

This Instrument Prepared By:
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**BY-LAWS OF
ISLAND VILLAS CONDOMINIUM ASSOCIATION, INC.**

ARTICLE ONE: PLAN OF CONDOMINIUM OWNERSHIP

Section One. Creation of Condominium. Island Villas, a condominium, located at 650 West Pope Road, St. Augustine, Florida 32080, ("the Condominium") is submitted to the provisions of Chapter 718, Florida Statutes (2003), ("the Condominium Act"), by Declaration of Condominium for Island Villas ("the Declaration") recorded simultaneously herewith in the public records of St. Johns County, Florida.

Section Two. Applicability to Property. The provisions of the Bylaws are applicable to the Island Villas Condominium Association, Inc., ("the Association") and to the Condominium, which terms includes the land, the buildings, and all other improvements thereon, all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith.

Section Three. Applicability to Persons. All present and future Owners, lessees, and mortgagees, their employees, and any other person who may use the facilities of the Condominium in any manner shall be subject to these Bylaws, the Declaration, relevant Unit deeds, and the rules and regulations pertaining to the use and operation of the condominium property promulgated by the Association from time to time ("the Rules and Regulations").

Section Four. Office. The office of the Association shall be located at 741 A1A Beach Boulevard, St. Augustine, Florida 32080.

Section Five. Definitions. All capitalized terms not defined in these Bylaws shall have the meanings set forth in the Declaration or the Condominium Act.

ARTICLE TWO: MEMBERSHIP

Section One. Members. The Declarant and all record Owners of all Units in the Condominium shall be members of the Association, and no other persons or entities shall be entitled to membership. There shall be one (1) membership for each Unit and, if there is more than one (1) record Owner per Unit, then such membership shall be divided among such Owners in the same manner and proportion as their legal interest in the Unit. Membership shall be established by acquisition of Ownership of legal title to a Condominium Parcel, whether by conveyance, devise, judicial decree, or otherwise, subject to the provisions of these Bylaws, and by the recordation in the public records of St. Johns County, Florida, of the deed or other instrument establishing the acquisition and designating the parcel affected thereby and by the delivery to the Association of a true copy of such recorded deed or other instrument. The new Owner designated in such deed or other instrument shall thereupon become a member of the Association and the membership of the prior Owner as to the parcel designated shall be terminated.

Section Two. Restraint Upon Assignment of Shares. The shares of members in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to a Unit.

Section Three. Voting. On all matters as to which the membership shall be entitled to vote, there shall be only one (1) vote for each Unit. Where a Unit is owned by a corporation, partnership or other legal entity or by more than one (1) person, all the Owners thereof shall be collectively entitled to the vote assigned to such Unit and such Owners shall, in writing,

designate an individual who shall be entitled to cast the vote on behalf of the Owners of such Unit until such authorization is changed in writing. The term "Owner" as used herein shall be deemed to include the Declarant.

ARTICLE THREE: FORM OF ADMINISTRATION

Section One. The Association and Board of Administration. The affairs of the Condominium shall be administered and managed by an Association of Unit Owners organized as a Florida corporation not-for-profit, having the name Island Villas Condominium Association, Inc. All power and authority of the Association shall be exercised through its Board of Administration ("the Board"), consisting of not less than three (3) members.

Section Two. Composition of Board of Administration. When Unit Owners other than the Developer own fifteen percent (15%) or more of the Units in the Condominium that will be operated ultimately by the Association, the Unit Owners other than the Developer shall be entitled to elect no less than one-third of the members of the Board of Administration of the Association. Unit Owners other than the Developer are entitled to elect not less than a majority of the members of the Board of Administration of the Association:

- 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 all of the Units that will be operated ultimately by the Association have been completed, some of them have been conveyed to purchasers, and none of the others are being offered for sale by the Developer in the ordinary course of business;
- d. When some of the Units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business; or
- e. Seven years after recordation of the Declaration of Condominium;

whichever occurs first.

