

EXHIBIT "D" TO PROSPECTUS  
(Also Exhibit "D" to Condominium Declaration)

BYLAWS  
of  
**Harbour Isle at Hutchinson Island East Condominium Association, Inc.**

INCLUDING:

SCHEDULE "A" TO BYLAWS  
RULES AND REGULATIONS  
for  
**Harbour Isle at Hutchinson Island East Condominium Association, Inc.**

**BYLAWS  
OF  
HARBOUR ISLE AT HUTCHINSON ISLAND EAST CONDOMINIUM ASSOCIATION, INC.**

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Section 1.     Identification of Association

These are the Bylaws of HARBOUR ISLE AT HUTCHINSON ISLAND EAST CONDOMINIUM ASSOCIATION, INC. ("Association"), as duly adopted by its Board of Directors ("Board"). The Association is a Florida corporation not for profit, organized pursuant to Chapter 617, Florida Statutes, for the purpose of managing, operating, and administering the condominium known as Harbour Isle at Hutchinson Island East, a Condominium ("Condominium"), as more particularly set forth in the Articles of Incorporation of the Association ("Articles").

1.1     The office of the Association shall be for the present at 801 Seaway Drive, Hutchinson Island, Florida 34949, and thereafter may be located at any place designated by the Board.

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

1.3     The seal of the corporation shall bear the name of the corporation, the word "Florida" and the words "Corporation Not For Profit."

Section 2.     Definitions

2.1     All terms shall have the meanings set forth in the Condominium Act, Chapter 718, Florida Statutes, 2003 ("Act"), as amended through the date of recording the Declaration amongst the Public Records of St. Lucie County, Florida ("County") and, for clarification, certain terms shall have the meanings ascribed to them in the Articles. All terms defined in the Articles shall appear with initial capital letters each time such term appears in these Bylaws.

2.2     Notwithstanding anything to the contrary, references to any of the documents shall be deemed to include any amendment to such document as set forth therein.

Section 3.     Membership; Members' Meetings; Voting and Proxies

3.1     The qualification of Members, the manner of their admission to Membership and the termination of such Membership shall be as set forth in Article IV of the Articles.

3.2     The Members shall meet annually at the office of the Association or at such other place in the County, at such time as determined by the Board and as designated in the notice of such meeting ("Annual Members' Meeting"), commencing with the year following the year in which the Articles are filed with the Secretary of State. The purpose of the Annual Members' Meeting shall be to hear reports of the officers, elect members of the board (subject to the provisions of Article IX of the Articles) and transact any other business authorized to be transacted by the Members.

3.3     Special meetings of the Members shall be held at any place within the State of Florida whenever called by the President or Vice President of the Association or by a majority of the Board. A special meeting must be called by such President or Vice President upon receipt

of a written request from one-third (1/3) of the Members except as otherwise provided in Sections 4.5(a) and 7.3 hereof.

3.4 Except as otherwise provided herein, written notice of a meeting (whether the Annual Members' Meeting or a special meeting of the Members) shall be mailed to each Member at his last known address as such address appears on the books of the Association. Proof of such mailing shall be given by affidavit of the person who mailed such notice and also by such other method as may be required by the Act. The notice shall state the time and place of such meeting and the purpose for which the meeting is called. Unless a Member waives in writing the right to receive notice of the meeting, written notice of Annual Members' Meetings and special meetings of the Members shall be mailed or delivered to each Member in the manner required by the Act, not less than fourteen (14) days prior to the date of the meeting. Notice of the Annual Members' Meeting or special meeting of the Members shall be posted at a conspicuous place on the Association Property at least fourteen (14) continuous days prior to the meeting. If a meeting of the Members, either a special meeting or an Annual Members' Meeting, is one which, by express provision of the Act or documents relating to the Condominium (collectively, the "Condominium Documents") (provided the express provision of the Condominium Documents are in accordance with the requirements of the Act) there is permitted or required a greater or lesser amount of time for the mailing or posting of notice than is required or permitted by the provisions of this Paragraph 3.4, then such express provision shall govern.

3.5 The Members may waive notice of special meetings and at the discretion of the Board, act by written agreement in lieu of a meeting. Written notice of the matter or matters to be considered by written agreement in lieu of a meeting shall be given to the Members at the addresses and within the time periods set forth in Section 3.4 hereof or duly waived in accordance with such Section. The notice shall set forth a time period during which time a response must be made by a Member or "Proxy" (as hereinafter defined). The decision of a majority of a quorum of the Voting Interests (as evidenced by written response to be solicited in the notice) shall be binding on the Members provided a quorum of the Members submits a response. However, if the question is one upon which, by express provisions of the Act or the Condominium Documents (provided the express provisions of the Condominium Documents are in accordance with the requirements of the Act), requires a vote of other than a majority vote of a quorum, then such express provision shall govern and control the required vote on the decision of such question.

