

# *Royal Saxon*

## BYLAWS

as Amended August 2015



# **ROYAL SAXON, INC.**

Bylaws as Amended August 21, 2015

## **ARTICLE I. IDENTIFICATION**

**Section 1. Name:** The name of this not-for-profit Corporation shall be ROYAL SAXON, INC. (hereafter referred to as the "Corporation").

**Section 2. Location:** Its principal office shall be located at 2840 South Ocean Boulevard, Palm Beach, Florida 33480.

**Section 3.** The Corporation and the cooperative building shall be subject to and governed by Florida Statutes and as amended from time-to-time.

## **ARTICLE II. PROPRIETARY LEASES**

**Section 1. Number and Price:** There shall be no stock certificates issued by this Corporation, but instead there shall be 141 Proprietary Leases issued by the Corporation. One Proprietary Lease shall be issued to each individual apartment in the Corporation to be held by the unit owner(s) thereof. The price for the issuance of said Proprietary Lease shall be the sales cost of said apartment.

**Section 2. Authentication:** All Proprietary Leases shall be signed by the President or a Vice President or Chair or Vice-Chair of the Executive Committee and Secretary or Assistant Secretary, and shall be sealed with the corporate seal.

**Section 3. Form:** The form of the Proprietary Lease to be issued shall be determined by the Board of Directors of the Corporation.

**Section 4. Transfers:** Transfers of Proprietary Leases shall be made on the books of the Corporation and the old Lease shall be surrendered and cancelled before a new Lease is issued. All transfers must be made by the holders of a Proprietary Lease or by their legal representatives and all of said transfers are subject to the provisions of these Bylaws.

**Section 5. Replacement:** In case of the loss or destruction of the Proprietary Lease, a new Proprietary Lease shall be issued only upon the giving of satisfactory proof to the Board of Directors of such loss or destruction. Any new Lease shall be plainly marked "DUPLICATE" upon its face. There shall be a twenty-five dollar (\$25.00) charge to the apartment unit owners for issuing either a "DUPLICATE" Proprietary Lease or changing the names on a Proprietary Lease.

**Section 6. Ownership:** The Corporation shall treat the registered holder(s) of any Lease as the full owner(s) thereof and, unless express written notice is given to the Corporation of any interest not appearing upon the face of the Lease, it shall not be required to recognize said interest.

**Section 7. Vote:** Each Lease shall entitle the unit owner(s) of the apartment to one vote by the apartment unit-voting member.

**Section 8. Pledged or Mortgaged Leases:** The Corporation shall maintain a suitable register for the recording of pledged or mortgaged Leases. All pledgee(s) or mortgagor(s) of a Lease shall notify the Corporation of the pledge or mortgage, furnishing the Secretary of the Corporation with such information as may be required by the Board of Directors. In the event of a default given any lessee under the applicable provisions of the Bylaws, a copy of

such notice of default shall likewise be mailed to the registered pledgee or mortgagor. In addition, in the event of the sale by the Corporation of its assets, and prior to the distribution of the proceeds thereof to the lessees, suitable notice shall be given all registered pledgees or mortgagors. No other obligation is accepted or assumed by the Corporation with respect to such registration of pledged leases, except as set forth in Section 9 below.

**Section 9. Lien Rights:** The Corporation shall have a first lien upon all of the individual leases registered in the name of each unit owner for debts due the Corporation by said unit owners.

### **ARTICLE III. UNIT OWNERS' MEETINGS**

**Section 1. Annual Meeting:** The annual meeting of the unit owners shall be held each year in Palm Beach, Florida, on the earliest date following January 1, subject to the availability of a suitable meeting place, at a time set by the Board of Directors, which shall be specified in written notice mailed or hand delivered to the unit owners at least sixty (60) days prior to the date of the meeting. The business for the annual meeting shall include the election (in accordance with Article IV, Section 2. of these Bylaws, and Florida Statutes), by written ballot of Directors to manage the affairs of the Corporation and any other items that are on the posted notice of agenda.

**Section 2. Special Meetings:** A special meeting of the unit owners may be held at such places and at such times as directed by the President or by a majority of the Board of Directors. Special meetings shall also be called by the President upon written request of a majority of the voting unit owners. The President of the Corporation, or a majority of the Board of Directors, shall direct the Secretary of the Corporation to post said notice in the designated conspicuous place in the lobby and to mail or hand deliver written notices of said meeting to all voting unit owners at least fourteen (14) days prior to the date of said meeting. All notices shall be mailed or hand delivered to the mailing address of the unit owner as it appears on the books of the Corporation on the date of the fourteen (14) day notice.

**Section 3. Vote:** In all balloting except the election of Directors, the voting unit owner shall be entitled to one vote in person, by proxy, or by absentee ballot for each apartment unit.

**Section 4. Proxies:** All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the proxies are to be used, and shall be good only for the designated meeting or adjournments thereof. A list of proxy holders, together with the name(s) of the unit owner(s) the proxy holder represents, shall be included with the minutes of the meeting for which the proxies were used. Limited proxies, as authorized by Statute, shall be utilized where applicable.

**Section 5. Quorum:** A quorum for the transaction of business at the annual or any special unit owners meeting shall consist of a majority of the unit owners entitled to vote, represented either in person or by proxy, but the voting unit owners present at any members meeting, although less than a quorum, may adjourn the meeting to a future time. The vote of a majority of the voting unit owners shall decide any question unless the Bylaws or the Certificate of Incorporation provide otherwise, in which event the vote required by the Bylaws or Certificate of Incorporation shall control.

**Section 6. Corporate Books:** The books of record of the Corporation shall be closed for a period of ten (10) days against any transfer or assignment, immediately preceding any meeting of the unit owners of the Corporation and only those unit owners properly registered prior thereto shall be entitled to vote at said meeting. The books of record shall again be re-opened after said meeting has been finally adjourned.