Persons elected to the Board by Unit Owners other than Developer shall be owners, co-owners, or mortgagees of Units, or, in the case of corporate owners or mortgagees of Units, officers, directors, shareholders, or employees of such corporations. 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 Board membership. 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.

Section Three. Powers and Duties. The Board of Administration shall have the powers and duties necessary for the administration of the affairs of the Association and the Condominium and may do all such acts and things as are not directed to be exercised and done by the Unit Owners by law, the Declaration, or these Bylaws. The powers and duties to be exercised by the Board of Administration shall include, but shall not be limited, to the following (capitalized words and phrases shall have the meanings set forth in these Bylaws or the Declaration):

- a. Maintenance, repair, replacement, cleaning, and sanitation of the Common Elements and Association Property;

- b. Determination, assessment, and collection of funds for Common Expenses, and payment of such expenses;
- c. Adoption, distribution, amendment, and enforcement of rules governing the use and operation of the Condominium and the use of the Common Elements, subject to the right of a majority of Unit Owners to change any such rules;
- d. Procurement and maintenance of insurance as hereinafter provided;
- e. Maintenance of accounting records for the Association, which records shall be made available for inspection by Unit Owners and mortgagees at all reasonable times;
- f. Authorization and prosecution in the name of the Association of any and all actions and proceeding deemed necessary or appropriate in furtherance of the interests of Unit Owners generally, including suits to foreclose liens for non-payment of assessments or to recover money judgments for unpaid assessments;
- g. Entry into any and all contracts deemed necessary or appropriate in furtherance of the interest of Unit Owners generally;
- h. Employment and dismissal of personnel deemed necessary or appropriate for the maintenance and operation of the property, the Common Elements, and the Limited Common Elements;
- i. Establishment of bank accounts in the name of the Association, and authorization of signatories therefor;
- j. Purchasing, leasing or otherwise acquiring in the name of the Board of Administration, or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale, lease, or surrender by their owners to the Board;
- k. Purchasing Units at foreclosure or other judicial sale in the name of the Board of Administration or its designee, corporate or otherwise, on behalf of all Unit Owners;
- l. Selling, leasing, mortgaging, or otherwise dealing with Units acquired by, and sub-leasing Units leased by, the Board of Administration or its designee, corporate or otherwise, on behalf of all Unit Owners;
- m. Organizing corporations to act as designees of the Board of Administration in acquiring title to or leasing Units on behalf of all Unit Owners;
- n. Contracting for repairs of, and additions and improvement to, the Association Property, and for repairs to, and restoration of, the property in accordance with the provisions of these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; and
- o. Acquiring title to property or otherwise holding, leasing, mortgaging, or disposing of property in the Association's name for the use and benefit of its members.

Section Four. Election and Terms of Office. Board member shall be elected in accordance with the procedure set forth in Article Five. The terms of all members of the Board shall expire upon the election of their successors at the annual meeting of the members. A vacancy on the Board caused by the expiration of a director's term shall be filled electing a new Board

member, and the election shall be by secret ballot; however, if the number of vacancies equals or exceeds the number of candidates, no election is required.

Section Five. Recall of Board Members. Any member of the Board of Administration may be removed from office in accordance with the provisions of Section 718.112(2)(j), Florida Statutes (2003), as amended from time to time. Electronic Transmission may not be used as a method of giving notice of a meeting called in whole or in part for this purpose.

Section Six. Organizational Meeting. The first meeting of each Board of Administration, at least a majority of the members of which have been elected by Unit Owners other than Developer, shall be held within thirty (30) days after the election of such Board, at such place as may be fixed by the Board. Notice of the organizational meeting shall be given in accordance with Section Eleven below.

Section Seven. Regular Meetings. Regular meetings of the Board of Administration may be held at such times and places as shall from time to time be determined by the Board; provided, however, at least one (1) such meeting shall be held during each calendar year. Notice of regular meetings of the Board of Administration shall be given to each Board member personally or by mail, telephone, or facsimile at least fourteen (14) days prior to the date set for such meeting.