3.6 A quorum of the Members shall consist of persons entitled to cast votes on behalf of a majority of the entire Membership. When a quorum is present at any meeting and a question which raises the jurisdiction of such meeting is presented, the holders of a majority of the Voting Interests present in person or represented by written Proxy shall be required to decide the question. However, if the question is one which, by express provision of the Act or the Condominium Documents (provided the express provision of the Condominium Documents is in accordance with the requirements of the Act), requires a vote other than the majority vote of a quorum, then such express provision shall govern and control the required vote on the decision of such question.

3.7 If any meeting of Members cannot be properly held because a quorum is not in attendance, the Members who are present, either in person or by Proxy, may adjourn the meeting from time to time until a quorum is present. A quorum is not required for an election to occur; however, at least twenty percent (20%) of the eligible voters must cast a ballot in order to have a valid election of Directors. In the case of the meeting being adjourned, the notice provisions for the adjournment shall, subject to the Act, be as determined by the Board.

3.8 At any Annual Members' Meeting at which elections of Directors are to occur Directors shall be elected by written ballot or voting machine. In no event shall Proxies be used in electing the Board, either in general elections or elections to fill vacancies caused by resignation, recall, or otherwise, unless otherwise provided in the Act. The procedures for the nomination of candidates and voting in elections shall be as provided in Section 718.112(2)(d)(3) of the Act.

3.9 If a quorum is not in attendance at a meeting, the Members entitled to vote who are present, either in person or by Proxy, may adjourn the meeting from time to time until a quorum is present with no further notice of such meeting being required unless otherwise determined by the Board. In the event any meeting is adjourned or postponed to be continued at another time because a quorum is not present at such meeting, then and in that event, the quorum requirements provided herein shall be reduced to the presence in person or by Proxy of one-third (1/3) of the Voting Interests of Members of the Association at the adjourned meeting. Actions approved by a majority of the Voting Interests of Members present in person or by Proxy at such adjourned meeting at which such reduced quorum exists shall be binding upon all Members and for all purposes except where otherwise provided by law, in any Declaration, in the Articles, or in these Bylaws. This reduction of the quorum requirements shall apply only if the Board sends notice of the adjourned or postponed meeting to the Members as elsewhere provided, which notice must specifically provide that quorum requirements will be reduced at the adjourned or postponed meeting.

3.10 Minutes of all meetings shall be kept in a business-like manner and available for inspection by the Members and Directors at all reasonable times. The Association shall retain minutes for at least seven (7) years subsequent to the date of the meeting the minutes report.

3.11 All Members shall vote in the manner stated in Article IV of the Articles. Voting rights of Members shall be as stated in the Declaration and the Articles. Such votes may be cast in person or by Proxy. "Proxy" is defined to mean an instrument in writing, signed by a Member, appointing a person to whom the Member delegates the Member's right to cast a vote or votes in the Member's place and stead. Proxies shall be valid only for the particular meeting designated therein and any lawful adjournments thereof; provided, however, that no Proxy shall be valid for a period longer than ninety (90) days after the date of the first meeting for which such Proxy was given, provided, this express provision is not inconsistent with the requirements of the Act, in which case the Act shall govern and control. Each Proxy shall contain the date, time and place of the meeting for which the Proxy is given. A limited Proxy shall set forth those items which the Proxy holder may vote and the manner in which the vote is cast. Members shall not vote by general Proxy, except as provided in Section 718.112(2)(b)(2) of the Act, but may vote by limited Proxy. A Proxy must be filed with the Secretary of the Association before the appointed time of the meeting in order to be effective. Any Proxy may be revoked prior to the time a vote is cast by virtue of such Proxy.

3.12 Upon demand of any Member at any time prior to a vote upon any matter at a meeting of the Members, any Member may demand voting on such matter shall be by secret ballot. The chairman of the meeting shall call for nominations for inspectors of election to collect and tally written ballots upon the completion of balloting upon the subject matter. Notwithstanding the terms set forth above, pursuant to Section 718.112(2)(d)(3) of the Act, the Board shall be elected by written ballot or voting machine.

