

BY-LAWS  
OF  
DRAGON'S RIDGE OWNERS ASSOCIATION, INC.  
(A Corporation Not For Profit)

ARTICLE I. IDENTITY

These are the By-Laws of DRAGON'S RIDGE OWNERS ASSOCIATION, INC., (the "Association"), a corporation not for profit under the laws of the State of Florida, organized for the purpose of administering that certain property located in Bay County, Florida, and known as DRAGON'S RIDGE.

1.1 Principal office.

The principal office of the Association shall be at 100 Delwood Beach Road, Panama City Beach, Florida 32407, or at such other place as may be designated by the Board of Directors.

1.2 Fiscal Year.

The fiscal year of the Association shall be the calendar year.

1.3 Seal.

The seal of the Association shall bear the name of the corporation, the word "Florida," the words "corporation not for profit" and the year of incorporation.

1.4 Definitions.

For convenience, these By-Laws shall be referred to as the "By-Laws"; the Articles of Incorporation of the Association as the "Articles"; the Declaration of Covenants and Restrictions as the "Declaration"; and "Members" shall mean those Lot Owners who are members of the Association by virtue of ownership of a Lot in Dragon's Ridge. The other terms used in these By-Laws shall have the same definitions and meaning as those set forth in F.S. Chapter 617, as well as those set forth in the Declaration and the Articles, unless provided to the contrary in these By-Laws, or unless the context otherwise requires.

ARTICLE II. MEETINGS OF MEMBERS AND VOTING

2.1 Annual meeting.

The annual meeting of the members shall be held on the date and at the place and time determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and no later than 13 months after the last annual meeting. The purpose of the meeting shall be to elect directors and to transact any other business authorized to be transacted by the members.

2.2 Special meetings.

Special meetings of the members shall be held at such places as provided for annual meetings and may be called by the President or by a majority of the Board of Directors of the Association, and must be called by the President or Secretary on receipt of a written request from at least 10% of the members of the

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Association entitled to vote at the meeting. Requests for a meeting by the members shall state the purpose for the meeting, and business conducted at any special meeting shall be limited to the matters stated in the notice for it.

### 2.3 Notice of annual meeting.

Written notice of the annual meeting shall be mailed to each Lot Owner not less than 14 and no more than 60 days before the annual meeting. A copy of the notice shall be posted in a conspicuous place on the Property at least 14 days before the annual meeting. The post office certificate of mailing shall be retained as proof of the mailing. Lot Owners may waive notice of the annual meeting.

### 2.4 Notice of special meetings, generally.

Except as modified by the specific requirements for special kinds of members' meetings as set out in these By-Laws, notice of special meetings, generally, shall be in writing, shall state the place, day and hour of the meeting and the purpose or purposes for which the meeting is called. The notice shall be delivered to each member entitled to vote at the meeting not less than 10 and no more than 60 days before the date of the meeting, either personally or by first-class mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears in the records of the association, with postage prepaid. Payment of postage for notice of any special meeting, by whomever called, shall be an obligation of the association.

### 2.5 Quorum.

A quorum at meetings of members shall consist of persons entitled to cast, either in person or by proxy, a majority of the votes of the entire membership. Absentee ballots, alone, may not be counted in determining a quorum.

### 2.6 Voting.

#### (a) Number of votes.

In any meeting of members, the Owners of Lots shall be entitled to cast one vote for each Lot owned. The vote of any Lot is not divisible.

#### (b) Majority vote.

The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum is present shall be binding on all Lot Owners for all purposes unless the Act, the declaration, the articles, or these By-Laws require a larger percentage of vote, in which case that larger percentage shall control.

### 2.7 Membership-designation of voting member.

Persons or entities shall become members of the Association on the acquisition of fee title to a Lot in the Property. Membership shall be terminated when a person or entity no longer owns a Lot in the Property. If a Lot is owned by more than one natural person, any record Owner of the Lot may vote in person or by proxy, provided that there shall be no more than one vote per Lot. In the case of conflict among the Owners of the Lot, the vote for that Lot shall not be counted as to the matter under consideration in which the conflict arose, whether the conflict

appears by vote in person or by proxy. Ballots may be cast for Lots owned by corporations or partnerships by a president, vice president, a partner, or any other person designated in a written certificate filed with the Secretary of the Association and signed by a president or vice president of a corporation or a partner of a partnership.

