

**BYLAWS
OF
EMERALD FOREST ORANGE COUNTY HOMEOWNERS ASSOCIATION, INC.
A NONPROFIT ORGANIZATION**

1. **Definitions.** When used in these Bylaws, the terms defined in the Articles of Incorporation of the Association (the "Articles") and the Declaration of Covenants, Conditions and Restrictions for Emerald Forest (the "Declaration") shall have the same meanings as in the Articles and the Declaration.

2. **Identity.** These Bylaws, together with the Articles and the Declaration shall be sometimes referred to as the "governing documents" of the Association.

2.1 **Office.** The office of the Association shall be located at 3504 Lake Lynda Drive, Suite 170, Orlando, FL 32817, or at such other place as may be designated from time to time by the Board of Directors.

2.2 **Fiscal Year.** The fiscal year of the Association shall be the calendar year.

2.3 **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.

3. **Members.**

3.1 **Qualification.** The members of the Association shall consist of every Owner, including the Developer, and in the case of multiple Owners, every group of record Owners, of Lots in the Property. The foregoing is not intended to include persons or entities who hold an interest merely as security for performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of the Lot. A Member does not have the authority to act for the Association by virtue of being a Member. A Member may act only through its voting rights or as is otherwise specifically set forth herein.

3.2 **Change of Membership.** Change of membership in the Association shall be established by recording in the Public Records of the County in which the Property is located a deed or other instrument establishing record title to a Lot under the jurisdiction of the Association. The Owner designated as grantee by such instrument thus becomes a Member of the Association and the membership of the prior Owner is terminated. The new Owner shall notify the Association of such property transfer and furnish the Association a copy of the recorded deed, the new Owner's address, and the Owner's local agent, if any, in the event the Owner is located outside the State of Florida. Any notice requirements set out in these Bylaws and in the Articles shall be deemed to be complied with if notice to an Owner is directed to the address of said Owner as then reflected in the Association's records.

3.3 Voting Rights. Every Member of the Association, including the Developer, shall have one (1) vote for each Lot to which it holds title. Notwithstanding the foregoing, the Declaration or the Articles may provide for "Class A" Members and "Class B" Members, in which case such Members shall have the number of votes as designated therein.

3.4 Designation of Voting Representative. If a Lot is owned by one person or entity, its rights to vote shall be established by the record title to the Lot. If a Lot is owned by more than one person or entity, the person entitled to cast the votes for the Lot shall be designated by a certificate signed by all of the record Owners of the Lot and filed with the Secretary of the Association. If a Lot is owned by a general or limited partnership, the person entitled to cast the votes for the Lot shall be designated by a certificate of appointment signed by one of the general partners and filed with the Secretary of the Association. If a Lot is owned by a corporation, the person entitled to cast the votes for the Lot shall be designated by a certificate of appointment signed by the President or Vice President of the corporation and filed with the Secretary of the Association. If a Lot is owned in trust, the person entitled to vote for the Lot shall be designated by a certificate of appointment signed by the trustee of record for the trust and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Lot concerned. A certificate designating the person entitled to cast the votes of a Lot may be revoked in writing by any Owner thereof. Provided, however, that no Lot shall vote in excess of the voting rights allocated to that Lot pursuant to the Declaration.

3.5 Approval or Disapproval of Matters. Whenever the decision of an Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the votes of such Owner if at an Association meeting, unless the joinder of record Owners is specifically required by the Declaration, the Articles, or by these Bylaws.

3.6 Restraint Upon Assignment of Shares in Assets. The share of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to that Owner's Lot.

4. Members' Meetings.

4.1 Annual Members' Meetings. The annual Members' meeting shall be held each year for the purpose of appointing or electing directors, if applicable in that year, and of transacting any other business authorized to be transacted by the Members. The Board of Directors shall determine the date, time and place to hold the annual meeting.

4.2 Special Members' Meetings. Special meetings of the Members must be held when called by the Board of Directors, or by the holders of at least ten percent (10%) of the total voting interest of the Association. Business conducted at a special meeting is limited to the purposes described in the notice of the meeting.