3.13 Members shall have the right to participate in meetings with reference to all designated agenda items in accordance with the rules established by the Board. In addition,

any Member may tape record or videotape a meeting in accordance with the rules established by the Board.

Section 4. Board of Directors; Directors' Meetings

4.1 The form of administration of the Association shall be by a Board of not less than three (3) Directors. At each Annual Members' Meeting held subsequent to the year in which the Developer's Resignation Event occurs, the number of Directors (which must be an odd number) shall be determined by the Board from time to time. Except for Developer-appointed Directors, Directors must be Association Members or the spouses, parents or children of Members.

4.2 The Articles' provisions setting forth the selection, designation, election and removal of Directors are hereby incorporated herein by reference. Directors elected by the Members in accordance with Article IX of the Articles shall be elected by a plurality of votes cast by the Members present in person or by Proxy and entitled to vote at a properly held Annual Members' Meeting or special meeting of the Members.

4.3 Subject to Section 4.5 below and Developer's rights set forth in the Articles and as set forth in Section 4.5(b) below, Board vacancies shall be filled by person(s) elected by the affirmative vote of a majority of the remaining Directors. Such person shall be a Director and have all the rights, privileges, duties and obligations as a Director elected at the Annual Members' Meeting. A Director elected by the Board to fill a vacancy shall hold office only until the next election of Directors by the Members.

4.4 The term of each Director's service, except as provided in Section 4.3 of these Bylaws, shall extend until the next Annual Members' Meeting and thereafter, until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided herein.

4.5 (a) Any member of the Board elected by Purchaser Members as provided in the Articles may be recalled and removed from office with or without cause by a vote or agreement in writing by a majority of all the voting interests of all Purchaser Members. A special meeting of the Purchaser Members to recall a member or members of the Board may be called by ten percent (10%) of the Purchaser Members giving notice of the meeting as required for a meeting of Members and the notice shall state the purpose of the meeting. Any such recall shall be effected and a recall election shall be held, if applicable, as provided in Section 718.112(2)(j), of the Act., as such Section may be amended from time to time.

(b) A Director on the First Board or designated by Developer as provided in the Articles may be removed by Developer pursuant to the following rules and limitations established by Rule 61B-23.0026, F.A.C.: (i) only Units owned by Developer shall be counted to establish a quorum for a meeting to recall and replace a member of the Board who was elected or appointed by Developer; (ii) the percentage of voting interests required to recall a member of the Board who was elected or appointed by Developer is a majority of the total Units owned by Developer; (iii) a member of the Board who is elected or appointed by Developer may be recalled only by Developer; and (iv) only Developer may vote, in person or by limited proxy, to fill vacancy on the Board previously occupied by a member of the Board elected or appointed by Developer.

4.6 Notice to Members of the Annual Members' Meeting at which the Board is elected shall specify that the organizational meeting of the newly elected Board shall be held immediately following the Annual Members' Meeting. In the event the newly elected Board announces at the Annual Members' Meeting that the Board will not have its organizational

meeting immediately after the Annual Members' Meeting, the Members shall be properly noticed as provided for in these Bylaws. No further notice of the organizational meeting shall be necessary, providing that a quorum shall be present at such organizational meeting.

4.7 The Board's regular meetings may be held at such time and place as shall be determined from time to time by a majority of Directors. The Board's special meetings may be called at the discretion of the President or the Vice President of the Association. Special meetings must be called by the Secretary at the written request of one-third (1/3) of the Directors.

4.8 Notice of the time, agenda and place of Board regular and special meetings, or adjournments thereof, shall be given to each Director personally or by mail, telephone or telegraph at least three (3) days prior to the day specified for such meeting. Except in an emergency, notice of a Board meeting shall be posted conspicuously on the Association Property at least forty-eight (48) continuous hours in advance for the attention of Members. Notice of any meeting where regular Assessments against Members 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 a meeting where non-emergency Special Assessments or amendments to rules regarding Unit use will be considered, shall be mailed or delivered to the Owners and posted conspicuously on the Association Property not less than fourteen (14) days prior to the meeting. Proof of such mailing shall be given by affidavit executed by the person providing the notice and filed among the official records of the Association. Any Director may waive notice of the meeting before, during or after a meeting and such waiver shall be deemed equivalent to the receipt of notice by such Director.