#### 2.8 Proxies; Powers of Attorney.

Votes may be cast in person or by proxy. Each proxy shall set forth specifically the name of the person voting by proxy and the name of the person authorized to vote the proxy for him. Each proxy shall contain the date, time and place of the meeting for which the proxy is given. If the proxy is a limited proxy, it shall set forth those items that the holder of the proxy may vote and the manner in which the vote is to be cast. The proxy shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings. No proxy shall be valid for a period longer than 90 days after the date of the first meeting for which it was given, and it may be revoked at any time at the pleasure of the Lot Owner executing it. The proxy shall be signed by the Lot Owner or Owners (if more than one) or by the appropriate officer or partner of a corporation or partnership or other designated person mentioned in 2.11, or the duly authorized attorney-in-fact of that person or persons (provided the power of attorney is filed with the Secretary of the Association). The proxy shall be filed with the Secretary before or at the meeting for which the proxy is given. One holding a power of attorney from a Lot Owner, properly executed and granting such authority, may vote that Lot.

#### 2.9 Adjourned meetings.

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. The time and place to which the meeting is adjourned shall be announced at the meeting at which the adjournment is taken and a notice shall be posted in a conspicuous place on the Property as soon thereafter may be practical stating the time and place to which the meeting is adjourned.

#### 2.10 Waiver of notice.

Lot Owners may waive their right to receive notice of any meeting, whether annual or special, by a writing signed by them to that effect. The waiver shall be filed with the Secretary of the Association either before, at, or after the meeting for which the waiver is given.

#### 2.11 Action by members without a meeting.

Lot Owners may take action by written agreement without a meeting, as long as written notice is given to the Lot Owners in the manner prescribed elsewhere in these By-Laws appropriate to the subject matter to be agreed on, unless that notice is waived as provided in these By-Laws. The decision of a majority of the Lot Owners, or a larger percentage vote as otherwise may be required by the Declaration, the Articles, or these By-Laws (the decision to be evidenced by written response to be solicited in the notice), shall be binding on the membership, provided a quorum submits a response. The notice shall set forth a time period within which responses must be made by the members.

#### 2.12 Minutes of meetings.

The minutes of all meetings of Lot Owners shall be kept in a book available for inspection by Lot Owners or their

authorized representatives, and board members at any reasonable time. The minutes shall be retained by the Association for a period of not less than seven years.

2.13. Order of business.

The order of business at annual meetings of members and as far as practical at other members' meetings, shall be:

- (a) Call to order;
- (b) Election of a chairman of the meeting, unless the President or Vice President is present, in which case he shall preside;
- (c) Calling of roll, certifying of proxies, determination of a quorum;
- (d) Proof of notice of the meeting or waiver of notice;
- (e) Reading and disposal of any unapproved minutes;
- (f) Reports of officers;
- (g) Determination of number of directors;
- (h) Election of directors;
- (i) Unfinished business;
- (j) New business;
- (k) Adjournment.

2.14 Actions specifically requiring Lot Owners' votes.

The following actions require approval by the Lot Owners and may not be taken by the Board of Directors acting alone:

- (a) Amendments to the Declaration, except those made by the Developer recording a certificate of surveyor.
- (b) Purchase of land or recreation lease.
- (c) Cancellation of certain grants or reservations made by the Declaration, a lease or other document and any contract made by the Association before the transfer of control of the Association from the Developer to Lot Owners other than the Developer.
- (d) Recall of members of Board of Directors.
- (e) Other matters contained in the Declaration, the Articles or these By-Laws that specifically require a vote of the members.
- (f) Disposition of land owned by the Association.

## ARTICLE III. DIRECTORS

### 3.1. Number and qualifications.

The affairs of the Association shall be managed by a board of three directors selected by the Developer. When Lot Owners other than the Developer are entitled to elect a majority of the directors, the Board shall be composed of any odd number of directors that the Lot Owners may decide. The number of directors, however, shall never be less than three. Other than those selected by the Developer, directors must be either Lot Owners; tenants residing in the Property; officers of a corporate Lot Owner; or partners of a partnership Lot Owner. No director (except those selected by the Developer) shall continue to serve on the Board after he ceases to be a Lot Owner or tenant residing in the condominium.