Section Eight. Special Meetings. Special meetings of the Board of Administration may be called by the President, and shall be called by the President or Secretary on the written request of at least two (2) Board members, on ten (10) days' notice to each Board member, given personally or by mail, telephone or facsimile. Any such notice shall state the time, place and purpose of the meeting.

Section Nine. Budget Meetings.

a. **Regular Procedure.** Any meeting at which a proposed annual budget of the Association will be considered by the Board shall be open to all Unit Owners. At least fourteen (14) days prior to such meeting, the Board shall furnish a notice of such meeting and a copy of the proposed annual budget to each Unit Owner by hand delivery, Electronic Transmission, or by mail to the address last furnished to the Association. An officer or manager of the Association, or other person providing notice of such meeting, shall execute an affidavit evidencing compliance with such notice requirement and such affidavit shall be filed among the official records of the Association.

b. **Substitute Budget Procedure.** If in any fiscal year the Board adopts an annual budget which requires assessments against Unit Owners that exceed one hundred fifteen percent (115%) of assessments for the preceding fiscal year, the Board shall conduct a special meeting of the Unit Owners to consider a substitute budget if the Board receives, within twenty-one (21) days after adoption of the annual budget, a written request for a special meeting from at least ten percent of the voting interests. The special meeting shall be conducted within 60 days after adoption of the annual budget. At least fourteen (14) days prior to such special meeting, the Board shall furnish a notice of the meeting to each Unit Owner by hand delivery, Electronic Transmission, or by mail to the address last furnished to the Association, a notice of the meeting. An officer or manager of the Association, or other person providing notice of such meeting, shall execute an affidavit evidencing compliance with such 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 a majority of all voting interests. If there is not a quorum at the special meeting or the substitute budget is not approved, the annual budget previously adopted by the Board shall take effect as scheduled.

c. **Developer Budget.** If the Developer controls the Board, assessments shall not exceed one hundred fifteen percent (115%) of assessments for the prior fiscal year unless approved by a majority of all voting interests.

Any determination of whether assessments exceed one hundred fifteen percent (115%) of assessments for the prior fiscal year shall exclude 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.

Section Ten. Waiver of Notice. Any Board member may at any time waive notice of any meeting of the Board, in writing, and any such written waiver shall be deemed equivalent to the giving of the notice required herein. Attendance of any Board meeting by a member shall constitute a waiver by him or her of notice of the time and place thereof.

Section Eleven. Notice of Board Meetings. All meetings of the Board and Committees shall be open to all Unit Owners, except meetings between the Board or 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. Notice of all meetings of the Board of Administration, which shall specifically incorporate an identification of agenda items, shall be posted conspicuously on the condominium property at least 48 continuous hours preceding the meeting except in an emergency. Any item not included on the notice may be taken up on an emergency basis by at least a majority plus one of the members of the Board. Such emergency action shall be noticed and ratified at the next regular meeting of the Board. Written notice of any meeting at which non-emergency special assessments or amendment to rules regarding Unit use will be considered shall be mailed, delivered, or Electronically Transmitted to the Unit Owners and posted conspicuously on the condominium property not less than fourteen (14) days prior to the meeting. Notice of any meeting at which regular assessments against Unit Owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments. Notice of meetings of the Board and committees may only be given by Electronic Transmission to those Unit Owners who have consented to receive notices by Electronic Transmission.

Section Twelve. Quorum. At all meetings of the Board of Administration, a majority of the Board shall constitute a quorum for the transaction of business, and the acts of a majority of the members present at a meeting at which a quorum is present shall constitute the acts of the Board. If at any meetings of the Board of Administration there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

Section Thirteen. Minutes. Minutes shall be taken at all meetings of the Board of Administration. Copies of the minutes shall be available for inspection at the office of the Association by Unit Owners and Board members at all reasonable times.