### **ARTICLE IV. BOARD OF DIRECTORS**

**Section 1. Duties:** The property and business affairs of the Corporation shall be managed by a Board of nine (9) Directors, elected by plurality vote of the owners at the annual meeting.

**Section 2. Number:** Five (5) members shall be elected for a two (2) year term in the even-numbered years, and four (4) members shall be elected for a two (2) year term in the odd-numbered years. They shall hold office until their successors have been elected.

**Section 3. Eligibility:** A Director must be a unit owner or the spouse of a unit owner with written consent of the owner. Consent of the owner will be good until the next annual election of the Board of Directors and may be renewed annually.

**Section 4. Notice:** Not less than sixty (60) days before a scheduled election, the Corporation shall mail, or hand deliver, to each unit owner entitled to vote, a first notice of the date of the election. Any eligible unit owner desiring to be a candidate for the Board of Directors shall give a written Notice of Intent to run for the Board of the Corporation not less than forty (40) days before a scheduled election of Directors.

**Section 5. Board Vacancy:** In the event of a vacancy occurring in the Board of Directors, the remaining Directors shall elect one (1) of the unit owners to serve as a Director for the unexpired portion of the term of said Director. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Directors.

**Section 6. Quorum:** The quorum requirement for an election of Directors shall be ballots cast by at least twenty (20) percent of the eligible voters. Write-in candidates are not permitted.

**Section 7. Meetings:**

- A. Annual Board Meeting:** The annual meeting of the Board of Directors shall be held at 2840 South Ocean Boulevard, Palm Beach, Florida, or such other place as may be designated in Palm Beach County, Florida by the Board of Directors. The Board shall also designate the date and time of said meeting following the adjournment of the annual owners' meeting.
- B. Special Board Meetings:** Special meetings of the Board of Directors are to be held in Palm Beach, Florida or such other place in Palm Beach County, Florida may be called by the President and, in his absence, by the Vice President, or by a majority of the members of the Board of Directors, or by the chairperson or co-chairperson of the Executive Committee, by giving notice as hereinafter provided.
  - 1. Notice of any other special meeting of the Board shall be posted in the lobby at least two (2) days prior to the time fixed for said meeting except in the event of a bonafide emergency, in which case such notice is not required. All notices of special meetings shall state the purpose therefor.

**Section 8. Meeting Schedule:** The Directors may establish a schedule of regular meetings to be held in the social room of the Corporation. No notice shall be required to be sent to said Directors of said regular meetings once said schedule has been adopted.

**Section 9. Unit Owner Participation:** Unit owners shall have a right to participate in meetings of the Board of Directors with reference to designated agenda items. The Board of Directors may adopt reasonable rules governing the frequency, duration, and manner of unit owner participation.

**Section 10. Quorum:** A quorum for the transaction of business of any annual, regular, or special meeting of the Directors shall consist of a majority of the members of the Board; but a majority of Directors present has the power to adjourn the meeting to a future time.

**Section 11. Removal:** A Director may be removed for cause or without cause by an affirmative vote of the majority of the voting unit owners.

**Section 12. Hiring:** The Board of Directors shall have the power to hire all employees, agents, and contractors for the Corporation and to fix salaries of all employees.

**Section 13. Employment Contracts:** An employment contract for more than one year is prohibited, except by approval of sixty (60) percent of the owners.

**Section 14. Hiring Manager:** The approval of sixty (60) percent of the owners is required to hire a manager or a management company.

**Section 15. Compensation:** All officers and Directors shall serve without compensation.

**Section 16. Committees:** The following standing committees are to be appointed by the Board of Directors. Meetings of any committee that does not take final action on behalf of the Board or make recommendations to the Board regarding the Corporation's budget, shall be exempt from the provisions of Section 719.106(1)(c) of the Florida Statutes, and these Bylaws regarding, without limitation, notice of meetings and rights of owners to attend, participate, and record.

- A. Interviewing Committee:** The Interviewing Committee shall be composed of at least five (5) unit owners. The committee shall investigate the references and other information respecting character and financial responsibility of all applicants for membership in the Corporation. It shall be necessary for each applicant and spouse, if any, to appear personally before at least three (3) members of the committee to determine their suitability as unit owners in the Corporation. After the interview, the committee shall make its recommendation to the Board of Directors, or the Executive Committee in the event a quorum of the Board is not available, for a final determination. The Board of Directors or the Executive Committee shall act on recommendations of the Interviewing Committee.
- B. Budget and Finance Committee:** The Budget and Finance Committee shall be composed of three (3) unit owners. The Treasurer shall act as chairman of this committee, which will prepare the budget for the following year for approval of the unit owners at the December budget meeting and shall determine the financial needs of the Corporation.
- C. Executive Committee:** The Executive Committee shall be composed of at least three (3) unit owners; one (1) of whom shall be a Director, if possible. The committee shall manage the affairs of the Corporation in the event that a quorum of the Board of Directors is not available. If a Director, who is not a member of the Executive Committee, should be present at an Executive Committee meeting, he may participate in that meeting with full voting rights.
- D. Audit Committee:** The Audit Committee shall be composed of two (2) unit owners. The committee shall be appointed for the purpose of auditing the books of the Corporation prior to delivering them to a Certified Public Accountant (CPA) for the Corporation annual report and the required government reports.
- E. Other Committees:** The Board of Directors may create other standing or temporary committees as deemed necessary.

