 above, at which a quorum of the members of that committee are present shall be open to all unit owners except that unit owners shall not be privileged to attend meetings between the Board or a committee and the Association's

attorney with respect to proposed or pending litigation when the meeting is held for the purpose of seeking or rendering legal advice. The right to attend such meetings includes the right to speak with reference to all identified agenda items provided however, the Association may adopt reasonable rules governing the frequency, duration and manner of unit owner participation. Such rules must be adopted in advance and in written form. Unit owners shall have the right to tape record or videotape the meetings of the Board of Administration or Committee subject and pursuant to Rules adopted from time to time by the Division of Florida Land Sales, Condominiums and Mobile Homes.

3.10. BOARD MEETINGS, QUORUM AND VOTING — A quorum at Directors' Meetings shall consist of a majority of the Directors. The acts approved by a majority of Directors present at a meeting at which a quorum is present shall constitute the acts of the Board. Directors may not vote by proxy or by secret ballot at Board meetings, except as may be provided by the Condominium Act from time to time, and a vote or abstention for each member present shall be recorded in the minutes. If at any meeting of the Board there be less than a quorum present, the Director(s) present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, which must be properly noticed, any business which might have been transacted at the meeting as originally called may be transacted. Absent Directors may later sign written concurrence in Board actions, but such joinders may not be used as a vote for or against the action taken or for purposes of creating a quorum.

3.11. PRESIDING OFFICER — The presiding officer at Directors' meetings shall be the President if such an officer has been elected; and if none, then the Vice President shall preside. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

3.12. DIRECTOR COMPENSATION — Directors shall serve without pay unless the voting interests annually authorize Director's fees, but shall be entitled to reimbursement for expenses reasonably incurred.

4. POWERS AND DUTIES OF THE BOARD OF DIRECTORS — All of the powers and duties of the Association existing under the Florida Not-For-Profit Corporation Statute, the Condominium Act, the Declaration of Condominium, the Corporate Charter and these By-laws shall be exercised exclusively by the Board of Directors, or its duly authorized agents, contractors, or employees subject only to the approval by unit owners when such is specifically required. Such powers and duties of the Directors shall include, but shall not be limited to, the following:

4.1. TO ADOPT BUDGETS, BORROW MONEY AND MAKE AND COLLECT ASSESSMENTS AND FEES from and against owners and users to defray the expenses of the Association.

4.2. TO USE THE PROCEEDS OF ASSESSMENTS in the exercise of its powers and duties.

4.3. THE MAINTENANCE, REPAIR, REPLACEMENT AND OPERATION of the Condominium property.

4.4. TO ENACT RULES AND REGULATIONS concerning the use of the common elements and the units subject to any limitations contained in the Condominium Act and the Declaration of Condominium.

4.5. TO RECONSTRUCT COMMON ELEMENT IMPROVEMENTS AFTER CASUALTY and the further improvement of the properties.

4.6. TO APPROVE OR DISAPPROVE PROPOSED ACTIONS in the manner provided by the Condominium Declaration.

4.7. **TO ENFORCE** by legal means the provisions of applicable laws and the Condominium documents.

4.8. **TO CONTRACT FOR MANAGEMENT** of the Condominium.

4.9. **TO CARRY INSURANCE** for the protection of the unit owners, users and the Association.

4.10. **TO PAY THE COST OF ALL UTILITY SERVICES** rendered to the Condominium and not billed to owners of individual units or users.

4.11. **TO EMPLOY PERSONNEL** and designate other officers for reasonable compensation and grant them such duties as seem appropriate for proper administration of the purposes of the Association.

4.12. **TO BRING AND DEFEND SUITS, MAKE AND EXECUTE CONTRACTS, DEEDS, MORTGAGES, LEASES, LICENSES** and other instruments by its officers and to purchase, own, lease, convey and encumber real and personal property. To grant easements and licenses over the Condominium property necessary or desirable for proper operation of the Condominium.