4.3 Notice of All Meetings of Members. Written notice of a meeting stating the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be provided not less than ten (10) or more than sixty (60) days before the date of the meeting. Notice shall be provided: (a) by posting such notice in a conspicuous place in the Property; (b) by hand delivery; or (c) by first-class mail. Notice shall be provided by or at the direction of the President, the Secretary, or the officer or persons calling the meeting. If the meeting notice is mailed at least thirty (30) days before the date of the meeting, it may be done by a class of United States mail other than first class. If mailed or hand delivered, such notice shall be deemed to be delivered when placed in the Member's mailbox or deposited in the United States mail addressed to the Member at its address as it appears on the books of the Association.

4.4 Quorum. A quorum at Members' meetings shall consist of thirty percent (30%) of the total voting interest in the Association, whether represented in person or by proxy. If a quorum is present, the affirmative vote of a majority of votes represented at a meeting in person or by proxy shall constitute the acts of the Members, except when approval by a greater number of Members is required by the Declaration, these Bylaws, the Articles, or by law. When a specified item of business is required to be voted upon by a particular class of Members, if applicable, thirty percent (30%) of the votes of such class of Members shall constitute a quorum for the transaction of such item of business by that class. After a quorum has been established at a Members' meeting, the subsequent withdrawal of Members so as to reduce the number of votes at the meeting below the number required for a quorum shall not affect the validity of any action taken at the meeting or any adjournment thereof.

4.5 Proxies. Every Member entitled to vote at a meeting of Members or to express consent or dissent without a meeting, or his duly authorized attorney-in-fact, may do so in person or may authorize another person or persons to act for him by proxy. Every proxy must be dated, must state the date, time and place of the meeting for which it was given and must be signed by the authorized person who executed the proxy. A proxy is effective only for the specific meeting for which it was originally given, as the meeting may lawfully be adjourned and reconvened from time to time, and automatically expires ninety (90) days after the date of the meeting for which it was originally given. Every proxy shall be revocable at any time at the pleasure of the Member executing it and shall expire upon the transfer of title to the Lot giving rise to the voting rights to which the proxy pertains. The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the Member who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the Association officer responsible for maintaining the list of Members. If the proxy form expressly so provides, any proxy holder may appoint, in writing, a substitute to act in his place.

4.6 Adjourned Meetings. When an annual or special meeting is adjourned to a different date, time or place, the new date, time and place to which the meeting is adjourned must be announced at the meeting at which the adjournment is taken, or notice must be given of the new date, time and place pursuant to Section 4.3 hereof. Any business may be transacted at the adjourned meeting that might have been transacted on the original date of the meeting. If, however,

after the adjournment the Board fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given in compliance with the Bylaws to Members entitled to vote at such meeting who were not Members as of the previous record date.

4.7 Order of Business. The order of business at annual Member's meetings, and as far as practical at all other Member's meetings, shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposal of any unapproved minutes;
- (d) Reports of officers;
- (e) Reports of Committees;
- (f) Appointment of directors, when applicable;
- (g) Appointment of Nominating Committee;
- (h) Unfinished business;
- (i) New business; and
- (j) Adjournment.

4.8 Minutes of Meetings. The Association shall maintain minutes of each meeting of the Members and of the Board of Directors in written form or in another form which can be converted into written form within a reasonable time. The minutes shall be kept in a book available for inspection by Members or their authorized representatives at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years. A vote or abstention from voting on each matter voted upon for each director present at a Board meeting must be recorded in the minutes.

5. Board of Directors.

5.1. Governing Body. The affairs of the Association shall be governed and managed by the Board of Directors, which shall be appointed or elected as set forth herein.

5.2. Initial Board. The initial Board shall be comprised of three (3) directors appointed by the Developer. Their terms shall be governed as set forth herein, except that each initial director may be reappointed at the Developer's discretion, if otherwise permitted by these

Bylaws.