## ARTICLE V. OFFICERS

**Section 1. Positions/Removal:** Officers of the Corporation shall be a President, a Vice President, a Secretary, an Assistant Secretary, a Treasurer, and an Assistant Treasurer, all of whom shall be elected at the annual organizational meeting of the Board of Directors for a term of one (1) year. They shall hold office at the pleasure of the Board until their successors are duly elected. Officers may be removed and replaced at any time by a two-thirds (2/3) vote of the Board of Directors.

**Section 2. Membership:** All officers must be members of the Board of Directors except the Secretary or Assistant Secretary. The offices of Secretary and Treasurer may be held by one person. No one shall be eligible to act as both President and Secretary.

**Section 3. President:** The President shall be the chief executive officer and shall preside at all Directors' and unit owners' meetings. The President shall have executive powers and general supervision over the affairs of the corporation and other officers. He shall perform all other duties incident to the office, and be an ex-officio member of all committees.

**Section 4. Vice-President:** The Vice President of the Corporation shall perform all the duties of the President during the President's incapacity or absence and such other duties as may be required by the Board of Directors.

**Section 5. Secretary:** The Secretary shall issue notices of all Directors' and owners' meetings, and shall attend and keep the minutes of the same; shall have charge of all corporate books, records, and papers and shall be custodian of the corporate seal; shall attest with his/her signature, and impress with the corporate seal, all Proprietary Leases and written contracts of the Corporation; and shall perform all such other duties as are incident to the office. The duties of the Assistant Secretary shall be the same as those of the Secretary in the absence or incapacity of the Secretary.

**Section 6. Treasurer:** The Treasurer shall act as chair of the Budget and Finance Committee; shall have custody of all money and securities of the Corporation and shall give bond, in such sum and with such sureties as the Directors may require, conditioned upon the faithful performance of the duties of the office. The Treasurer shall keep regular books of account and shall submit them, together with vouchers, receipts, records, and other papers to the Directors for their examination and approval as often as they may require, and to the Audit Committee for examination, and shall perform all such other duties as are incident to the office. The duties of the Assistant Treasurer shall be the same as those of the Treasurer in the absence or incapacity of the Treasurer.

**Section 7. Vacancies:** Any vacancy in the office of President, Vice President, Treasurer, Assistant Treasurer, Secretary, or Assistant Secretary, or Chair or member(s) of the Executive Committee and all other committees shall be filled by the Board of Directors.

## ARTICLE VI. FINANCE

The funds of the Corporation shall be deposited in any federally insured financial institution in Palm Beach, Lake Worth, or West Palm Beach, Florida. Said funds shall be withdrawn only upon check or order of one of the officers and countersigned by one of the other officers.

## ARTICLE VII. PROPRIETARY LEASES

**Section 1. Number:** There shall be a Proprietary Lease, along with a copy of same to be maintained in the corporate office, issued for each apartment unit owned by the Corporation. A unit owner shall be defined as any Trust, natural person, or persons owning a Proprietary Lease under which the unit owner is currently entitled to full occupancy rights and full voting rights, to the extent of one vote per apartment.

## **Section 2. Sales, and Other Transfers of Proprietary Lease/ Occupancy:**

A. Sales, and other transfers of a Proprietary Lease, including but not limited to transfers by gift, devise or inheritance, shall not occur without the prior written approval of the Association.

B. All occupants of a unit, except for a guest, shall be approved in writing by the Board of Directors prior to occupying the unit. The holder of a Proprietary Lease and all occupants, who have been approved by the Board of Directors, shall be entitled to full occupancy rights in the apartment unit covered by said Proprietary Lease pursuant to the Rules and Regulations and Bylaws of this Corporation.

**Section 3. Occupancy - Termination:** In the event of a sale or transfer by a unit owner of his Proprietary Lease, and upon due notice to the Corporation of said sale of the apartment unit assigned to him, whether voluntary or involuntary (excepting, however, transfers by way of pledge only in trust with occupancy rights retained by the lessee), all occupancy rights of the Lessee, and those in possession by virtue of his prior ownership, including any Sublessee, shall thereupon cease and terminate and the vendee or transferee shall be deemed the owner of said apartment unit under said Proprietary Lease, but without the rights of occupancy unless and until the same shall be duly approved by the Corporation in such manner or manners as may be prescribed, from time-to-time, by the Board of Directors.

**Section 4. Occupancy – Approval:** Approval of the rights of occupancy shall not be denied any transferee or vendee who at the time of such transfer or sale or at the death of a resident owner of a Proprietary Lease if the transfer results from his death, is or was the resident Lessee's lawful spouse and such spouse was occupying the Unit at the time of such transfer.

**Section 5. Transfers - Automatic:** In the event of the death of the unit owner, should the Proprietary Lease be held by an estate of tenants by the entireties or of joint tenancy with right of survivorship, the transfer of said Proprietary Lease to the survivor shall be automatically accomplished and approved by the Board of Directors.

**Section 6. Transfers - Board Consent:** The owner of a Proprietary Lease may transfer the Proprietary Lease to his apartment only with the consent in writing of the Board of Directors, but not within the first year of ownership. The Board of Directors may designate two (2) or more Directors to execute such consent on its behalf.

**Section 7. Transfers - Application for:** The application for said transfer must fully set forth the name and address of the party to whom said lease is to be transferred, together with a copy of the contract for purchase, the applicable processing fee, and such other information, and on such forms as the Board of Directors may require from time-to-time. The Board of Directors, or the Executive Committee, should there be insufficient Directors available, shall act on recommendations of the Interviewing Committee at its next meeting.

**Section 8. Delinquent Accounts:** If said transfer is approved and the unit owner(s) accounts are not delinquent or have been placed in good standing, said transfer may be accomplished upon the books of the Corporation, and the unit owner(s) after that shall then be relieved from any further liability on said lease. There shall be no transfer if there are delinquent accounts on the apartment unit or if said delinquent accounts will not be satisfied at "closing."