4.13. **TO COMPLY WITH REQUIREMENTS FOR ENTERING CONTRACTS FOR PRODUCTS AND SERVICES** — All contracts for the purchase, lease or renting of materials or equipment or for services, or which are not to be fully performed within one year, shall be in writing. As to any such contract which requires payment exceeding 5 percent of the total annual budget of the Association including reserves except for contracts with employees of the Association, and for attorneys, accountants, community association managers, architects, engineers and landscape architects, the Association shall obtain competitive bids unless the products and services are needed as the result of an emergency or unless the desired supplier is the only

source of supply within Collier County. The Association need not accept the lowest bid. This Paragraph shall be deemed to incorporate the provisions of the Condominium Act as it exists from time to time.

4.14. TO LEVY FINES — The Directors may, pursuant to F.S. 718.303, impose fines not to exceed \$100.00 per violation, for failure to comply with the provisions of the Condominium documents, including the rules and regulations, by owners, occupants, licensees, tenants and invitees. A fine may be imposed for each day of continuing violation with a single notice and opportunity for hearing, provided that no fine shall in the aggregate exceed \$1,000.00.

4.14.1. HEARING NOTICE — The party against whom the fine is sought to be levied shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days and said notice shall include:

1. A statement of the date, time and place of the hearing;
2. A statement of the provisions of the Declaration, Articles of Incorporation, By-laws, or Rules and Regulations which have allegedly been violated; and
3. A short and plain statement of the matters asserted by the association.

4.14.2. RESPONDENT'S RIGHTS — The party against whom the fine or sanction may be levied shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge, and respond to any material considered by the Association.

4.14.3. HEARING COMMITTEE — The hearing must be held before a committee of other unit owners, none of whom are members or spouses of the Board of Directors.

If the committee does not agree with the fine, the fine may not be levied.

4.15. TO APPOINT COMMITTEES — The Directors may appoint committees except that committees for the purpose of nominating candidates for election to the Board of Directors are prohibited. The Board may, however, appoint a search committee to encourage qualified persons to become candidates for the Board. All committees and committee members shall serve at the pleasure of the Board.

4.16. TO MAINTAIN FIRE SAFETY COMPLIANCE — The Directors may accept a Certificate of Compliance from a licensed electrical contractor or electrician as evidence of compliance of the Condominium units with the applicable Fire and Life Safety Code.

4.17. TO ADOPT SPECIFICATIONS FOR HURRICANE SHUTTERS — The Board of Directors shall adopt hurricane shutter specifications for the building which shall include color, style, and other factors deemed relevant by the Board. All specifications adopted by the Board shall comply with the applicable building code. The Board shall not refuse to approve the installation or replacement of hurricane shutters conforming to the specifications adopted by the Board. Where laminated glass or window film architecturally designed to function as hurricane protection which complies with the applicable building code has been installed, hurricane shutters shall not be installed.

4.18. EMERGENCY POWERS — In the event of any "emergency" as defined in Paragraph 4.18.7. below, the Board of Directors may exercise the emergency powers described in this section, and any other emergency powers authorized by F.S. 617.0207, as amended from time to time.

4.18.1 To accommodate the incapacity of any officer of the association, the Board, in advance, may name as assistant officers persons who are not directors, which assistant

officers shall have the same authority as the executive officers to whom they are assistant during the period of the emergency.

4.18.2. The Board may relocate the principal office or designate alternative principal offices or authorize the officers to do so.

4.18.3. During any emergency the Board may hold meetings with notice given only to those directors with whom it is practicable to communicate, and the notice may be given in any practicable manner, including publication or radio. The director or directors in attendance at such a meeting shall constitute a quorum.

4.18.4. Corporate action taken in good faith during an emergency under this section to further the ordinary affairs of the association shall bind the association and shall have the rebuttable presumption of being reasonable and necessary.