4.9 For matters to be considered by the Board, a quorum of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board, except as specifically provided elsewhere herein or in any of the Condominium Documents. A Director who is present at a Board meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest. A vote or abstention for each Director present shall be recorded in the minutes. If at any Board meetings there shall be less than a quorum present, the majority of those present entitled to vote may adjourn the meeting from time to time until a quorum is present. When a quorum is present after adjournment of a meeting, any business that might have been transacted at the meeting as originally called may be transacted. In the case of a meeting adjournment, the notice provisions for the adjournment shall, subject to the Act, be as determined by the Board.

4.10 The presiding officer at Board meetings shall be the President. In the President's absence, the Directors present shall designate any one (1) of their number to preside.

4.11 Directors shall not receive any compensation for their services.

4.12 The Board shall have the power to appoint executive committees of the Board consisting of not less than two (2) Directors. Executive committees shall have and exercise such powers of the Board as may be delegated to such executive committee by the Board.

4.13 Board meetings shall be open to all Members. Members shall have the right to participate in meetings with reference to all designated agenda items in accordance with the

rules established by the Board. In addition, any Member may tape record or videotape a meeting in accordance with the rules established by the Board.

Section 5. Fining Procedure for Enforcement of the Condominium Documents; Fees

5.1 The Association may levy reasonable fines against a Unit for the failure of the Owner of the Unit or its occupant, licensee, or invitee, to comply with any provision of the Declaration, the Bylaws or the applicable rules established by the Board. No fine will become a lien against a Unit. No fine may exceed the amounts set forth in Section 718.303(3) of the Act. However, a fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, provided that such fine shall not exceed the amounts established by Section 718.303(3) of the Act. No fine may be levied except after giving reasonable notice and opportunity for a hearing to the Unit Owner and, if applicable, the Unit Owner's licensee or invitee. The hearing must be held before a committee of other Unit Owners. If the committee of said Unit Owners does not agree with the fine, the fine may not be levied. The provisions hereof do not apply to unoccupied Units.

5.2 (a) Any Owner may appear before the Association to seek an exemption from or variance in the applicability of any given rule or regulation as it relates to said Owner on grounds of undue hardship or other special circumstances.

(b) Where the Association levies fines, such fines shall be levied pursuant to the procedures set forth in the rules established by the Board so long as said rules comply with Section 718.303 (3) of the Act.

5.3 The Association shall charge an Owner who fails to timely pay any Assessment a late charge for such late Assessment in an amount not to exceed the maximum amount permitted by the Act. Owners shall be responsible to pay all attorneys' fees, paralegal charges and court costs, if any, incurred in connection with the collection of late Assessments whether or not an action at law to collect said Assessment and foreclosure of the Association's lien has been commenced. The Association may charge an administrative fee in addition to any interest charged in accordance with the Declaration in an amount not to exceed the greater of \$25.00 or five percent (5%) of each installment that is late. Any payment received by the Association shall be applied in the following order: (i) to any interest accrued by the Association; (ii) to any administrative late fee; (iii) to attorney's fees, paralegal charges and court costs incurred in collection; and (iv) to the delinquent Assessment.

5.4 (a) The existence of the Association's right to fine as herein provided shall not preclude nor limit the Association's right to seek any other enforcement method or remedy established: (i) by the Condominium Documents; (ii) at law; or (iii) in equity.

(b) The Board, in the Board's sole discretion, may increase the amount of the fines as set forth herein; provided, however, any such increase shall conform to the Act's applicable requirements as to the maximum dollar amount of such fines as such maximum dollar amount may be increased by Act amendments from time to time.

5.5 Written inquiries by Owners to the Board shall be handled in accordance with Section 718.112(2)(a)2 of the Act, as it may be amended from time to time.

5.6 The Board may charge a fee in an amount determined by the Board in compliance with the provisions of the Act for the approving or disapproving of proposed purchasers of Units.

## Section 6. Officers of the Association

6.1 The Association's executive officers shall be the President, who shall be a Director, one (1) or more Vice Presidents, a Treasurer, a Secretary and, if the Board so determines, one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, all of whom the Board shall elect annually. Any officer may be removed from office without cause by vote of the Directors at any meeting of the Board. The Board shall, from time to time, elect and designate the powers and duties of such other officers and assistant officers as the Board shall find to be required to manage the Association's affairs.

6.2 The President, who shall be a Director, shall: (i) be the Association's chief executive officer; (ii) have all of the powers and duties which are usually vested in the office of the President of a condominium association including, but not limited to, the power to appoint committees from among the Members at such times as the President may, in the President's discretion, determine appropriate to assist in conducting the Association's affairs; and (iii) preside at all Board meetings.