**Section 9. Subleasing:** The owner of a Proprietary Lease may sublet the apartment unit assigned to said Proprietary Lease only in accordance with the provisions set forth in these Bylaws.

A. A sublease shall terminate upon the conveyance or transfer of the Proprietary Lease.

B. A sublease shall terminate upon the death of the sublessee.



- C. The subleasing of a leased apartment for any period must be approved by the Board of Directors in the manner herein set forth.
- D. Subleasing is limited to once in a twenty-four (24) month period and then for a minimum of three (3) months and a maximum of twelve (12) months within that twenty-four (24) month period and not within the first year after transfer of ownership. A copy of the lease must be submitted for approval to the Board of Directors and must contain written agreement by the sublessee to all obligations of the unit owner under his Proprietary Lease. The Board of Directors may require that a specific form of sublease must be used.
- E. In the event a unit owner is delinquent in the payment of any monthly maintenance, special assessment, or any other charges or fees due the Corporation, any amount(s) due or coming due to the unit owner from a sublessee shall become payable to the Corporation and is/are deemed assigned to the Corporation, at its option. Such amounts as are or shall become delinquent shall be collectible by the Corporation from the unit owner and/or the sublessee at the discretion of the Board of Directors.
- F. Unit owners shall be responsible for any damage to the common areas of the Corporation or to any other apartment units caused by guests, sublessees, or their visitors and/or contractors or vendors. The Board of Directors may require the posting of a security deposit of such amount, to be determined, from time-to-time, not to exceed the maximum amount allowed by law, by a sublessee to protect the Corporation against any of the aforementioned damage. Within fifteen (15) days after a sublessee vacates the apartment unit, the Corporation shall refund all of the security deposit not required to pay for any damages.
- G. Subleasing by a sublessee is prohibited.
- H. In order to sublease his apartment, a unit owner must submit an application, on forms provided by the Corporation, a copy of the proposed sublease, the required processing fee, and such other information as the Board may require from time-to-time, to the Board of Directors for approval of said sublease. The Board of Directors must approve not only the individual(s) to whom said sublease is made, but also the term of said sublease.

**Section 10. Committee Recommendations:** The Board of Directors, or the Executive Committee, should there be an insufficient number of Directors available, shall act on recommendations of the Interviewing Committee at its next meeting.

**Section 11. Approvals:** The approval or disapproval by the Board of Directors, or the Executive Committee, of any transfer of a Proprietary Lease or sublease of any apartment shall be deemed final and no liability shall be incurred by the Corporation, said Board of Directors, or any officer or committee member by reason of its approval or disapproval. The Board may deny a transfer (sale or sublease) of an apartment unit, for just cause, without the need to give any party the reason(s) thereof.

**Section 12. Register:** The Secretary of the Corporation shall maintain a register in the Corporation office showing the unit owners and holders of all Proprietary Leases, together with a list of any approved subleases of said apartment.

**Section 13. Processing Fee:** Any application for a transfer of a Proprietary Lease or a sublease for any apartment for any period-of-time shall be accompanied by an investigating and processing fee for the maximum amount as specified in Florida Statute 719.106(1)(i) per applicant (husband and wife, and parent and dependent child shall be considered one applicant). ~~or the maximum fee allowed by statute.~~

**Section 14. Occupancy – Defined:** Any apartment unit located in the building owned by the Corporation may be occupied by an approved unit owner or by any authorized and approved sublessee and his or her lawful spouse or any member of his or her family related to him or her by blood within the second degree (child, parent, grand-child, brother, sister, grandparent) who have been approved by the Board of Directors. It may also be occupied temporarily by house guests of the approved unit owner or authorized sublessee not in excess of thirty (30) days only when owner or sublessee is present and where said house guest is paying no remuneration to the resident owner or sublessee. However, a guest staying in a unit for more than thirty consecutive or non-consecutive days in a twelve month period must obtain the prior written approval of the Board of Directors in the same manner as all other occupants.

**Section 15. Occupancy - Special:** An approved unit owner, or authorized lessee, or any family member of an owner of sublessee, as described in Section 14 above, shall make written request to the Board of Directors for approval to have in residence in his or her apartment unit, for medical care and/or services, a nurse, caretaker or other companion, not related to him or her, as described in paragraph (10) above, and to waive the ninety (90) day limitation period placed on other house guests.

**Section 16. Occupancy - Guests:** Occupancy by houseguests when owner or sublessee is not in residence is prohibited.

## **ARTICLE VIII. MONTHLY MAINTENANCE AND SPECIAL ASSESSMENTS**

**Section 1. Obligation:** The owners of Proprietary Leases shall be subject to the payment of monthly maintenance and periodic special assessments for the upkeep and maintenance of the corporate property. An apartment unit owner, regardless of how title and ownership is acquired, including, without limitations, a purchaser at a judicial sale, shall be liable for all rents and assessments coming due while he is in exclusive possession of the apartment unit. In a transfer, the apartment unit owner in exclusive possession shall be jointly and severally liable with the previous apartment unit owner for all unpaid monthly maintenance, special assessments, work orders, or any other charges against the previous apartment unit owner for his share of said expenses, up to the time of the transfer.

**Section 2. Cost Determination:** The Board of Directors shall from time-to-time determine and fix the sums of money needed for the operation of the Corporation. It shall determine the amount required for operating items, such as, without limitation mortgage payments, if any, maintenance, taxes, insurance, repairs, betterments, utilities, television (whether it be bulk cable, master antenna, dish, or other transmission means), apartment interior pest control, the salaries of a manager and other employees, and any other sums necessary to the upkeep, operation, and maintenance of the corporate property.