4.18.5. Any officer, director, agent, employee, or member of the association acting with a reasonable belief that his or her actions are lawful in accordance with these emergency bylaws shall incur no liability for doing so except in the case of willful misconduct.

4.18.6. These emergency bylaws supersede any inconsistent or contrary provisions of the bylaws during the period of the emergency.

4.18.7. For purposes of this section, an "emergency" exists during any period of time that the condominium, or the immediate geographic area in which the condominium is located, is subjected to:

- (a) a state of emergency declared by local civil or law enforcement authorities;
- (b) a hurricane warning;
- (c) a partial or complete evacuation order;

(d) federal or state "disaster area" status; or

(e) a catastrophic occurrence, whether natural or manmade,

that seriously damages or threatens to seriously damage the physical existence of the condominium, such as an earthquake, a tidal wave, a fire, a hurricane, a tornado, a war, civil unrest, or acts of terrorism.

4.19. TO CONVEY TO CONDEMNING AUTHORITIES — To convey a portion of the common elements to a condemning authority for the purpose of providing utility easements, right of way expansion, or other public purposes, whether negotiated or as the result of eminent domain proceedings.

5. OFFICERS

5.1. EXECUTIVE OFFICERS — After turnover, the executive officers of the Association shall be the President, one or more Vice Presidents, a Secretary, a Treasurer, and such assistant officers as may be desired, all of whom shall be elected annually by and from the Board of Directors and who may be peremptorily removed by a majority vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary.

5.2. PRESIDENT — POWERS AND DUTIES — The President shall be the chief executive officer of the Association and shall have all of the powers and duties which are usually vested in the office of President of a corporation.

5.3. VICE PRESIDENT — POWERS AND DUTIES — The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. The Vice President shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

5.4. SECRETARY — POWERS AND DUTIES — The Secretary shall keep the minutes of all proceedings of the Directors and the members; shall attend to the giving and serving of all notices to the members and Directors and other notices required by law; shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed; shall keep and have custody of the records of the Association, except those of the Treasurer; and shall perform all other duties incident to the office of Secretary of the Association and as may be required by the Directors or the President.

5.5. TREASURER — POWERS AND DUTIES — The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness; shall keep the assessment rolls and accounts of the members; shall keep the books of the Association in accordance with good accounting practices; and shall perform all other duties incident to the office of the Treasurer of a corporation.

5.6. EMPLOYEE COMPENSATION — The compensation of all employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association.

5.7. INDEMNIFICATION — Every Director and every officer and committee member of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees through all trial and appellate levels, reasonably incurred by or imposed in connection with any proceeding, arbitration, or settlement to which such person may be a party, or in which they may become involved, by reason of being or having been a Director, officer, or committee member of the Association. Notwithstanding the foregoing, in the event of a voluntary settlement, the indemnification provisions herein shall not be automatic and shall apply only when the Board approves such settlement. Notwithstanding anything contained herein to the

contrary, in instances where the Director, officer, or committee member admits or is adjudged guilty of willful malfeasance, misfeasance or nonfeasance in the performance of their duties, the indemnification provisions contained herein shall not apply. Otherwise, the foregoing right of indemnification shall be in addition to and not exclusive of any and all rights of indemnification to which such Director, officer or committee member may be entitled by common law or statute.

5.8. DELEGATION — To the extent permitted by law, the powers and duties of the directors and officers may be delegated for the purpose of management.

6. MINUTES AND INSPECTION OF RECORDS — Minutes of all meetings of unit owners and of the Board of Directors shall be kept in a businesslike manner and shall be reduced to written form within thirty (30) days and these, plus records of all receipts and expenditures and all other official records, as defined in F.S. 718.111, except those which are exempted by Section 718.111(12) of the Condominium Act and/or the Rules of the Division of Florida Land Sales, Condominiums and Mobile Homes from time to time, shall be available for inspection by unit owners and Board members within 5 working days after receipt of a written request by the Board a member, its designee or a unit owner. This provision shall be deemed to have been complied with by having a copy of the official records available for inspection or copying on the Condominium or Association property. Provided, however, that the Directors may adopt, in advance and in written form, reasonable rules regarding the frequency, time, location, notice and manner of record inspections and copying.