### 3.2 Election of directors.

Directors shall be elected at the annual meeting of members by a plurality of the votes cast. Each voter shall be entitled to cast votes for each of as many nominees as there are vacancies to be filled. Nominations for directorships shall be made from the floor. Other nominations also may be made from the floor.

### 3.3 Term.

Each director's term of service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he is removed in the manner provided in 3.5. The members, however, in order to provide a continuity of experience, may vote to create classes of directorships having a term of one, two or three years so that a system of staggered terms will be initiated.

### 3.4 Vacancies.

Vacancies in the Board of Directors occurring between annual meetings of members shall be filled by majority vote of the remaining directors. Any director elected to fill a vacancy shall hold office only until the next annual meeting, irrespective of the length of the remaining term of the vacating director.

### 3.5 Removal.

Any director, except those selected by the Developer, may be recalled and removed from office by the vote or agreement in writing of a majority of all Lot Owners. A special meeting of the Lot Owners to recall a member or members of the Board of Directors may be called by 10% of the Lot Owners giving notice of the meeting as required in these By-Laws. Any vacancy on the Board of Directors thus created shall be filled by the members of the Association at the same meeting. If more than one director is subject to recall, there shall be a separate vote on the question to remove each director.

### 3.6 Disqualification and resignation.

Any director may resign at any time by sending or personally delivering a written notice of resignation to the Association, addressed to the Secretary. Any board member elected by the Lot Owners who is absent from more than three consecutive regular meetings of the Board, unless excused by resolution of the Board, shall be deemed to have resigned from the Board of Directors automatically, effective when accepted by the Board.



### 3.7 Special meetings.

Special meetings of the Board of Directors may be called by the President and, in his absence, by the Vice President, and must be called by the Secretary at the written request of one third of the directors. Notice of the meeting shall be given personally or by mail, telephone or telegraph. The notice shall state the time, place and purpose of the meeting and shall be transmitted not less than three days before the meeting. A copy of the notice of any special meeting shall be posted conspicuously on the DRAGON'S RIDGE property at least 48 hours before the meeting, except in an emergency.

### 3.8 Waiver of notice.

Any director may waive notice of a meeting before, at or after the meeting and that waiver shall be deemed equivalent to the giving of notice. Attendance by any director at a meeting shall constitute a waiver of notice of the meeting, except when his attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called.

### 3.9 Quorum.

A Quorum at the meetings of the directors shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of directors is required by the Declaration, the Articles or these By-Laws.

### 3.10 Adjourned meetings.

If there is less than a quorum present at any meeting of the Board of Directors, the majority of those present may adjourn the meeting until a quorum is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

### 3.11 No proxy.

There shall be no voting by proxy at any meeting of the Board of Directors.

### 3.12 Meetings open to members.

Meetings of the Board of Directors shall be open to all Lot Owners to attend and observe. No Lot Owner, however, shall be entitled to participate in the meeting unless specifically invited to do so by the board. Notice of any meeting in which assessments against Lot Owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and set out the nature of the assessments.

### 3.13 Presiding officer.

The presiding officer at board meetings shall be the President or, in his absence, the Vice President, and in his absence, the directors present shall designate any one of their number to preside.

### 3.14 Minutes of meetings.

The minutes of all meetings of the Board of Directors shall be kept in a book available for inspection by Lot Owners or their authorized representative and board members at any

reasonable time. The Association shall retain these minutes for a period of not less than seven years.

3.15. Compensation.

Directors shall serve without pay but shall be entitled to reimbursement for expenses reasonably incurred in the discharge of their duties.

3.16 Order of business.

The order of business at meetings of directors shall be:

- (a) Calling of roll;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposal of any unapproved minutes;
- (d) Reports of officers;
- (e) Election of officers;
- (f) Unfinished business;
- (g) New business;..
- (h) Adjournment.

3.17 Election of directors by Lot Owners other than the Developer.

- (a) One third.

When Lot Owners other than the Developer own 15% or more of the Lots in the Property, they shall be entitled to elect no less than one third of the members of the Board of Directors.

- (b) Majority.