Section Fourteen. Attendance by Unit Owners. Meetings of the Board of Administration and any committee thereof at which a quorum is present shall be open to all Unit Owners. Any Unit Owner may tape record or videotape meetings of the Board and may speak at such meetings with reference to all designated agenda items. The Board may adopt reasonable rules and regulations governing the frequency, duration, and manner of Unit Owner statements and governing the tape recording and videotaping of the meeting.

Section Fifteen. Compensation. The members of the Board of Administration shall serve without compensation.

ARTICLE FOUR: OFFICERS

Section One. Designation. The principal officers of the Association shall be a President, Secretary and Treasurer, all of whom shall be elected by and from the Board of Administration.

Section Two. Election of Officers. The Officers of the Association shall be elected annually by the Board of Administration at its organizational meeting, and shall hold office at the pleasure of the Board.

Section Three. Removal of Officers. On the affirmative vote of a majority of the members of the Board of Administration, any officer may be removed, with or without cause, and his successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for that purpose.

Section Four. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Board of Administration and of Unit Owners. He shall have all general powers and duties that are incident to the office of president of a Florida corporation not for profit, including, without limitation, the power to appoint committees from among the Owners from time to time as he may deem appropriate to assist in the conduct of the affairs of the Association.

Section Five. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Administration and of Unit Owners, shall have charge of such books and papers as the Board of Administration may determine and shall, in general, perform all duties incident of the office of secretary of a Florida corporation not for profit.

Section Six. Treasurer. The Treasurer shall have responsibility for the funds and securities of the Association and each Condominium, for keeping full and accurate accounts showing all receipts and disbursements, and for the preparation of all necessary financial statements. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Administration or managing agent in such depositories as may from time to time be designated by the Board of Administration, and shall, in general, perform all duties incident of the office of Treasurer of a Florida corporation not for profit.

Section Seven. Compensation. The officers shall serve without compensation.

ARTICLE FIVE: UNIT OWNERS

Section One. Annual meetings. The annual meetings of the Unit Owners shall be held on a day designated by the Board in November of each year.

Section Two. Elections. The regular election shall occur on the date of the annual meeting in accordance with the following procedure:

a. **Voting.** The members of the Board shall be elected by written ballot or voting machine. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement; however, at least twenty percent (20%) of the eligible voters must cast a ballot in order to have a valid election of members of the Board. Proxies shall in no event be used in electing the Board, either in general or elections or elections to fill vacancies caused by recall, resignation, or otherwise, unless permitted by the Condominium Act. No Unit Owner shall permit any other person to vote his or her ballot, and any such ballots improperly cast shall be deemed invalid. Any Unit Owner who permits another to vote his or her ballot may be fined by the Association in accordance with Section 718.303, Florida Statutes (2003), as amended from time to time. A Unit Owner needing assistance in casting the ballot for the reasons stated in Section 101.051, Florida Statutes (2003), as amended from time to time, may obtain assistance in casting the ballot.

b. **Notice.** Not less than sixty days before a scheduled election, the Association shall mail, deliver or Electronically Transmit to each Unit Owner entitled to a vote, a first notice of the date of the election. Any Unit Owner or other eligible person desiring to be a candidate for the Board must give written notice to the Association not less than forty (40) days before a scheduled election. The Association shall mail, deliver, or Electronically Transmit a second notice of the election, together with an agenda and a ballot listing all candidates, to all Unit Owners entitled to vote therein at least fourteen (14) days before the election in accordance with Article Five, Section 5. Upon request of a candidate, the Association shall include an information sheet, no larger than 8 ½ by 11 inches, which must be furnished by the candidate not less than thirty-five (35) days before the election, to be included with the mailing of the ballot, with the costs of mailing, delivery, or Electronically Transmitting to be borne by the Association. The Association is not liable for the contents of the information sheets prepared by the candidates.