5.3. Majority Appointed. Thereafter, the Developer may continue to appoint at least a majority of the Board until the earlier of:

(a) Three (3) months after ninety percent (90%) of the Lots that will be ultimately operated by the Association have been conveyed to Members other than the Developer (not including builders, contractors or others who purchase a Lot for the purpose of constructing improvements thereupon for resale); or

(b) The time at which such other percentage of Lots has been conveyed to Members other than the Developer (not including builders, contractors or others who purchase a Lot for the purpose of constructing improvements thereupon for resale) in order to comply with the applicable requirements of any governmental chartered entity (HUD/VA) regarding mortgage financing of Lots; this subsection 5.3(b) shall be applicable only if specifically provided in the Declaration.

5.4 Less Than Majority Appointed. The Developer is entitled to appoint at least one (1) director to the Board so long as the Developer holds for sale in the ordinary course of business at least five percent (5%) of the Lots that will be ultimately operated by the Association. After the Developer relinquishes control of the Association, the Developer may continue to exercise its voting rights for any remaining Lots held by it in the same manner as any other Member, except for purposes of reacquiring control of the Association or selecting a majority of the Board of Directors.

5.5. Right of Members Other Than Developer to Elect Board The right of Members of the Association other than the Developer to elect members of the Board pursuant to Sections 5.3 and/or 5.4 shall be exercised at the next scheduled annual meeting of the Members.

5.6 Number. The Board at all times shall consist of not less than three (3) nor more than nine (9) directors. After such a time as the Developer no longer is entitled to appoint a member of the Board pursuant to Section 5.4 above, the number of members may be increased from time to time to a maximum of nine (9) members; provided, however, the established number of Board members shall always be an odd number. In the event that the number of members of the Board of Directors is changed, such changes in number shall be implemented in such a manner as to have as nearly equal in number as possible the number of directors whose terms expire in any given year. All directorships shall expire during any given three (3) year period.

5.7 Term of Office. Except for the initial Board of Directors which may serve until such time allowed hereunder, the term of office of each director shall be for staggered terms of three (3) years each. Each director shall hold office for the term for which he is elected and

until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

5.8 Removal. Any director may be removed from the Board, with or without cause, by vote or agreement in writing by a majority of all votes of the membership. In the event of the death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

5.9 Director's Fees. Directors shall serve without compensation or fees; provided, however, nothing herein shall be deemed to prevent reimbursement of out-of-pocket expenses approved by the Board and incurred on behalf of the Association.

5.10 Election. Elections of the directors must be conducted in accordance with these Bylaws. All members of the Association shall be eligible to serve on the board. Election to the Board of Directors shall be by written ballot as hereinafter provided. At such election, the Members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles. The names receiving the largest number of votes cast by eligible voters for each vacancy shall be elected.

5.11 Nominations. Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the standing committees of the Association. Notwithstanding the foregoing, a Member may nominate himself as a candidate for the Board at a meeting where the election is to be held.

5.12 Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting.

5.13 Duties of Nominating Committee. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or officers, directors or agents of the Developer, as the Committee in its discretion shall determine. Separate nominations shall be made for each vacancy to be filled. Nominations shall be placed on a written ballot as provided in Section 5.14 and shall be made in advance of the time fixed in Section 5.12 or the mailing of such ballots to Members.

5.14 Ballots. All elections to the Board of Directors shall be made on written ballot which shall:

- (a) describe the vacancies to be filled;

(b) set forth the names of those nominated by the Nominating Committee for each such vacancy; and

(c) contain a space for a write-in vote by the Members for each vacancy. Such ballots shall be prepared and mailed by the Secretary to the Members at least fourteen (14) days in advance of the date set forth therein for a return (which shall be a date not later than the day before the meeting at which the vote is to be taken).