Lot Owners other than the Developer are entitled to elect not less than a majority of the members of the Board of Directors at the earliest of:

(i) three years after 50% of the Lots that ultimately will be operated by the Association have been conveyed to purchasers; or

(ii) three months after 90% of the Lots that ultimately will be operated by the Association have been conveyed to purchasers; or

(iii) when some of the Lots have been conveyed to purchasers and none of the others are being offered for sale by the Developer in the ordinary course of business.

- (c) Developer member.

The Developer or its successor in interest is entitled to elect at least one member of the Board of Directors until such right is relinquished in writing.

- (d) Election.

Within 60 days after the Lot Owners other than the Developer are entitled to elect a member or members of the Board of Directors, the Association shall call, and give not less than 30 days nor more than 40 days notice of a meeting of the Lot Owners to elect the member or members of the Board of Directors. The meeting may be called and the notice given by any Lot Owner if the Association fails to do so.

(e) Relinquishment of control.

Either before or not more than 60 days after the time that Lot Owners other than the Developer elect a majority of the members of the Board of Directors, the Developer shall relinquish control of the Association and the Lot Owners shall accept control. Simultaneously, the Developer shall deliver to the Association all property of the Lot Owners and of the Association held or controlled by the Developer.

ARTICLE IV. POWERS AND DUTIES  
OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association existing under Chapter 617, F.S., the Declaration, the Articles and these By-Laws shall be exercised exclusively by Board of Directors, or its duly authorized agents, contractors or employees, subject only to the approval by Lot Owners when that approval is specifically required. The powers and duties of the board shall include, but shall not be limited to, the following:

4.1 Maintenance, management and operation of the Property.

4.2 Contract, sue or be sued.

After control of the Association is obtained by Lot Owners other than the Developer, the Association may institute, maintain, settle or appeal actions or hearings in its name on behalf of all Lot Owners concerning matters of common interest, including but not limited to the common elements and commonly-used facilities. The statute of limitations for any actions in law or equity that the Association may have shall not begin to run until the Lot Owners have elected a majority of the members of the Board of Directors.

4.3 Right of access of Lots.

The Association has the irrevocable right of access to each Lot during reasonable hours as necessary for the maintenance, repair or replacement of any common elements or for making emergency repairs necessary to prevent damage to the common elements or to another Lot or Lots.

4.4 Make and collect assessments.

4.5 Lease, maintain, repair and replace the common elements.

4.6 Lien and foreclosure for unpaid assessments.

The Association may have a lien on each Lot for any unpaid assessments with interest and for reasonable attorneys' fees incurred in the collection of the assessment or enforcement of the lien. It also has the power to purchase the Lot at the foreclosure sale and to hold, lease, mortgage or convey it.



4.7 Purchase Lot.

In addition to its right to purchase Lots at a lien foreclosure sale, the Association generally has the power to purchase Lots in the Property and to acquire, hold, lease, mortgage, and convey them.

4.8 Purchase land or recreation lease.

Any land or recreation lease may be purchased by the Association on the approval of two thirds of the Lot Owners of the Association.

4.9 Authorize certain amendments.

If it appears to be any drafter's error in the Declaration, an amendment to the Declaration correcting that error may be approved by the Board of Directors.

4.10 Adopt rules and regulations.

The Association may adopt reasonable rules and regulations of the common elements, common areas and recreational facilities serving the Property.

4.11 Maintain accounting records.

4.12 Obtain insurance.

The Association shall use its best efforts to obtain and maintain adequate insurance to protect the Association and the common elements.

4.13 Furnish annual financial reports to members.

4.14 Give notice of liability exposure.

If the Association may be exposed to liability in excess of insurance coverage in any legal action, it shall give notice of the exposure to all Lot Owners, who shall have the right to intervene and defend.

4.15 Provide certificate of unpaid assessment

Any Lot Owner, mortgagee or other record lienholder has the right to require from the Association a certificate showing the amount of unpaid assessments respecting the Lot Owner's parcel.

4.16 Contract for maintenance and management of the Property.

4.17 Pay taxes or assessments against the common elements or Association property.

4.18 Pay costs of utilities services rendered to the Association property and not billed directly to individual Owners.

4.19 Employ personnel.

The Association may employ and dismiss personnel as necessary for the maintenance and operation of the Property and may retain professional services that are required for those purposes.