Section Three. Special Meetings. The President may, and, if directed by resolution of the Board of Administration or by petition signed and presented to the Secretary/Treasurer by Unit Owners owning a total of a least two-thirds (2/3) of the common interest, shall, call a special meeting of Unit Owners. No business shall be transacted at a special meeting except as stated in the notice unless by consent, either in person or by proxy, of Unit Owners owning at least two-thirds (2/3) of the common interest.

Section Four. Place of Meetings. Meetings of Unit Owners shall be held at the principal office of the Association, or at such other suitable place convenient to the Owners as may be designated by the Board of Administration.

Section Five. Notice of Meetings. Written notice including an agenda and stating the place, day, and hour of the meeting and, in the case of a special meeting, stating the purpose or purposes for which the meeting is called, shall be mailed or Electronically Transmitted to each Unit Owner at the address last furnished to the Association by the Unit Owner or hand delivered to each Unit Owner at least 14 days prior to the meeting and shall be posted in a conspicuous place on the condominium property at least fourteen (14) continuous days preceding the meeting. Notices of meetings of Unit Owners, except for meetings to recall Board members under Section 178.112(2)(j), Florida Statutes, may be given by Electronic Transmission to those Unit Owners who consent to receive notice by Electronic Transmission. Unit Owners may waive notice of specific meetings. Notice for all other purposes shall be mailed to each Unit Owner at the address last furnished to the Association by the Unit Owner or hand delivered to each Unit Owner. Upon 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 Unit Owner meetings shall be posted.

Section Six. Quorum. At all meetings of Unit Owners at which a quorum is required, a majority of Unit Owners shall constitute a quorum for transaction of business. If a quorum is present at a meeting, the acts of a majority, in both common interest and in number of Units held of those Unit Owners present, shall bind all Unit Owners for all purposes other than those for which a higher percentage is required by law, by the Declaration, or by these Bylaws. If, at any meeting of Unit Owners at which a quorum is required, less than a quorum is present, a majority of those present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section Seven. Order of Business. The order of business at all meetings of Unit Owners shall be as follows:

- a. Collection of election ballots.
- b. Roll call.

- c. Proof of notice of meeting or waiver of notice.
- d. Reading of minutes of preceding meeting.
- e. Reports of officers.
- f. Reports of Board of Administration.
- g. Reports of committees.
- h. Election of inspectors of election (when appropriate).
- i. Election of members of Board of Administration (when required)
- j. Unfinished business.
- k. New business.

Section Eight. Voting. The Owner or Owners of each Unit, or some person appointed by such Owner or Owners to act a proxy on his or their behalf on such matters at which voting by proxy is permitted, shall be entitled to cast the vote appurtenant to each such Unit at all meetings of Unit Owners. Members of the Board shall be elected by written ballot or voting machine.

Section Nine. Proxies. Except as otherwise specifically provided in the Condominium Act, Unit Owners may not vote by general proxy, but may vote by limited proxies substantially conforming to a limited proxy form adopted from time to time by the Division of Florida Land Sales, Condominiums, and Mobile Homes. Limited and general proxies may be used to establish a quorum. Limited proxies may be used for any matter for which the Condominium Act requires or permits a vote of the Unit Owners unless the use of a proxy is specifically prohibited by the Condominium Act or by these Bylaws.

General proxies may be used for other matters for which limited proxies are not required, and may also be used in voting for nonsubstantive changes to items for which a limited proxy is required and given. No proxy, limited or general, may be used in the election of Board members or to fill vacancies on the Board. Notwithstanding the provisions of this section, Unit Owners may vote in person at Unit Owner meetings.

Section Ten. Minutes. Minutes shall be taken at all meetings of Unit Owners. Copies of the minutes shall be available for inspection at the office of the Association by Unit Owners and members of the Board of Administration at all reasonable times.

Section Eleven. Unit Owner Participation. Unit Owners shall have the right to participate in meetings of Unit Owners with reference to all designated agenda items and may tape record or videotape any meeting of the Unit Owners. The Association may adopt reasonable rules governing the frequency, duration, and manner of Unit Owner participation in Unit Owner meetings and governing tape recording or videotaping of Unit Owner meetings.