**Section 3. Capital Improvements and Betterments:** Capital improvements or betterments are limited to four thousand dollars (\$4,000.00) for each improvement or betterment, or a total of eight thousand dollars (\$8,000.00) in each fiscal year for all improvements and betterments. If more than that is necessary, a majority consent of the unit owners will be required. Such limits on expenditures for capital improvements and betterments provided above shall not include the maintenance, repaired, or replaced pursuant to these Bylaws, the Certificate of Incorporation, and/or the Proprietary Leases.

**Section 4. Special Assessments:** To the extent that any expenditures for any fiscal year are not included in the annual budget, they may constitute the subject of special assessments, which may be levied by the Board of Directors from time-to-time, as determined by the Board. Notice of any Board meeting at which non-emergency special assessments are to be considered shall be conspicuously posted on the corporate bulletin board in the lobby and shall be provided to each voting unit owner of the Corporation, by mail or hand delivery, at least fourteen (14) days prior to such meeting. Evidence of compliance with this fourteen (14) day notice shall be made

by an officer and executed by the person providing the notice, and filed among the official records of the Corporation. The agenda for a meeting at which special assessments are to be considered shall so state.

**Section 5. Payment Period:** All special assessments, as apportioned among the unit owners, shall become due and payable at the corporate office by the date designated by the Board of Directors, and so shown on the billing statement and shall be considered delinquent if not received at the corporate office within a ten (10) day grace period thereafter unless otherwise determined by the Board of Directors, and so stipulated on the billing statement. The specific purpose of any approved special assessment shall be set forth in a written notice of such assessment mailed or hand delivered to each of the voting unit owners at the mailing address listed on the books of the Corporation. The funds collected pursuant to a special assessment shall be used only for the specific purpose(s) set forth in the written notice of such special assessment. However, upon completion of such purposes(s), any excess funds shall be considered common surplus. The Board shall levy an administrative late charge in an amount not to exceed the greater of twenty-five dollars (\$25.00) or five (5) percent of each payment of the special assessment that has become delinquent; or such greater amount as may be legally charged pursuant to Florida Statutes, and as they are amended from time-to-time. Additional applications of the administrative late charge shall be levied on the first of each subsequent payment period and all charges for interest, administrative late charges, collection costs, legal fees, etc. shall be first deducted from unit owner payments before applying any funds to the payment of the special assessment charges.

**Section 6. Affiliation Expenses:** The Board of Directors is permitted to make expenditures for affiliation with associations whose purpose is for the betterment of the building. However, if more than fifteen-hundred dollars (\$1,500.00) is involved, a majority consent of the unit owners is required.

**Section 7. Assessment Proration:**

- A. The formula to be utilized by the Board of Directors in pro-rating the above monthly maintenance and/or special assessments among the various apartment units shall be as follows:

One bedroom	(63 units)	.35980%
Convertible	(40 units)	.29383%
Two bedroom	(24 units)	.20835%
No. 600		.00445%
No. 610		.00831%
Nos. 604, 607, 609, 612		.03443%
No. 608		.00890%
Nos. 605, 606, 611, 614		.04749%
No. 601		.01158%
Nos. 602, 603		.02285%

- B. The formula for apportioning the monthly maintenance and special assessments set forth above may not be amended, except that the exact amount of the maintenance charges may be increased or decreased proportionately. With respect to the above categories of apartment units containing more than one apartment unit, the share of assessments applicable to such category shall be divided equally among all the apartment units in such category.

- C. Monthly maintenance charges shall become due in advance on the first day of each calendar month and shall be payable within a grace period of ten (10) days thereafter. They shall be considered delinquent on the 11th day of the month. The board may, by resolution from time-to-time, provide for rates of interest to be charged on any delinquent payments for the period between the expiration of the applicable grace period and the date payment is received not to exceed the maximum rate applicable under the laws of Florida. Upon the expiration of the ten (10) day grace period for the payment of the monthly maintenance, the Board shall levy an administrative late charge in an amount not to exceed the greater of twenty-five dollars (\$25.00) or five (5) percent of each installment of the monthly maintenance for which payment is late, or such greater amount(s) as may be allowed pursuant to applicable law, as amended from time-to-time. Additional applications of the administrative late charge shall be levied on the first of each subsequent month and all charges for interest, administrative late charges, collection costs, legal fees, etc. shall be first deducted from unit owner payments before applying any funds to the payment of the monthly maintenance charges.
- D. The Board of Directors shall be empowered to set up operating funds, which may be replenished from time-to-time as needed. Special assessments as may be required by the Board of Directors shall be levied and paid as any other assessment. The unit owners agree to promptly pay, when due, all monthly maintenance or special assessments against their individual apartment units, but no owner shall be personally liable for corporate debts to any extent whatsoever.
- E. If a new annual budget is not adopted, the owners agree to pay the current rate until a new budget and rate are determined.
- F. All monthly maintenance, special assessments, or other charges paid by individual unit owners to the Corporation including, but not limited to, maintenance, taxes, operations, mortgage payments, if any, etc., shall be utilized by the Corporation in paying the obligations of the Corporation as authorized by the Board of Directors. Any excess of moneys received from monthly maintenance or special assessments paid by individual unit owners and held by the Corporation at the conclusion of its taxable year, whether calendar or fiscal, shall be used by said Corporation to apply against future expenses of the Corporation.
- G. After the board of Directors has determined the amount of any monthly maintenance, special assessment or charge, or new rate of monthly maintenance, the Treasurer shall mail or hand deliver a statement for the same to each of the voting unit owners. If statements are mailed, they shall be mailed to the regular designated address of the owner as the same appears in the corporate records. The owners shall then make said payments to the Corporation, at the corporate office. Any payments made to the Corporation shall first be applied to any accrued interest, then to administrative late charges, then to any collection costs and reasonable attorneys' fees, and then to the delinquent monthly maintenance or special assessment, or other charges.
- H. In the event that the Corporation should ever execute a mortgage covering its leasehold interest, pursuant to the provisions of the Bylaws of the Corporation, each of the apartments in the corporate building shall be responsible for paying its proportionate share of the principal and interest of said mortgage. Said mortgage principal and interest shall be allocated to each of the said apartments on the same basis as any assessment, and the payments to be made by the unit owners of said apartments shall be in proportion thereto and on such terms and over such period-of-time as shall be elected by the Board of Directors.
- I. In the event that the Corporation should, as aforesaid, execute a mortgage covering its leasehold interest, the owner of any apartment unit may not pay off his or her portion of said mortgage unless and until both the Board of Directors of the Corporation and the lending institution making said mortgage have approved said prepayment, and further provided in this instance that the payment so made shall not only be applied towards the outstanding principal and interest of said mortgage, but in addition