#### 4.20 Impose fines.

The Board of Directors may impose fines on Lot Owners in such reasonable sums as it may deem appropriate, not to exceed \$150, for violations of the Declaration, the Articles, these By-Laws and lawfully adopted rules and regulations, by Owners, their guests or tenants. No fine shall be imposed until the offending party (which always shall include Lot Owner) has been given written notice of the violation and an opportunity to appear and be heard before the Board of Directors.

#### 4.21 Delinquent Lot Owners.

The Board of Directors may disapprove the prospective tenant of any Lot Owner delinquent in the payment of assessments for common expenses.

#### 4.22 Repair or reconstruct improvements after casualties.

#### 4.23 Lien for labor and materials furnished to the common elements.

### ARTICLE V. OVERALL RESPONSIBILITIES OF THE ASSOCIATION

In addition to the duties, obligations, and responsibilities of the Association recited elsewhere herein, or in the Declaration or in the Articles, the Association shall be responsible for the maintenance of all of the common areas which shall include but not be limited to the swimming pool, the whirlpool/spa, the deck area, the lighted or unlighted tennis courts, the children's play areas, the restrooms, all parking areas, all signage, all gardens, the streets, rights-of-way, and entryways. The Association shall take all steps necessary and reasonable to ensure that all amenities, as have been more specifically described hereinabove, remain in the configuration as turned over by the Developer and are maintained and kept in use.

### ARTICLE VI. OFFICERS

#### 6.1 Executive officers.

The executive officers of the Association shall be a president, who shall be a director, a vice president, who shall be a director, a treasurer, a secretary and an assistant secretary. The officers shall be elected annually by the Board of Directors and may be removed without cause at any meeting by a vote of a majority of all of the directors. A person may hold more than one office except that the President may not also be the Secretary or Assistant Secretary. No person shall sign an instrument nor perform an act in the capacity of more than one office. The Board of Directors from time to time shall elect other officers and designate their powers and duties as the board shall find to be required to manage the affairs of the Association.

#### 6.2 President.

The President shall be the chief executive officer of the Association. He shall have all the powers and duties that usually are vested in the office of president of an association, including but not limited to the power to appoint committees from among the members to assist in the conduct of the affairs of the

Association as he in his discretion may determine appropriate. He shall preside at all meetings of the Board.

6.3 Vice President.

The Vice President shall exercise the powers and perform the duties of the President in the absence or disability of the President. He also shall assist the President and exercise those other powers and perform those other duties as shall be prescribed by the directors.

6.4 Secretary.

The Secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the serving of all notices to the members and directors and other notices required by law. He shall have custody of the seal of the Association and shall affix it to instruments requiring the seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of the secretary of an Association and as may be required by the directors or the President.

6.5 Treasurer.

The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He shall keep books of account for the Association in accordance with good accounting practices, which together with substantiating papers, shall be made available to the Board of Directors for examination at reasonable times. He shall submit a Treasurer's report to the board at reasonable intervals and shall perform all other duties incident to the office of treasurer. All money and other valuable effects shall be kept for the benefit of the Association in such depositories as may be designated by a majority of the board.

6.6 Compensation.

The compensation, if any, of all officers and other employees of the Association shall be fixed by the Board of Directors. This provision shall not preclude the board from employing a director as an employee of the Association or preclude the contracting with a director for the management of the condominium.

ARTICLE VII. FISCAL MANAGEMENT

7.1 Board adoption of budget.

The Board of Directors shall adopt a budget for the common expenses of the Association in advance of each fiscal year at the annual meeting of the board.

7.2 Budget requirements.

The proposed annual budget of common expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications.

7.3 Budget restraints on Developer.

As long as the Developer is in control of the Board of Directors, the Board shall not impose an assessments for any year

greater than 115% of the previous year's assessment without approval of a majority of all Lot Owners.

7.4 Accounting records and reports.

The Association shall maintain accounting records in the county in which the Property is located. The records shall be open to inspection by Lot Owners or their authorized representatives at reasonable times.

7.5 Fidelity bonding.

Each officer and director of the Association who controls or disburses its funds shall be bonded by a fidelity bond in the principal sum of not less than \$10,000. The cost of bonding shall be at the expense of the Association.