Section Twelve. Approval by Unit Owners. Any approval by Unit Owners required by the Condominium Act, the Declaration of Condominium or these Bylaws shall be made at a duly noticed meeting of Unit Owners, which notice shall specifically incorporate an identification of agenda items, and shall be subject to all requirements of the Condominium Act, the Declaration, and these Bylaws, provided that Unit Owners may take action by written agreement without a meeting on any matter that requires the approval of the Unit Owners. Such action must be taken in accordance with Section 617.0701, Florida Statutes (2003), as amended from time to time, which governs the number of voting interests required to authorize such action and the manner in which such action must be evidenced.

ARTICLE SIX: OPERATION OF PROPERTY

Section One. Share of Common Expenses and Common Surplus. The Common Expenses of this Association to be borne by each member shall be a proportionate share of the total operating expenses and costs of the Association.

Section Two. Determination of the Common Expenses. Each year the Board of Administration shall prepare detailed proposed budgets of Common Expenses for the Association. The Association's budget shall contain estimates of the cost of performing the functions of the Association, including without limitation the estimated amounts necessary for maintenance and operation of Association Property, landscaping, streets and walkways, office expense, utility services, replacement reserves, casualty insurance, liability insurance, and administration salaries. All budgets shall show the amounts budgeted by accounts and expense classifications and shall include projections of Common Expenses, common revenues (from sources, if any, other than assessments of Unit Owners), the amount of common charges required to meet the excess of the former over the latter, and an allocation and assessment of such common charges against Unit Owners as provided in these Bylaws and the Declaration of Condominium. The final annual budgets shall be adopted by the Board after consideration at a meeting held pursuant to Article Three, Section Nine.

After adoption of the budgets and determination of the annual Assessments per Unit, the Association shall assess such sums by promptly notifying all Owners by delivering or mailing notice thereof to the voting member representing each Unit at such member's most recent address as shown by the books and records of the Association. One-twelfth (1/12) of the Association's annual assessments shall be due and payable in advance to the Association on the first day of each month.

As used in these Bylaws, the term "Common Expenses" shall include, but shall not be limited to the following:

- a. All expenses of administration, maintenance, repair and replacement of the Association Property and the Common Elements of the Condominium.
- b. Insurance premiums on all policies of insurance obtained by the Board of Administration, managing agent or manager, as the case may be.
- c. Working capital reserve and contingency account.
- d. General operating expenses.
- e. Repair and replacement reserve.
- f. Reserve for deficits accrued in prior years.
- g. Reserve for acquisition or lease of Units, the Owners of which have elected to sell or lease the same, or that may become available at foreclosure or other judicial sale.
- h. Utility rates for water and gas, and related sewer rents.
- i. Utility rates for electricity serving the Common Elements, other than leased portions thereof, which shall be separately metered.
- j. All other amounts that the Owners may agree upon or that the Board of Administration may deem necessary or appropriate for the operation, administration, and maintenance of the Association and Condominium.

k. All other amounts designated Common Expenses by the Declaration, by these Bylaws, or by law.

The Condominium budget shall also include reserve accounts for capital expenditures and deferred maintenance. These reserve accounts shall include but are not limited to, roof replacement, building painting and pavement resurfacing reserves and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The Association may adjust replacement reserve assessments annually to take into account any extension of the useful life of a reserve item caused by deferred maintenance. This subsection does not apply to an adopted budget in which the Members have determined, by a majority vote at a duly called meeting of the Association, to provide no reserves or less reserves required by this subsection.

Section Three. Special Assessments. Special Assessments may be made by the Board of Administration from time to time to meet other needs or requirements of the Association and to provide for emergency repair or replacement of Association Property and infrequently recurring items of maintenance. However, any special Assessments which are not connected with an actual operating, managerial, or maintenance Common Expense shall not be levied without the prior approval of the majority of the members of the Association.