thereto the monthly payments due from the Corporation shall be reduced and amortized over the remaining period of said mortgage.

## **ARTICLE IX.           DEFAULT FOR NON-PAYMENT OF MONTHLY MAINTENANCE OR SPECIAL ASSESSMENTS**

**Section 1. Lease Termination:** In the event, a monthly maintenance, special assessment, or any other sum or charge required to be paid by an apartment unit owner is not paid within ten (10) days from the expiration of the due date or applicable grace period, the Corporation may treat such failure to pay as intentional, inexcusable, and a material breach of the apartment lease, and thereupon the Corporation, by a notice in writing, transmitted to the apartment unit owner by Certified Mail, may at its option, at least thirty (30) days after the mailing of such notice, declare the lease terminated and without further force and effect, unless such default within such period has been removed. The Corporation may then offer for sale a substitute lease for the apartment unit at an amount determined by the Board of Directors to be its fair market value. This must be a reasonable value.

**Section 2. Disposal Costs:** Upon the sale of the substitute lease, the Corporation shall pay to the unit owner the amount of the disposal price less any unpaid monthly maintenance fees, special assessments, or other charges accrued to the date of disposition, plus the costs of sale, including any administrative fees, late charges, and a reasonable broker's commission, if any, and the cost of placing the apartment unit, covered by the lease, in suitable condition for the new lessee. Such fees and costs shall be secured by the Corporation's lien rights against the apartment unit and the Proprietary Lease and such unit owner's share of ownership, if any, of the Corporation (collectively the "Cooperative Parcel").

**Section 3. Repossession:** In the event that any monthly maintenance or special assessment is not paid, and said lease has been terminated for non-payment by the unit owner of any sums due, as herein provided for, the unit owner or any other person or persons in possession of the apartment unit shall promptly quit and surrender the apartment unit to the Corporation in good repair, ordinary wear and tear excepted, and the Corporation shall have the right to reenter and repossess the said apartment without any additional notice being given to vacate said apartment unit or to quit possession of the same.

**Section 4. Eviction Actions:** In the event that a unit owner, or any other person or persons in possession by or through the right of the owner, shall fail to vacate said apartment upon the termination of the lease, the Corporation may bring such action or actions as may be necessary under the laws of the state of Florida to effect an eviction of said unit owner or other person or persons and regain possession of said apartment unit. In this connection, all of the applicable provisions of Chapters 82 and 83, Florida Statutes, are incorporated herein by reference and made a part hereof and the Corporation shall be entitled to recover its reasonable attorneys' fees and costs with respect to any such eviction action; which fees and costs shall be secured by the Corporation's lien upon the Cooperative Parcel.

**Section 5. Administrative Late Charge:** If the payment of any monthly maintenance charge, special assessment, work order, or other charge is not received in the corporate office within ten (10) days after the due date, or applicable grace period for same; unless otherwise provided by the Board of Directors, the Board may levy an administrative late charge in an amount not to exceed the greater of twenty-five dollars (\$25.00) or five (5) percent, or such greater amount as may be charged pursuant to applicable law, as amended from time-to-time, for each installment of the monthly maintenance or special assessment, work order and/or other charge(s) that the payment is late. The Board of Directors may at any time thereafter bring an action at law against the unit owner personally obligated to pay the same and/or foreclose a lien (subject to the provisions of applicable law) against the Cooperative Parcel (including, without limitation, the property, and/or Proprietary Lease). The Board shall not be required to bring such action if it believes that the best interest of the Corporation would not be served by doing so. There shall be added to the assessment, and included in any lien and/or personal action, all interest, costs and expenses, including attorneys' fees incurred by the Corporation incident to the collection of the assessments or enforcement of a lien. No unit owner may waive or otherwise escape liability for the

assessment provided for herein by abandonment of his apartment unit. Any payment received by the Corporation shall be applied first to any interest, administrative late charge, then to any costs and reasonable attorneys' fees incurred in their collection and then to any delinquent monthly maintenance, special assessment, work order, or other charge. The foregoing shall be applicable notwithstanding any restrictive endorsement, designation, or instruction placed on or accompanying a payment. In the event of any default in the payment of any installment of monthly maintenance or special assessments, the Corporation may accelerate the balance of same upon ten (10) days notice to the unit owner, which amount shall be secured by the Corporation lien.