7.6 Annual election of income reporting method.

The Board of Directors shall make a determination annually, based on competent advice, whether it shall cause the Association's income to be reported to the Internal Revenue Service by the "regular" method (Federal Tax Form 1120) or the "alternative" method (Federal Tax Form 1120H), according to which method of reporting shall best serve the interests of the Association for the reporting period under consideration.

ARTICLE VIII. ASSESSMENTS AND COLLECTION

8.1 Assessments, generally.

Assessments shall be made according to the provisions of Article V of the Declaration of Covenants and Restrictions.

8.2 Emergency assessments.

Assessments for common expenses for emergencies that cannot be paid from the annual assessment for common expenses shall be made by the Board of Directors after 30 days notice given to the Lot Owners. These assessments shall be paid at the times and in the manner that the Board may require in the notice of assessment.

8.3 Assessments, amended budget.

If the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors. Unpaid assessments for the remaining portion of the year for which an amended assessment is made shall be payable in as many equal installments as there are installment payment dates remaining in the budget year as of the date of the amended assessment. The budget shall not be amended for emergency or special nonrecurring expenses.

ARTICLE IX. ASSOCIATION CONTRACTS, GENERALLY

9.1 Fair and reasonable, cancellation.

Any contracts made by the Association before the Lot Owners assume control from the Developer must be fair and

reasonable. All contracts for the operation, maintenance or management of the Association or property serving the Lot Owners, made by the Association, whether before or after assumption of control of the Association by the Lot Owners, must not be in conflict with the powers and duties of the Association or the rights of the Lot Owners. Contracts made by the Association before the Lot Owners assume control may be canceled by the Lot Owners after assumption of control in the manner and under the circumstances as provided in the Act.

9.2 Vending equipment.

The Developer may obligate the Association under lease agreements or other contractual arrangements for vending equipment. The leases or agreements for the vending equipment may not be subject to cancellation by Lot Owners other than the Developer if the vending equipment leases or agreements contain certain provisions as prescribed by the Act.

9.3 Escalation clauses in management contracts prohibited.

No management contract entered into by the Association shall contain an escalation clause, since they have been declared to be against the public policy of the State of Florida.

9.4 Requirements for maintenance and management contracts.

Written contracts for operation, maintenance and management entered into by the Association must contain certain elements in order to be valid and enforceable. These include, but are not limited to:

- (a) Specification of the services, obligations and responsibilities of the service provider.
- (b) Specification of costs for services performed.
- (c) An indication of frequency of performance of services.
- (d) Specification of minimum number of personnel to provide the service contracted for.
- (e) The disclosure of any financial or ownership interest that the Developer has in the service provider, if the Developer is in control of the Association.

ARTICLE X. ROSTER OF LOT OWNERS AND MORTGAGEES

Each Lot Owner shall file with the Association a copy of the deed or other instrument showing his ownership, together with a copy of any mortgage on his Lot and any satisfaction of that mortgage. The Association shall maintain these documents in a suitable binder for reference as required in the exercise of its powers and duties.

## ARTICLE XI. COMPLIANCE AND DEFAULT

### 11.1 Violations, notice, actions.

In the case of a violation (other than the nonpayment of an assessment) by a Lot Owner of any of the provisions of the Act, the Declaration, the Articles, these By-Laws or any lawfully adopted rules and regulations, the Association by direction of its Board of Directors may transmit to the Lot Owner by certified mail, return receipt requested, a notice of the violation. If the violation shall continue for a period of 30 days from the date of the notice, the Association shall have the right to treat the violation as an intentional and material breach of the provision cited in the notice. It then, at its option, may take the following actions:

(a) File an action to recover for its damages on behalf of the Association or on behalf of other Lot Owners.

(b) File an action for injunctive relief requiring the offending Lot Owner to take or desist from taking certain actions.

(c) File an action for both damages and injunctive relief.

A Lot Owner may bring an action against the Association for damages, injunctive relief, or both, if the Association fails to comply with the provisions of the Act, the Declaration, the Articles, these By-Laws or the rules and regulations.

The foregoing action may be taken in addition to the Association's right to impose fines under 4.20 of these By-Laws.

### 11.2 Attorneys' fees.

In any action brought pursuant to the provisions of 11.1, the prevailing party is entitled to recover reasonable attorneys' fees.