7. FISCAL MANAGEMENT — Shall be in accordance with the following provisions:

7.1. BUDGETS — The Association shall adopt a separate budget of common expenses for each of the two condominiums it operates and shall adopt a separate budget of common expenses for the Association. Proposed annual budgets of common expenses shall be

prepared by the Board of Directors which shall include all anticipated expenses for operation, maintenance and administration of the Condominiums including insurance and management fees, if any, and for all of the unpaid operating expenses previously incurred. They shall accrue reserves per F.S. 718.112(2)(F)(2). Reserve funds and any accrued interest on the funds shall remain in the reserve accounts for authorized reserve expenditures, unless their use for other purposes is approved in advance by a majority vote of the majority of the voting interests voting in person or by proxy at a duly called meeting of the Association. The only voting interests which are eligible to vote on waiving or reducing the funding of reserves or using existing reserve funds for purposes other than for which the reserves were intended are the voting interests of the units subject to the assessment to fund the reserves in question; (e.g.) all units in the case of Association funds and only units in the individual Condominium as to that Condominium's funds. The budgets will contain a reasonable allowance for contingencies and provide funds for all unpaid operating expenses previously incurred. If at any time a budget shall prove insufficient, it may be amended by the Board of Directors for the remaining portion of the fiscal year.

7.2. MAILING — A copy of the proposed annual budget together with a notice of the meeting shall be mailed or delivered to the unit owners not less than 14 days prior to the meeting of the directors at which the budget will be adopted.

7.3. ASSESSMENTS — The shares of the unit owners of the common expenses may be made payable in installments of from one to three months in advance and shall become due on the first day of each such period and which shall become delinquent 10 days thereafter. The Association shall have the right to accelerate assessments of an owner delinquent in the payment of common expenses. Accelerated assessments shall be due and payable on the date a claim of lien is filed in the Public Records of Collier County, Florida and may include the amounts due for the remainder of the fiscal year for which the claim of lien was filed.

7.4. SPECIAL ASSESSMENTS AND CHARGES — Assessments and charges for expenses which are not provided for and funded in the Budget shall be made by the Board of Directors, and the time of payment shall likewise be determined by them.

7.5. ASSESSMENT ROLL — The assessments for common expenses and charges shall be set forth upon a roll of the units which shall be available for inspection at all reasonable times by unit owners. Such roll shall indicate for each unit the name and address of the owner, and the assessments and charges paid and unpaid. A certificate made by a duly authorized representative of or by the Board of Directors as to the status of a unit's account may be relied upon for all purposes by any person for whom made.

7.6. LIABILITY FOR ASSESSMENTS AND CHARGES — A unit owner regardless of how his title has been acquired including by purchase at a foreclosure sale or by deed in lieu of foreclosure shall be liable for all assessments and charges coming due while the owner of a unit. Additionally a unit owner shall be jointly and severally liable with the previous owner for all unpaid assessments and charges due and payable up to the time of transfer of title. Liability may not be avoided by waiver of the use or enjoyment of any common elements or Association property or by abandonment of the unit for which the assessments are made. The liability of a first mortgagee or its successor or assignees who acquire title to a unit by foreclosure or by deed in lieu of foreclosure for the unpaid assessments that became due prior to the mortgagee's acquisition of title is limited to the lesser of: (1) The unit's unpaid common expenses and regular periodic assessments which accrued or came due during the 6 months immediately preceding the acquisition of title and for which payment in full has not been received by the Association; or (2) One percent of the original mortgage debt. This partial excusal shall not apply unless the first mortgagee joined the Association as a defendant in the foreclosure action. Joinder of the Association is not required if, on the date the complaint is filed, the Association was dissolved or did not maintain an office or agent for service of process at a location which was known to, or reasonably discoverable by the mortgagee. The person acquiring title shall pay the amount owed to the Association within 30 days

after transfer of title. Failure to pay the full amount when due shall entitle the Association to record a claim of lien against the parcel and proceed in the same manner as provided in this section for the collection of unpaid assessments. This paragraph shall be deemed amended so as to incorporate the provisions of F.S. 718.116 as amended from time to time.