**Section 6. Lien Rights:** In addition to all the other remedies afforded it, the Corporation shall have a lien against the unit owner's Cooperative Parcel, including without limitation the Proprietary Lease, to the extent of any sums due the Corporation which are not paid when due, which lien shall be superior to the rights of said unit owner or any person in possession under said unit owner. If said sums are not received at the corporate office within thirty (30) days after the due dates or applicable grace periods, the Corporation may, at its option, proceed to foreclose said lien in the Circuit Court of Palm Beach County, Florida in the same manner as mortgage liens are foreclosed in the state of Florida, and the Corporation shall be entitled to receive, in addition to any sums of principal due, interest, late charges, all their costs and attorneys' fees incurred in connection with said foreclosure. The lien shall also secure all attorneys' fees incurred by the Corporation incident to the collection of all monthly maintenance, special assessments, rents, work orders, or other charges due the Corporation and incurred in the enforcement of same. The Corporation shall be entitled to bid at any sale held pursuant to said foreclosure decree and to apply against said bid all sums due the Corporation for principal, interest, monthly maintenance, special assessments, work orders, other charges, attorneys' fees, costs, and administrative late charges. In any foreclosure by the Corporation of its lien, the unit owner shall pay the Corporation a reasonable rental for the apartment unit and the Corporation is entitled to the appointment of a receiver to collect the rent and the receiver's fees and expenses.

#### **ARTICLE X.                DEFAULT FOR REASONS OTHER THAN FOR NON-PAYMENT OF MONTHLY MAINTENANCE OR SPECIAL ASSESSMENTS**

**Section 1. Violations - Documents:** In the event of a violation by the unit owner, lessee or any other person or persons in possession by or through the unit owner, of any of the provisions of the owner's Proprietary Lease, Certificate of Incorporation, Bylaws, or Rules and Regulations of the Corporation other than the payment of monthly maintenance or special assessments, the Corporation may, by direction of its Board of Directors, notify the apartment unit owner by written notice of such breach, transmitted by Certified Mail. If such violation shall continue for a period of thirty (30) days from the date of the unit owner's notice of the existence of such violation, the Corporation shall have the right to treat such violation as intentional, inexcusable and material, and therefore, the Corporation by a second notice in writing transmitted in the same manner as the first notice, either require the unit owner or lessee to quit and surrender the apartment unit, or declare the lease terminated, and without further force and effect. The Board of Directors shall then offer for sale a substitute lease upon the same terms and conditions as in the case where the lessee's default was for non-payment of any sums, charges, or assessments required to be paid under this lease, as hereinbefore set forth in Article IX hereof.

**Section 2. Repossession:** In the event that the Board of Directors should elect to cancel or terminate the lease on thirty (30) days' written notice to the lessee or any other person or persons in possession by or through the unit owner for a violation of the provisions of Section 1, the unit owner, lessee or any other person or persons in possession by or through the unit owner shall promptly quit and surrender the apartment to the Corporation in good repair, ordinary wear and tear excepted, and the Corporation shall have the right to reenter and repossess the said apartment without any additional notice being given to vacate said apartment unit or to quit possession of the same.

**Section 3. Eviction - Authority:** In the event that a unit owner, or any other person or persons in possession by or through the right of the owner, shall fail to vacate said apartment upon the termination of the lease as aforesaid,

the Corporation may bring such action or actions as may be necessary under the laws of the state of Florida to effect an eviction of said owner or other person and regain possession of said apartment. In this connection, the applicable provisions of Chapters 82 and 83, Florida Statutes are incorporated herein by reference and made a part hereof. The Corporation shall be entitled to recover from the unit owner(s), or sublessee(s) of the apartment unit, all costs, and attorneys' fees incurred in such eviction action. Such recovery shall include all proceedings.

**Section 4. Sublessees - Violations:** In case any sublessee of a lease for any period, or any member of his family, shall violate any portion of the Proprietary Lease, Certificate of Incorporation, Bylaws, or Rules and Regulations adopted by the Corporation, or any statute, ordinance, rule or regulation promulgated by any governmental body, or the rules and regulations of Southeastern Underwriter's Association for the prevention of fire, or he or any member of his family shall do or suffer to be done upon the leased premises or the corporate property any action or things which shall or may be of disorderly or unlawful manner or consequence or which may cause damage to the Corporation or to its premises, the Board of Directors shall have the right to terminate said sublease by giving to the occupant written notice, in writing, by Certified Mail, directed to said occupant or by personal delivery of said notice in writing to the occupant or any member of his family, to vacate said premises in the minimum time allowed by law.

**Section 5. Sublessee - Responsibilities:** Said sublessee shall forthwith vacate the leased premises as set forth in said notice. In the event said sublessee should fail to vacate said premises within the specified time frame, the Corporation may bring such proceedings as are provided by or may be applicable pursuant to the provisions of Chapter 82 and 83 of the Florida Statutes, and as they may be amended from time-to-time, to evict said sublessee and said Statutes are incorporated herein by reference and made a part hereof. The sublessee and the unit owner shall be jointly responsible to reimburse the Corporation for all attorneys' fees and costs incurred in any action to evict or remove a sublessee and/or any person(s) occupying the apartment unit. Such reimbursement shall also include any and all appellate proceedings.

**Section 6. Eviction - Board Discretion:** The decision to oust said sublessee shall be in the sole discretion of the Board of Directors, as the intent of this provision is to insure that occupants of the apartment building owned by the Corporation conduct themselves and their households in a manner which will maintain the high standards of a first-class apartment building.

**Section 7. Sublessees - Obligations:** Any sublessee accepting a sublease to any apartment unit shall be bound by these provisions as though the same were fully set forth in said sublease and shall have no defense either in law or in equity to said eviction proceedings.

**Section 8. Arbitration:** Any "dispute," as defined under Section 719.1255, Florida Statutes between a unit owner and the corporation, shall be subject to arbitration.