6.3 The Vice President(s) shall: (i) in the absence or disability of the President, exercise the powers and perform the duties of the President; (ii) generally assist the President; (iii) exercise such other powers and perform such other duties as the Board shall prescribe. In the event the Board elects more than one (1) Vice President, then each subsequently-elected Vice President shall be designated "First," "Second," etc. and shall be called upon in such order to exercise the powers and perform the duties of the President if the President is absent or incapacitated.

6.4 The Secretary shall: (i) keep the minutes of all proceedings of the Board and Members' meetings, which minutes shall be recorded in a business-like manner and shall be available for inspection by Members and Directors at all reasonable times; (ii) have custody of the Association's seal and shall affix the Association's seal to instruments requiring a seal when duly signed; (iii) keep the Association's records, except those of the Treasurer; and (iv) perform all of the duties incident to the office of Secretary of the Association as may be required by the Board or the President. The Assistant Secretary, if any, shall assist the Secretary and shall perform the duties of the Secretary when the Secretary is absent.

6.5 The Treasurer shall: (i) have custody of all the Association's property, including funds, securities and evidences of indebtedness; (ii) keep the Members' assessment rolls and accounts; (iii) keep the Association's books in accordance with good accounting practices; and (iv) perform all the duties incident to the office of Treasurer. The Assistant Treasurer, if any, shall assist the Treasurer and shall perform the duties of the Treasurer whenever the Treasurer is absent.

6.6 Officers shall not receive compensation for their services. The Board shall fix the compensation, if any, of all other Association employees. This provision shall not preclude the Board from employing a Director or an officer as an employee of the Association nor preclude the contracting with a Director or an officer for the management of all or any portion of the Condominium.

## Section 7. Accounting Records; Fiscal Management

7.1 (a) The Association shall maintain the Association's official records in accordance with Section 718.111(12) of the Act, which records shall be open to inspection by



Members and owners of first mortgages on Units or their authorized representatives at reasonable times. The Association may charge Owners, owners of first mortgages on Units or their authorized representative the Association's actual costs for preparing and furnishing copies of documents including, but not limited to, the Declaration, Articles, Bylaws, applicable rules and regulations established by the Board, questions and answers sheet and any amendment to the foregoing to those requesting same. Authorization of a representative of a Member must be in writing, signed by the Member giving the authorization and dated within ten (10) working days before the date of the inspection. The official records shall include accounting records for the Association maintained according to good accounting practices. Such accounting records shall be maintained for a period of not less than seven (7) years. Accounting records so maintained by the Association shall include, but are not limited to: (i) accurate, itemized and detailed records of all receipts and expenditures of the Association; (ii) for each Unit, the following information: (a) a current account, and a quarterly statement of the account (or for any other interval required by the Act, as amended from time to time); (b) the name of the Owner; (c) the due date of each Assessment and Special Assessment, if any; (d) the amount of each Assessment and Special Assessment, if any; (e) the amount paid upon the account; and (f) the balance due; (iii) all audits reviews, accounting statements and financial reports of the Association; and (iv) all contracts for work to be performed; and (v) bids received by the Association for work by or for the Association. Sub-item (v) above shall be considered official records and maintained by the Association for a period of one (1) year.

(b) An accountant or Certified Public Accountant shall prepare a report of the Association's actual receipts and expenditures for the previous twelve (12) months ("Report"). Such individual shall also prepare financial statements to comply with the requirements of Rule 61B-22.006(10), F.A.C., unless this requirement is waived pursuant to Rule 61B-22.006(11), F.A.C. and Section 718.111(13) of the Act. The Report shall be prepared consistent with the requirements of Rule 61B-22.006, F.A.C., and a copy of such report shall be furnished in accordance with the Act to each member not later than the first day of April of the year following the year for which the Report is made. The Report will include account classifications designated in the Act, if applicable, and accounts otherwise included at the Board's discretion. The Report shall be deemed to be furnished to the Member upon its delivery or mailing to the Member at the last known address shown on the Association's books and records. In the event the requirements of Rule 61B-22.006, F.A.C., are properly waived, then the Report shall be prepared and furnished complying with Section 718.111(13) of the Act and Rule 61B-22.006, F.A.C.