7.7. LIENS FOR ASSESSMENTS — The unpaid portion of an assessment including an accelerated assessment which is due, together with costs, interest and reasonable attorneys' fees for collection, shall be secured by a lien upon the unit and all appurtenances thereto when a notice claiming the lien has been recorded by the Association in accordance with the requirements of Florida Statute 718.116.

7.8. UNPAID CHARGES — Unpaid charges which are due together with costs, interest and reasonable attorney's fees including appeals for collection shall be the basis for an action at law by the Association against the unit owner.

7.9. COLLECTION — INTEREST; ADMINISTRATIVE LATE FEE; APPLICATION OF PAYMENTS — Assessments paid on or before ten days after the date due shall not bear interest, but all sums not paid on or before ten days shall bear interest at the highest lawful rate from time to time (now 18% per annum) from the date due until paid. In addition to such interest the Association may charge an administrative late fee in an amount not to exceed the greater of \$25.00 or 5% of each installment of the assessment for which payment is late. All payments upon account shall be first applied to interest, then the late fee, then to any costs and reasonable attorney's fees and then to the assessment payment first due. All interest collected shall be credited to the common expense account.

7.10. COLLECTION — SUIT — The Association, at its option, may enforce collection of delinquent assessments by suit at law, by foreclosure of the lien securing the

assessments, or by any other remedy available under the laws of the State of Florida, and in any event the Association shall be entitled to recover the payments which are delinquent at the time of collection, judgment or decree, together with those which have become due by acceleration plus interest thereon and all costs incident to the collection and the proceedings, including reasonable attorneys' fees, including appeals. The Association must deliver or mail by certified mail to the unit owner a written notice of its intention to foreclose the assessment lien 30 days before commencing foreclosure, unless Notice of Contest of Lien has been filed. The lien created by F.S. 718.116(5)(a) shall secure only assessments, interest, costs and attorneys fees and not fines, charges or other fees.

7.11. ACCOUNTS — All sums collected from assessments or charges shall be credited to accounts from which shall be paid the expenses for which the respective assessments or charges are made.

7.12. ASSOCIATION DEPOSITORY — The depository of the Association shall be a bank or banks or state or federal savings and loan associations or a member firm of the New York Stock Exchange with offices in Florida and as shall be designated from time to time by the Directors and in which the monies for the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

7.13. COMMINGLING OF FUNDS — All funds shall be maintained separately in the Association's name. Reserve and operating funds shall not be commingled unless combined for investment purposes. This is not meant to prohibit prudent investment of Association funds even if combined with operating or other reserve fund, but such funds must be accounted for separately, and the combined account balance may not, at any time, be less than the amount identified as reserve funds in the combined account. No manager or business entity required to be

licensed or registered under F.S. 468.432, and no agent, employee, officer, or Director of the Association shall commingle any Association funds with his funds or with the funds of any other condominium association or community association as defined in F.S. 468.431.

7.14. ANNUAL FINANCIAL REPORTING — Financial reports meeting the requirements of Section 718.111(13), F.S. as amended by Chapter 2000-302, Laws of Florida, and Rule 61B-22.006 Florida Administration Code, as amended from time to time, shall be made annually within 90 days following the end of the previous Fiscal Year or at the annual meeting. Within 21 days after the financial report is completed or received by the Association from a third party, the Association shall mail to each unit owner at the address last furnished to the Association by the unit owner, or hand deliver to each unit owner, a copy of the financial report or a notice that a copy of the financial report will be mailed or hand delivered to the unit owner, without charge, upon receipt of a written request from the unit owner.