### 11.3 No waiver of rights.

Neither a Lot Owner nor the Association may waive a provision of the Act if that waiver would adversely affect the rights of a Lot Owner or the purposes of the provision, except that Lot Owners or board members may waive notice of specific meetings in writing.

## ARTICLE XII. LIABILITY SURVIVES MEMBERSHIP TERMINATION

Termination of membership in the Association shall not relieve or release a former member from any liability or obligation incurred with respect to the Property during the period of membership, nor impair any rights or remedies that the Association may have against the former member arising out of his membership and his covenants and obligations incident to that membership.



ARTICLE XIII. LIMITATIONS ON LOT OWNER  
LIABILITY FOR USE OF COMMON ELEMENTS

Each Lot Owner may be personally liable for the acts or omissions of the Association relating to the use of the common elements. No individual Lot Owner's liability shall exceed the value of his Lot.

ARTICLE XIV. PARLIAMENTARY RULES

ROBERTS' RULES OF ORDER (latest edition) shall govern the conduct of the association's meetings when not in conflict with the Act, the Declaration, the Articles or these By-Laws.

14.1 Reasonableness test.

Any rule or regulation created and imposed by the Board of Directors must be reasonably related to the promotion of the health, happiness and peace of mind of the Lot Owners and uniformly applied and enforced.

ARTICLE XV. RESTRICTIONS ON AND REQUIREMENTS  
FOR USE, MAINTENANCE AND APPEARANCE OF THE LOTS

15.1 Where contained.

Restrictions on the use, maintenance and appearance of the individual Lots together with improvements thereon shall be as stated in the Declaration and no amendments or additions shall be contained elsewhere than in the Declaration as adopted by a vote of the Lot Owners in the manner prescribed elsewhere in these By-Laws.

15.2 Tests for Validity of Restrictions.

Restrictions contained in the Declaration and any amendments duly adopted by a vote of the Lot Owners shall be valid and in the nature of covenants running with the land, unless it is shown that they: (1) are wholly arbitrary in their application; (2) are in violation of public policy; or (3) abrogate some fundamental constitutional rights.

ARTICLE XVI. BY-LAWS DEEMED AMENDED

These By-Laws shall be deemed amended in those particulars as may be required to make them consistent with the provisions of the Act, as it may be amended from time to time.

ARTICLE XVII. PRIORITIES IN CASE OF CONFLICT

In the event of conflict between or among the provisions of any of the following, the order of priorities shall be, from highest priority to lowest:

- (a) Florida Statutes.

- (b) The Declaration of Covenants and Restrictions.
- (c) The Articles.
- (d) These By-Laws.
- (e) The rules and regulations.

#### ARTICLE XVIII. INDEMNIFICATION

Every officer and director of the Association shall be indemnified by the Association against all expenses and liabilities, including reasonable attorneys' fees incurred and imposed in connection with any proceedings to which he may be a party, or in which he may become involved by reason of his being or having been an officer or director of the Association, whether or not he is an officer or director at the time the expenses are incurred. The officer or director shall not be indemnified if he is adjudged guilty of gross negligence or willful misconduct or shall have breached his fiduciary duty to the members of the Association. The Association shall not be liable, however, for payment of a voluntary settlement unless it is first approved by the Board of Directors. The foregoing rights shall be in addition to and not exclusive of all other rights to which the director or officer may be entitled.

#### ARTICLE XIX. AMENDMENTS

Amendments to these By-Laws shall be proposed and adopted in the following manner:

##### 19.1 Notice.

Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which the proposed amendment is to be considered.

##### 19.2 Adoption.

An amendment may be proposed either by a majority of the Board of Directors or by not less than one third of the members of the Association. The amendment shall be adopted if it is approved either by: (a) not less than a majority of the votes of the entire membership of the Association and by not less than two thirds of the Board of Directors; or (b) by not less than 75% of the votes of the entire membership of the Association.

##### 19.3 Recording.

A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Declaration and By-Laws. The certificate shall be executed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the public records of the county.

##### 19.4 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."

ARTICLE XX.. CONSTRUCTION

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

The foregoing were adopted as the By-Laws of DRAGON'S RIDGE OWNERS ASSOCIATION, INC., on this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_.

DRAGON'S RIDGE OWNERS  
ASSOCIATION, INC.

BY W.F. [Signature]  
President

ATTEST:

\_\_\_\_\_  
Secretary