5.15 Number of Ballots.

(a) Class A. Each Class A Member, if applicable, shall receive as many ballots as it has votes. Notwithstanding that a Member may be entitled to several votes, it shall exercise on any one ballot only one vote for each vacancy shown thereon. The completed ballots shall be returned as follows:

(1) Each ballot shall be placed in a sealed envelope marked "Ballot" but not marked in any other way;

(2) Each such "Ballot" envelope shall contain only one ballot;

(3) The Members shall be advised that, because of the verification procedures of Section 5.16 the inclusion of more than one ballot in any one "Ballot" envelope shall disqualify the return; and

(4) Such "Ballot" envelope, or envelopes (if the Member or his proxy is exercising more than one vote), shall be placed in another sealed envelope which shall bear on its face the name and signature of the Member or his proxy, the number of ballots being returned, and such other information as the Board of Directors may determine will serve to establish his right to cast the vote or votes presented in the "Ballot" or "Ballots" contained therein. The ballots shall be returned to the Secretary at the address of the Association.

(b) Class B. Each Class B Member, if applicable, shall receive one ballot upon which all votes held by each Class B Member may be exercised. If there are no separate classes of Members, each Member shall receive one ballot upon which all votes held by that Member may be exercised.

5.16 Election Committee: Counting of Ballots. Upon receipt of each return, the Secretary shall immediately place it in a safe or other locked place until the day set for the meeting at which the elections are to be held. On that day, the unopened external envelopes containing the "Ballot" envelopes shall be turned over to an Election Committee which shall consist of three (3)

members appointed by the Board of Directors. The Election Committee shall then:

- (a) establish that external envelopes were not previously opened or tampered with in any way;
- (b) open the external envelopes to establish that the number of envelopes therein marked "Ballot" corresponds to the number of votes allowed to the Member or his proxy identified on the external envelope;
- (c) confirm that the signature of the Member or his proxy on the outside envelope appears genuine; and
- (d) if, the vote is by proxy, determine that a proxy has been filed with the Secretary.

Such procedure shall be taken in such manner that the vote of any Member or his proxy shall not be disclosed to anyone, even the Election Committee. The opened external envelopes shall thereupon be placed in a safe or other locked place and the Election Committee shall proceed to the opening of the "Ballot" envelopes and the counting of the votes. If any "Ballot" envelope is found to contain more than one ballot, all such ballots shall be disqualified and shall not be counted. Ballots shall be retained for such period of time after the election as shall be deemed prudent by the Board of Directors.

5.17 Recording. Any Member may tape record or videotape meetings of the Board of Directors and meetings of the Members; provided, however, that the Board of Directors may adopt reasonable rules governing the taping of meetings of the Board and the membership.

6. Meetings of Directors.

6.1 Meetings. A meeting of the Board of Directors occurs whenever a quorum of the Board gathers to conduct Association business. Regular and special meetings of the Board are open to all Members except meetings between the Board and its attorney to discuss proposed or pending litigation where the contents of the discussion are governed by the attorney-client privilege.

6.2 Regular Meetings. Regular meetings of the board of Directors shall be held as may be determined by the Board and upon giving notice to the Members as set forth in Section 6.4 hereof, at such place and hour as may be fixed from time to time by resolution of the Board. If the day for such regular meeting is a legal holiday, then the meeting shall be held at the same time on the next day that is not a legal holiday.

6.3 Special Meetings. Special meetings of the Directors may be called by the Chairman of the Board, by the President of the Association, or by any two (2) Directors upon giving notice to the Members as set forth in Section 6.4. Additionally, not less than two (2) days' notice of

the special meeting shall be given to each director personally or by first-class mail, telegram, or cablegram, which notice shall state the time, place and purpose of the meeting.

6.4. Notice to Members. Notices of all regular or special Board meetings must be posted in a conspicuous place on the Property at least forty-eight (48) hours in advance of any such meeting, except in an emergency. In the alternative, notice must be mailed or delivered to each Member at least seven (7) days prior to the meeting, except in an emergency. Notwithstanding the foregoing, in the event the Association has 100 or more Members, the notice requirement for Board meetings may be satisfied by either publishing said notice in a newspaper widely circulated in the community where the Property is located or by providing each Member with a schedule of Board meetings on an annual basis. The notice for any Board meeting at which an assessment will be levied must include a statement that an assessment will be considered and the nature of the assessment. The notice requirements set forth in this section also apply to meetings of any committee or similar body, including any body vested with the power to approve or disapprove architectural decisions with respect to any Lot.