7.15. INSURANCE OR FIDELITY BONDING — The Association shall obtain and maintain adequate insurance or fidelity bonding for all person who control or disburse funds of the Association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the Association or its management agent at any one time. The term "persons who control or disburse funds of the Association" includes, but is not limited to, those individuals authorized to sign checks and the president, secretary, and treasurer of the Association. The Association shall bear the cost of bonding.

8. PARLIAMENTARY RULES — A parliamentary procedure such as Robert's Rules of Order uniformly applied shall govern the conduct of corporate proceedings when not in conflict with the Declaration, the Articles of Incorporation or By-laws of the Association or with the laws of the State of Florida.

9. BY- LAW AMENDMENTS — After turnover, amendments to the By-laws shall be adopted in the following manner:

9.1. NOTICE of the subject matter of a proposed amendment shall be included in the notice of any meeting or the text of any written agreement at which or by which a proposed amendment is considered.

9.2. PROPOSAL OF AMENDMENTS — An amendment may be proposed by either a majority of the Directors or by Twenty-five Percent (25%) of the voting interests of the Association.

9.3. ADOPTION OF AMENDMENTS — A resolution or written agreement adopting a proposed amendment must receive approval of sixty-seven percent (67%) of the voting interests of the Association. Prior to turnover, amendments may be adopted by the Board alone.

9.4. EFFECTIVE DATE — An amendment when adopted shall become effective only after being recorded in the Public Records of Collier County, Florida.

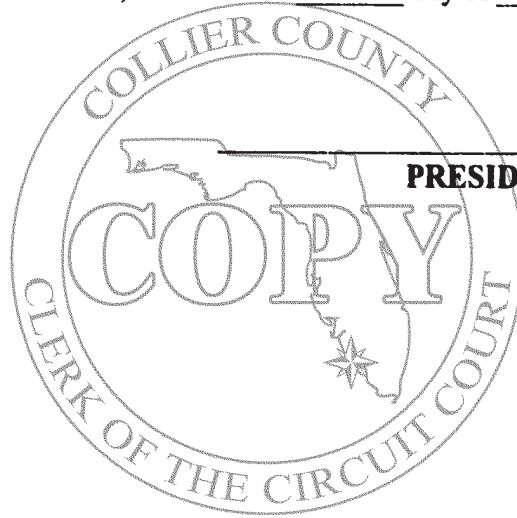
9.5. AUTOMATIC AMENDMENT — These By-laws shall be deemed amended, if necessary, so as to make the same consistent with the provisions of the Declaration of Condominium, the Association Articles of Incorporation, or the Condominium Act as amended from time to time.

9.6. PROPOSED AMENDMENT FORMAT — Proposals to amend existing By-laws shall contain the full text of the By-laws to be amended. New words shall be underlined and words to be deleted shall be ~~lined through~~ with hyphens. If the proposed change is so extensive that this procedure would hinder rather than assist understanding, a notation must be inserted immediately preceding the proposed amendment saying, "SUBSTANTIAL REWORDING OF BY-LAW. SEE BY-LAW NUMBER _____ FOR PRESENT TEXT."

10. **DELIVERY OF NOTICES TO OWNERS** — Notices to owners for meetings and for all other purposes shall be mailed to each unit owner at the address last furnished to the Association by the unit owner. Such notices may alternatively be hand delivered to unit owners.

11. **MANDATORY ARBITRATION OF DISPUTES** — If unresolved, disputes between the Board and unit owners as defined in F.S. 718.1255(1) must be arbitrated in mandatory non-binding arbitration proceedings as provided in the Condominium Act prior to commencing litigation.

The foregoing were adopted as the By-laws of **COVE TOWERS PRESERVE CONDOMINIUM ASSOCIATION, INC.** on this _____ day of _____, 20__.



PRESIDENT