Section Four. Non-Waiver. The liability for Assessments may not be avoided by waiver of the use or enjoyment of any Association Property.

Section Five. Collection of Assessments. The Board of Administration shall, by suitable written notice, assess Common Expenses against Unit Owners monthly, on the first day of each month, each such assessment covering the next succeeding month. If any such installment remains unpaid for more than (10) days from the date due, the Board of Administration shall take prompt action to collect it.

Section Six. Common Surplus. If in any taxable year the net receipts of the Association from assessments and all other sources except casualty insurance proceeds and other non-recurring items exceeds the sum of (a) total Common Expenses for which payment has been made or liability incurred within the taxable year, and (b) reasonable reserves for Common Expenses and other liabilities in the next succeeding taxable year as may be determined by the Board of Administration, such excess shall be retained and applied to lessen the assessments for the next year, the amount of such reduction for each Unit Owner being in proportion to his undivided interest in the Common Elements.

Section Seven. Liability for Assessments. All Unit Owners are obligated to pay the Common Expenses assessed by the Board of Administration at the times set forth in these Bylaws. No Unit Owner may exempt himself from liability for any assessment for Common Expenses by waiver of use or enjoyment of any of the Association Property or Common Elements or by abandonment of his Unit.

Section Eight. Default in Payment of Common Expenses. In the event a Unit Owner shall fail, for thirty (30) days following the due date thereof, to pay to the Board of Administration the Common Expenses assessed against his Unit, such Unit Owner shall be deemed in default, and shall be obligated to pay interest at the highest rate allowed by law on such Common Expenses from the due date thereof, together with all administrative late fees and expenses, including reasonable attorneys' fees, incurred by the Board of Administration in any proceeding brought to collect the same, or to foreclose a lien for nonpayment thereof.

Section Nine. Foreclosure of Liens for Unpaid Common Expenses. The Board of Administration may bring an action to foreclose any lien for unpaid Common Expenses in the manner that a mortgage of real property is foreclosed or it may bring an action to recover a money judgment for the unpaid assessment without waiving any claim of lien. The Board shall give

notice to the Unit Owner of its intention to foreclose its lien at least thirty (30) days before the foreclosure action is filed. The notice shall be given by personal delivery or by certified mail, return receipt requested, addressed to the Unit Owner.

Section Ten. Use of Units; Rules and Regulations. The use of Units and the Common Elements shall be subject to reasonable restrictions set forth in the Declaration and the Rules and Regulations promulgated and amended from time to time by the Board if Directors with the approval of a majority of Unit Owners. Copies of all such rules and regulations shall be furnished to each Unit Owner prior to their effective date.

ARTICLE SEVEN: RECORDS

Section One. Records; Certification. The Board of Administration shall keep detailed records of all actions of such Board, including financial records and books of account of the Association. Such records shall include a chronological record of all receipts and disbursements. A separate account shall also be kept for each Unit containing, among other things, the amount of each assessment against such Unit, the date when due, amounts paid thereon, and the balance remaining due. The Board of Administration shall also prepare a quarterly written report summarizing receipts and disbursements of the Association, copies of which shall be made available to all Unit Owners. Additionally, an annual report of receipts and disbursements of the Condominium or a complete set of financial statements shall be rendered by the Board of Administration to all Unit Owners and mortgagees requesting the same promptly after the end of each fiscal year.

Section Two. Certificate of Compliance. A certificate of compliance from a licensed electrical contractor may be accepted by the Board as evidence of compliance by the Condominium Units to the applicable fire and life safety codes.