6.5. Manner of Voting. Directors may not vote by proxy or secret ballot at Board meetings, except that secret ballots may be used in the election of officers.

6.6. Waiver of Notice of Directors. The transaction of any business at any meeting of the Board of Directors, however called and noticed to the directors, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present, if it was properly noticed to the Members, and, if either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holdings of such meeting, or an approval of the minutes thereof. All such waivers, consents or approval shall be filed with the Associations' records and made a part of the minutes of the meeting. Other than as set forth in Section 6.4 above with regard to assessments, neither the business to be transacted nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

6.7 Defects in Notice to Director or Members, etc. Waived by Attendance. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened. Likewise, attendance of a Member at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a Member states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened. Members of the Board of Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting, including any Members, can hear each other at the same time. Participating by such means shall constitute presence in persons at a meeting

6.8 Quorum. A quorum at directors' meetings shall consist of a majority of all votes of the entire Board of Directors. The acts approved by a majority of those votes represented at a meeting at which a quorum is present shall constitute the act of the Board of Directors, except where approval by a greater number of directors is required by the Declaration, the Articles, or these Bylaws.

6.9 Adjourned Meetings. A majority of the directors present, whether or not a quorum exists, may adjourn any meeting of the Board of Directors to another time and place. Notice of any such adjourned meeting shall be given to the directors who were not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors and to the Members as required by Section 6.4.

6.10 Action by Directors Without a Meeting. Any action required to be taken at a meeting of the directors or a committee thereof, may be taken without a meeting, if such action is noticed to the Members as required by Section 6.4 and if a consent in writing setting forth the action so to be taken signed by all of the directors or all of the members of the committee, as the case may be, is filed in the minutes of the proceedings of the Board or of the committee. Such consent shall have the same effect as a unanimous vote.

6.11 Presiding Officer. The presiding officer of directors' meetings shall be the President. In the absence of the President, the Vice President shall preside, and in the absence of both, the directors present shall designate one of their number to preside.

6.12 Powers and Duties of Board of Directors. All of the powers and duties of the Association existing under Chapter 617, Florida Statutes, the Declaration, the Articles, and these Bylaws, shall be exercised by the Board of Directors, subject only to approval by Members when such is specifically required.

7. Officers.

7.1 Officers and Election. The executive officers of the Association shall be a President, who shall be selected from the Board of Directors, a Vice-President, who also shall be selected from the Board of Directors, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by 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. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find necessary or convenient to manage properly the affairs of the Association.

7.2 President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the Members from time to time as he may in his discretion determine appropriate to assist

in the conduct of the affairs of the Association. He shall serve as chairman of all Board and Members' meetings.

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

7.4 Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the Members. He shall attend to the giving and serving of all notices to the Members and directors and other notices required by law. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the directors or the President. The duties of the Secretary may be fulfilled by a manager employed by the Association.

7.5 Treasurer The Treasurer shall, have custody of all property of the Association, including funds, securities, and evidences of indebtedness. he shall keep the books of the Association in accordance with good accounting practices and provide for collection of assessments; and he shall perform all other duties incident to the office of Treasurer. The duties of the Treasurer may be fulfilled by a manager employed by the Association.