7.2 (a) The Board shall adopt a Budget for the Common Expenses of the Condominium ("Budget") for each forthcoming fiscal year ("Budget Year") at a special meeting of the Board ("Budget Meeting") called for that purpose in October or November prior to the applicable Budget Year. Prior to the Budget Meeting a proposed Budget for the Condominium shall be prepared by or on behalf of the Board, which Budget(s) shall include, but not be limited to, the following items of expense applicable to the Condominium:

- (1) Administration of the Association;
- (2) Utilities;
- (3) Management Fees;
- (4) Maintenance;
- (5) Rent for recreational and other commonly-used facilities;
- (6) Taxes upon Association property;
- (7) Taxes upon leased areas, if any;
- (8) Insurance;
- (9) Security provisions including monitored alarm expenses, if any;

- (10) Other expenses;
- (11) Operating capital;
- (12) Reserves for Capital Expenditures and Deferred Maintenance;
- (13) Fees payable to the Division of Florida Land Sales, Condominiums and Mobile Homes;
- (14) Corporation Assessments and fees;
- (15) Cable television expenses, if any; and
- (16) Security expenses, if any

(b) The Budget for the Condominium constitutes an estimate of the expenses to be incurred by the Association for and on behalf of the Condominium. The procedure for the allocation of the expenses attributable to the Condominium, which are the Common Expenses of the Condominium, shall be as follows:

(1) The Board shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of Condominium Property. The Budget for the Condominium shall include, on an annual basis, the establishment of reserve accounts for capital expenditures and deferred maintenance of the Condominium Property. The reserve accounts shall include, but not be limited to: (i) roof replacement; (ii) building exterior repainting; (iii) pavement resurfacing (with regard to roof replacement, building exterior repainting or pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost); (iv) seawall replacement and repair; and (v) for any other items for which the deferred maintenance expense or replacement cost exceeds Ten Thousand Dollars (\$10,000). The amount to be reserved shall be computed by means of a formula that is based upon estimated remaining useful life and estimated replacement cost of each reserve item. Notwithstanding any other provisions to the contrary contained herein, in the event that, by a majority vote of either Members at a duly called meeting of the Association, elect to have less than a full reserve or no reserve for deferred maintenance and replacement, then the applicable Budget shall be based on such lesser reserves or no reserves, as the case may be.

DEVELOPER HEREBY ACKNOWLEDGES DEVELOPER'S INTENTION TO VOTE DEVELOPER'S UNITS TO WAIVE RESERVES FOR THE FIRST TWO (2) FISCAL YEARS OF THE ASSOCIATION BEGINNING WITH THE YEAR IN WHICH THE DECLARATION IS RECORDED.

(c) Copies of the applicable proposed Budget and notice of the exact time and place of the Budget Meeting shall be mailed to each Member at the Member's last known address, as reflected on the books and records of the Association, not less than fourteen (14) days prior to said Budget Meeting, and the Budget Meeting shall be open to the Members. Failure to timely adopt a Budget for the Condominium shall not alter or abrogate the obligation to pay Common Expenses.

(d) In administering Association finances, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) any income received by the Association in any calendar year may be used by the Association to pay expenses incurred by the Association in the same calendar year; (iii) there shall be apportioned between calendar years on a pro rata basis any expenses which are prepaid in any one (1) calendar year for Common Expenses which cover more than such calendar year; (iv) Assessments shall be made not less frequently than quarterly in amounts not less than are required to provide funds in advance for payment of all of the anticipated current expenses and for all unpaid expenses previously incurred; and (v) expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such expenses is received. Notwithstanding the foregoing,

Assessments shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses and anticipated cash needs in any calendar year as such expenses are incurred in accordance with the cash-basis method of accounting. The cash-basis method of accounting shall conform to generally-accepted accounting standards and principles.

(e) The Board shall not be required to anticipate revenue from Assessments or expend funds to pay for Common Expenses, Operating Expenses or cable and monitored alarm expenses, if any, not included in a Budget or which shall exceed budgeted items, and the Board shall not be required to engage in deficit spending. Should there exist any deficiency which results from expenses being greater than income from Assessments, then such deficits shall be carried into the applicable Budget for the next succeeding year as a deficiency or shall be the subject of a Special Assessment to be levied by the Board as otherwise provided in the Declaration.

(f) The Board may also include in the proposed Budget a sum of money as an Assessment for the making of betterments to Condominium Property and for anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis.

(g) Pursuant to Section 8.1.3.4 of the Declaration, the Board shall prepare a special budget consisting of Storage Space Area Expenses and Storage Space Area Assessments, which special budget shall be applicable only to those Owners who own Units to which a Storage Space has been assigned as an appurtenance.