ARTICLE EIGHT: DISPUTE RESOLUTION

Section One. Written Inquiries. When a Unit Owner files a written inquiry by certified mail with the Board of Administration, the Board shall respond in writing to the Unit Owner within thirty (30) days of receipt of the inquiry. The Board's response shall either give a substantive response to the inquirer, notify the inquirer that a legal opinion has been requested, or notify the inquirer that advice has been requested from the division. If the Board requests advice from the division, the Board shall, within ten (10) days of its receipt of the advice, provide in writing a substantive response to the inquirer. If a legal opinion is requested, the Board shall, within sixty (60) days after the receipt of the inquiry, provide in writing a substantive response to the inquiry. The failure to provide in writing a substantive response to the inquiry as provided herein precludes the Board from recovering attorney's fees and costs in any subsequent litigation, administrative proceeding, or arbitration arising out of the inquiry. The Association may through its Board of Administration adopt reasonable rules and regulations regarding the frequency and manner of responding to Unit Owner inquiries, one of which may be that the Association is only obligated to respond to one written inquiry per Unit in any given thirty (30) day period. In such a case, any additional inquiry must be responded to in the subsequent thirty (30) day period, or periods, as applicable.

Section Two. Disputes Between Unit Owners and Association. Prior to the institution of any litigation between a Unit Owner and the Association, the parties shall petition the Division of Florida Land Sales, Condominiums and Mobile Homes for nonbinding arbitration. Arbitration shall be conducted according to the rules promulgated by the Division and in accordance with the procedure set forth in Chapter 718.1255, Florida Statutes (2003), as amended from time to time.

Section Three. Fines. The Association may levy reasonable fines against a Unit for the failure of the Unit Owner or its occupant, licensee, or invitee, to comply with any provision of the Declaration of Condominium, Bylaws or reasonable rule of the Association in

accordance with the procedure set forth in Section 718.303, Florida Statutes (2003), as amended from time to time.

ARTICLE NINE: MISCELLANEOUS

Section One. Notices. All notices required or permitted to be sent to the Board of Administration shall be sent by registered or certified mail to the office of the Board, or to such other address as such Owner may have designated, in writing, to the Board of Directors. All notices to Unit mortgagees shall be sent by registered or certified mail to their respective addresses as maintained by the Secretary in the book entitled "Mortgagees of Units". All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

Section Two. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations and failures to enforce that may occur.

Section Three. Invalidity. If any provision or provisions of these Bylaws is, or are, declared invalid, such invalidity shall in no way impair or affect the validity, enforceability, or effect of the remaining provisions of these Bylaws.

Section Four. Captions. Captions are inserted in these Bylaws for convenience and reference only, and shall not be taken in any way to limit or describe the scope of these Bylaws or any provision hereof.

Section Five. Conduct of Meetings. Roberts' Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Condominium Act, the Declaration, Articles of Incorporation, or these Bylaws.

Section Six. 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. The Declaration of Condominium
- b. The Articles of Incorporation
- c. The Bylaws
- d. The Rules and Regulations.

Section Seven. Electronic Transmission. The Board shall adopt rules and procedures for giving notice of meetings of the Board, committees, and Unit Owners by Electronic Transmission in a manner authorized by law.

ARTICLE TEN: AMENDMENT

Section One. Amendments. These Bylaws may be amended or supplemented by the vote of Unit Owners entitled to exercise two-thirds (2/3%) or more of the total voting power of the Association at a meeting of Unit Owners duly called and held for such purpose. No amendment shall be made that is in conflict with the Declaration, nor shall any amendment alter, abridge or amend the rights of the Developer or mortgagees of Units without their consent. Any such amendment or supplement shall be filed or recorded in the office in which the Declaration and a copy of these Bylaws are recorded.

IN WITNESS WHEREOF, We, being all of the Directors of Island Villas

Condominium Association, Inc., have hereunto set our hands this 20th day of JUNE, 2004.

James Nayp
[Signature]
Steph A Griffith

CERTIFICATE

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Island Villas Condominium Association, Inc., a Florida non-profit corporation, and,

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors, held on the 20th day of JUNE, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 20th day of JUNE, 2004.

Steph A Griffith
Its: Secretary
(Corporate Seal)

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