7.6 Compensation. The compensation, if any, of the officers shall be fixed by the Board of Directors.

8. Books and Records.

8.1 Official Records. The Association shall maintain, within the State of Florida, each of the following, which shall constitute the official records of the Association:

- (a) Copies of any plans, specifications, permits, and warranties related to improvements constructed on the common areas or other property that the Association is obligated to maintain, repair or replace;
- (b) A copy of the Bylaws of the Association and of each amendment to the Bylaws;
- (c) A copy of the Articles of Incorporation of the Association and of each amendment thereto;
- (d) A copy of the Declaration of Covenants and a copy of each amendment thereto;
- (e) A copy of the current rules of the Association;

(f) The minutes of all meetings of the Board of Directors and of the Members, which minutes must be retained for at least seven (7) years;

(g) A current roster of all Members and their mailing addresses and Lot identification;

(h) All of the Association's insurance policies or a copy thereof, which policies must be retained for at least seven (7) years;

(i) A current copy of all contracts to which the Association is a party, including, without limitation, any management agreement, lease or other contract under which the Association has any obligation or responsibility. Bids received by the Association for work to be performed must also be considered official records and must be kept for a period of one (1) year; and

(j) The financial and accounting records of the Association, kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least seven (7) years. The financial and account records must include:

1. Accurate, itemized, and detailed records of all receipts and expenditures;

2. A current account and a periodic statement of the account for each Member, designating the name and current address of each Member who is obligated to pay assessments, the due date and amount of each assessment or other charge against the Member, the date and the amount of each payment on the account, and the balance due;

3. All tax returns, financial statements, and financial reports of the Association; and

4. Any other records that identify, measure, record or communicate financial information.

8.2. Inspection and Copying. The official records shall be open to inspection and available for photocopying by Members or their authorized agents during reasonable business hours, at the principal office of the Association, or on the Property, within ten (10) business days after receipt of a written request for access. Such inspection must take place within the presence of an agent of the Association. The Association shall provide copies of any of the official records to any Member or its authorized agent, within ten (10) business days after receipt of a written request for such copies, and may charge a fee for providing such copies, which shall include the costs of copying.

8.3. The Association shall maintain an adequate number of copies of the Declaration, the Articles and the Bylaws, to ensure their availability to Members and prospective Members, and may charge only the actual cost of reproducing and furnishing these documents to those persons entitled to receive them.

9. Fiscal Management. The provisions for fiscal management of the Association are governed by the following provisions:

9.1 Accounts. The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications and any other classifications as shall be appropriate, when authorized and approved by the Board of Directors. The receipts shall be entered by the amounts of receipts by accounts and receipt classifications, and expenses by the amounts of expenses by accounts and expense classifications.

(a) Current Expense. The current expense account shall include all receipts and expenditures to be made within the year for which the expenses are budgeted and may include a reasonable allowance for contingencies and working funds. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense for the succeeding year or to fund reserves. This may include but not be limited to:

- (1) Professional, administration and management fees and expenses;
- (2) Taxes on Common Property;
- (3) Expense for utility services and maintenance expense relating to the Common Property;
- (4) Insurance costs;
- (5) Administrative and salary expenses;
- (6) Operating capital; and
- (7) Other expenses.

(b) Reserve for Deferred Maintenance. If required by the Board of Directors, there shall be established a reserve account for deferred maintenance which shall include funds for major maintenance items which are the obligation of the Association and which occur less frequently than annually.

(c) Reserve for Replacement. If required by the Board of Directors,

there shall be established a reserve account for replacement which shall include funds for repairs for replacements which the Association is obligated to make resulting from damage, depreciation or obsolescence.

9.2 Budget. The Board of Directors shall adopt an operating budget for the Property in advance for each calendar year. The budget must reflect the estimated revenues and expenses for that year and the estimated surplus or deficit as of the end of the current year. The budget must set out separately all fees or charges for recreational amenities, if any, whether owned by the Association, the Developer or another person. The budget shall be prepared utilizing the categories for current expenses and reserves set forth in Section 9.1 above. The Association shall provide each Member with a copy of the annual budget or a notice that a copy of the budget is available upon request at no charge. The copy must be provided within ten (10) business days after receipt of a written request for such copy.