7.3 The following provisions shall be applicable to the adoption of the Budget:

(a) The Board may propose a Budget to the Members at a meeting of the Members or in writing. Notice of any Budget meeting, together with a copy of the proposed Budget of common expenses, shall be hand delivered or mailed to each Member at the address last furnished to the Association not less than fourteen (14) days prior to the meeting at which the proposed Budget will be considered. Evidence of compliance with the fourteen (14)-day notice provision must be made by an affidavit executed by an officer of the Association or the manager or other person providing notice of the Budget meeting, and such affidavit shall be filed among the official records of the Association. If the proposed Budget is approved by the Members at a meeting of the Members by a majority of all the voting interests of Members, or in writing by a majority of the voting interests of Members, the Budget is adopted. If an adopted Budget requires assessments against Members which exceed one hundred fifteen percent (115%) of the Assessments for the immediately preceding year, the Board shall conduct a special meeting of the Members to consider a substitute Budget if the Board receives, within 21 days after adoption of the Budget, a written request for a special meeting from at least ten percent (10%) of the voting interests of Members. The special meeting shall be conducted within 60 days after adoption of the Budget. At least fourteen (14) days prior to such special meeting, the Board shall hand deliver to each Member, or mail to each Member at 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 this notice requirement. At the special meeting, the Members shall consider and enact a substitute Budget. Said substitute Budget must be approved by a vote of not less than a majority vote of all the voting interests at such special meeting. If a special meeting of the Members has been called and a quorum is not attained or a substitute Budget is not adopted by the Members, then the Budget previously adopted by the Board shall go into effect as scheduled. This sub-item (a) shall only be required when the Board is not controlled by the Developer.

(b) For so long as the Developer is in control of the Board, the Budget may be adopted by the Board at a meeting of the Members without the requirement of approval of the Budget by a majority of all the voting interests of Members, so long as the Budget adopted by the Board at the Budget Meeting establishes Assessments for common expenses in an amount which is less than or equal to one hundred fifteen percent (115%) of such Assessments for common expenses for the immediately preceding year. Notice of the Budget meeting, together with copies of the proposed Budget, shall be hand delivered or mailed to each Member at the address last furnished to the Association not less than fourteen (14) days prior to the meeting of the Board at which the proposed Budget will be considered. Evidence of compliance with the fourteen (14)-day notice provision must be made by an affidavit executed by an officer of the Association or manager or other person providing notice of the Budget meeting, and such affidavit shall be filed among the official records of the Association.

(c) For so long as the Developer is in control of the Board, the Board may not impose Assessments for any year which are greater than one hundred fifteen percent (115%) of the Assessments for the immediately preceding year without the approval of a majority of all of the voting interests of Members at a meeting at which the proposed Budget is considered. Notice of the Budget meeting, together with a copy of the proposed Budget of common expenses, shall be hand delivered or mailed to each Member at the address last furnished to the Association not less than fourteen (14) days prior to the meeting at which the proposed Budget will be considered.

(d) In determining whether Assessments exceed one hundred fifteen percent (115%) of similar Assessments for the immediately preceding year, the following items of expense shall be excluded:

- (1) Reserves for repair or replacement of any portion of the Condominium Property;
- (2) Expenses of the Association that are not anticipated to be incurred on a regular or annual basis; and
- (3) Assessments for betterments to the Condominium Property;

(e) The provisions of this Section 7.3 concerning Members' approval of a Budget requiring Assessments greater than one hundred fifteen percent (115%) of such Assessments in the immediately preceding year shall continue in full force and effect, unless the applicable provisions of Section 718.112(2)(e) of the Act: (i) are declared invalid by the courts; or (ii) amended by the Florida Legislature (however, if such an amendment merely substitutes another amount for one hundred fifteen percent (115%), then such new amount shall be substituted for one hundred fifteen percent (115%) each time it is set forth in this Section 7.3).

7.4. The Common Expenses shall be apportioned to each Owner based upon each Owner's share of the Common Expenses, as provided in the Declaration.

(a) Notwithstanding the allocation to each Unit of its share of Common Expenses, the Owner of each Unit shall also be liable for any Special Assessments levied by the Board against his Unit as provided in the Condominium Documents. The funds collected pursuant to a Special Assessment shall be used only for the specific purpose or purposes set forth in such notice, or returned to the Owners; provided, however, that upon completion of such specific purpose or purposes, any excess funds shall be considered Common Surplus. The

Association shall collect Assessments and Special Assessments for Common Expenses from each Owner in the manner set forth in the Condominium Documents.