9.3 Assessments. The manner in which expenses of the Association are shared, and the Members proportionate share thereof, are set forth in the Declaration. Assessments levied pursuant to the annual budget or special assessments must be in the Members proportional share of expenses as described in the Declaration, which share may be different among classes of Members, based upon relevant factors which may include the state of development thereof or level of services received by a class of Members. The Board of Directors shall establish the amount of the assessments based upon the annual budget each year; the Board also shall establish and notify the Members of the frequency and/or due dates of the assessments established under the annual budget. If an annual assessment is not levied as required, an assessment shall be presumed to have been levied in the amount of the last prior assessment, and such assessments shall be due at the same time(s) in the year as the prior year. In the event the annual assessments prove to be insufficient, the budget and assessments may be amended at any time by the Board of Directors.

9.4 Acceleration of Assessment Installments Upon Default. Installments of assessments are due upon receipt by each Owner of the bill therefor. If an Owner shall fall more than fifteen (15) days in arrears in the payment of an installment of the annual assessment, the Board of Directors may provide written demand to the said Owner specifying that, if the overdue installment or installments are not paid within twenty (20) days from the receipt for the said written demand, then the Board of Directors shall be deemed to have declared the sums to be delinquent and to have accelerated the remaining installments of the annual assessment as of the said twentieth (20th) day, without further notice or demand. The unpaid balance of the delinquent installment, and upon acceleration of the unpaid balance of the annual installment, the entire unpaid balance of the annual assessment, shall bear interest from the date due until paid at the highest rate allowed by law, or at such lesser rate as may be adopted and uniformly applied by the Board. In addition, any payment of assessments not made within thirty-five (35) days after the due date thereof shall become a lien upon the Lot upon the recordation by the Association or its agent of a Claim of Lien setting forth the amount due and the description of the Lot intended to be encumbered. The said lien shall also secure all costs of collection including, without limitation, costs of legal action and the Association's reasonable attorneys' fees, including said costs and fees upon appeal, as well as subsequent installments which are thereafter unpaid when due and while the lien remains unsatisfied. The lien

may be foreclosed in the same manner as a mortgage upon real estate, or the Association, without waiving the right of foreclosure, may pursue collection directly against the affected Owner.

9.5 Depository. The depository of the Association will be such banks as shall be designated from time to time by the directors and the withdrawal of monies from such accounts shall be only by checks signed by such persons as authorized by the directors; provided, however, that the provisions of a management agreement between the Association and a manager relative to the subject matter of this section shall supersede the provisions hereof.

9.6 Financial Reporting. The Association shall prepare an annual financial report within sixty (60) days after the close of the fiscal year. The Association shall provide each Member a copy of the annual financial report or a written notice that a copy of such report is available upon request at no charge. Such copy shall be furnished within ten (10) business days after receipt of a written request for the financial report. The financial report shall consist of either:

- (a) Financial statements presented in conformity with generally accepted accounting principals; or
- (b) A financial report of actual receipts and expenditures, cash basis, which report must show:
 - (1) The amount of receipts and expenditures by classification; and
 - (2) The beginning and ending cash balances of the Association.

10. Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of Association meetings, when not in conflict with these Bylaws.

11. Amendment. Amendments to these Bylaws shall be proposed and adopted in the following manner:

11.1 Resolution. The Board of Directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote by the Board of Directors at a meeting of the Directors.

11.2 Notice. Within the time and in the manner provided in these Bylaws for the giving of notice of meetings of the Board, written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member of record.

11.3 Vote. At such meeting of the Board, a vote of the Directors shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving the affirmative vote of a majority of the votes of the Directors.

11.4 Multiple Amendments. and voted upon by the Board at one meeting.

Any number of amendments may be submitted

11.5 Proviso. No amendment shall make any changes in the qualifications for membership nor the voting rights of Members without approval by a majority of the votes of the Members. No amendment shall be made that is in conflict with chapter 617. Florida Statutes, or with the Declaration or Articles of Incorporation.

The foregoing were adopted as the Bylaws of EMERALD FOREST ORANGE COUNTY HOMEOWNERS ASSOCIATION, INC., a nonprofit corporation established under the laws of the State of Florida, at the first meeting of the Board of Directors on the 13th day of September, 1995.

APPROVED:

Name: Jeannine J. Herndon
Title: Secretary

Name: William T. Carmichael
Title: President