(b) To the extent that the Association at any time has either a Common Surplus or Common Expense in regard to the operation of the Condominium, then such Common Surplus or Common Expense shall be prorated equally based on the number of Units within the Condominium and thereafter be deemed a Common Expense or Common Surplus of the Condominium as set forth in the Declaration.

7.5 The Board from time to time shall designate as the Association's depository such bank or banks in which the Association's monies shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as the Board authorizes. Notwithstanding the foregoing, the President and/or the Treasurer of the Association shall be authorized to sign checks on the Association's behalf, unless otherwise specified by the Board.

#### Section 8. Rules

8.1 The Board may adopt Rules or amend or rescind existing Rules for the operation and use of the Condominium at any Board meeting; provided such Rules are not inconsistent with the Condominium Documents nor detrimental to sales of Units by Developer. Copies of any Rules promulgated, amended or rescinded shall be mailed to all Owners at the last known address as shown on the Association's books and records and shall not take effect until forty-eight (48) hours after such mailing. The initial Rules are as set forth on Schedule A to these By-Laws.

#### Section 9. Parliamentary Rules

9.1 The then latest edition of Robert's Rules or Order shall govern the conduct of Association meetings when not in conflict with the Condominium Documents or the Act. In the event of a conflict, the provisions of the Condominium Documents and the Act shall govern.

#### Section 10. Amendments to the Bylaws

10.1 These Bylaws may be amended by the affirmative vote of not less than a majority of the votes of Members entitled to vote thereon, represented in person or by Proxy at a properly held Annual Members' Meeting or special meeting of the Membership and the approval of a majority of the Board at a regular or special meeting of the Board. A copy of the proposed amendment shall be sent to each Member along with notice of the Annual Members' Meeting or special meeting. An amendment may be approved at the same meeting of the Board and/or Members at which such amendment is proposed.

10.2 An amendment may be proposed by either the Board or by the Members, and after being proposed and approved by one of such bodies, must be approved by the other as set forth above in order to become enacted as an amendment.

10.3 No modification or amendment to these Bylaws shall be adopted which would affect or impair the priority of any holder, insurer or guarantor of a first mortgage on any Unit in the Condominium, the validity of such mortgage or any of Developer's rights.

Section 11. Fidelity Bonding

11.1 The Association shall obtain and maintain adequate fidelity bonding of all persons who control or disburse Association funds in accordance with Section 718.111(11)(d) of the Act.

Section 12. Condemnation of Common Elements

12.1 The Association has a limited power to convey a portion of the common elements to a condemning authority for the purpose of providing utility easements, right-of-way expansion or other public purposes, whether negotiated or as a result of eminent domain proceedings.

Section 13. Mandatory Non-Binding Arbitration

13.1 In the event of a dispute, as defined below, the parties involved shall submit such dispute to non-binding arbitration pursuant to Section 718.1255 of the Act.

13.2 The term "dispute" means any disagreement between two (2) or more parties that involves: (i) the authority of the Board under Chapter 718 or the Condominium Documents to: (a) require any Owner to take any action, or not to take any action, involving that Owner's Unit or the appurtenances thereto; or (b) alter or add to the Common Elements; or (ii) the Association's failure, when required by Chapter 718 or the Condominium Documents to: (a) properly conduct elections; (b) provide adequate notice of meetings; or (c) allow the inspection of books and records by a Unit Owner.

13.3 A "dispute" does not include: (i) any disagreement that primarily involves title to any Unit or Common Element; (ii) the interpretation or enforcement of any warranty; (iii) the levy of a fee, fine or assessment; (iv) the collection of an assessment levied against an Owner; (v) the eviction or removal of a tenant from a Unit; (vi) alleged breaches of fiduciary duty by one (1) or more directors; or (vii) claims for damage to a Unit based upon the Association's alleged failure to maintain Common Elements or Condominium Property.

Section 14. Compliance with Fire and Life Safety Code.

14.1 The Board may accept a certificate of compliance from a licensed electrical contractor or electrician as evidence of compliance by the Units to appropriate fire and life safety codes.

HARBOUR ISLE AT HUTCHINSON ISLAND EAST  
CONDOMINIUM ASSOCIATION, INC., a Florida  
corporation not for profit

By: \_\_\_\_\_  
R. MASON SIMPSON, President  
Date: \_\_\_\_\_