**Section 9. Fines:** The Corporation may levy reasonable fines against a unit owner(s) and/or his sublessee or invitee for failure to comply with any provisions of the Bylaws, Proprietary Lease, Certificate of Incorporation, or the Rules and Regulations of the Corporation, as contained herein (or as they may be amended from time-to-time). Unless elsewhere provided by law, no fines shall become a lien against an apartment unit. No fine shall exceed one hundred dollars (\$100.00) per violation, unless permitted by applicable law. A fine may be levied each day, with a single notice and opportunity for a hearing, for a continuing violation by considering each day the violation continues as being a separate violation. No such fine shall exceed one thousand dollars (\$1,000.00) in the aggregate unless a greater amount is provided for by law from time-to-time. The party(s) against whom the fine is sought shall be given an opportunity for a hearing after not less than fourteen (14) days notice of same. Said notice shall include: (1) The time, date, and place of the hearing; (2) A statement of the specific violation; and (3) A short and plain statement of the matters asserted. The party(s) against whom the fine is to be levied shall have an opportunity to respond, to present evidence, and to provide written and/or oral argument on all issues involved, and shall have an opportunity at the hearing to review, challenge, and respond to any material

considered by the Corporation. The hearing shall be held before a committee of other unit owners appointed by the Board of Directors. No director shall be a member of this committee. If a majority of the committee does not agree with the fine, it shall not be levied.

**Section 10. Legal Actions:** In addition to, and not in lieu of the foregoing, in the event of a violation, breach, or default of any of the cooperative documents, the Corporation may take any legal action available, and utilize all legal remedies available, and the prevailing party in any such action shall be entitled to recover its attorneys' fees and costs, including all appellate procedures. The election of any remedy shall not preclude or limit the Corporations' ability or authority to use any other legal remedy(s) available.

## **ARTICLE XI. AMENDMENTS TO BYLAWS AND PROPRIETARY LEASE**

**Section 1. Vote Requirement:** The Bylaws and Proprietary Lease of the Corporation may be amended at any regular or special meeting of the unit owners by a two-thirds (2/3) vote of those unit owners voting in person or by limited proxy provided at least one-hundred and eight (108) voting unit owners are represented in the balloting, and provided that the notice of said unit owners' meeting has been distributed to the unit owners in accordance with the provisions of Article III, Section 2 of these Bylaws.

**Section 2. Assessment Changes:** Anything to the contrary notwithstanding herein contained, the owner's Proprietary Leases, Bylaws, or the Certificate of Incorporation of the Corporation may not be amended so as to change the formula for assessments to be levied against all unit owners or so as to change, in any way, the owner's equity assigned to each of the apartment units or so as to change the voting rights of any unit owner.

## **ARTICLE XII. OWNER'S EQUITY**

**Section 1.** Each unit owner shall have an equity in the apartment unit to which said unit owner holds a Proprietary Lease. The unit owner's equity in said apartment is as follows:

- A. Apartment numbers 103, 109, III, 121, and 123 shall each have an assigned equity of .49%.
- B. Apartment numbers 102, 108, 110, 116, 122, 124, 203, 209, 211, 215, 221, and 223 shall each have an assigned equity of .517%.
- C. Apartment numbers 201, 202, 208, 210, 216, 222, 224, 303, 309, 311, 315, 321, and 323 shall each have an assigned equity of .543%.
- D. Apartment numbers 301, 302, 308, 310, 316, 322, and 324 shall each have an assigned equity of .57%.
- E. Apartment numbers 402, 403, 408, 409, 410, 411, 415, 416, 421, 422, 423, and 424 shall each have an assigned equity of .597%.
- F. Apartment numbers 401, 502, 503, 508, 509, 510, 511, 515, 516, 521, 522, 523, and 524 shall each have an assigned equity of .623%.
- G. Apartment numbers 501, 105, 107, 117, and 119 shall each have an assigned equity of .65%.
- H. Apartment numbers 104, 106, 118, 120, 205, 207, 217, and 219 shall each have an assigned equity of .676%.
- I. Apartment numbers 204, 206, 218, 220, 305, 307, 317, and 319 shall each have an assigned equity of .703%.
- J. Apartment numbers 304, 306, 318, and 320 shall each have an assigned equity of .729%.
- K. Apartment numbers 404, 405, 406, 407, 417, 418, 419, and 420 shall each have an assigned equity of .756%.
- L. Apartment numbers 504, 505, 506, 507, 517, 518, 519, 520, and 610 shall each have an assigned equity of .782%.
- M. Apartment numbers 113 and 125 shall each have an assigned equity of .795%.
- N. Apartment numbers 112, 126, 213, 225, 604, 607, 609, and 612 shall each have an assigned equity of .822%.
- O. Apartment numbers 212, 226, 313, and 325 shall each have an assigned equity of .848%.



- P. Apartment numbers 312, 326, and 608 shall each have an assigned equity of .875%.
- Q. Apartment number 214 shall have an assigned equity of .888%.
- R. Apartment numbers 412, 413, 425, and 426 shall each have an assigned equity of .901%.
- S. Apartment number 314 shall have an assigned equity of .915%.
- T. Apartment numbers 512, 513, 525, and 526 shall each have an assigned equity of .928%.
- U. Apartment number 414 shall have an assigned equity of .941%.
- V. Apartment number 514 shall have an assigned equity of .968%.
- W. Apartment numbers 602 and 603 shall each have an assigned equity of 1.220%.
- X. Apartment number 601 shall have an assigned equity of 1.273%.
- Y. Apartment numbers 605, 606, 611, and 614 shall each have an assigned equity of 1.326%.
- Z. Apartment number 600 shall have an assigned equity of .451%.

The percentage of ownership in the assets of the Corporation, as set forth above, shall control in case of any distribution made to the unit owners by reason of any sale or other distribution of corporate assets.

**Section 2. Mortgage Obligation:** The equity of any unit owner having the obligation to the Corporation of paying a portion of the overall mortgage allocated to said apartment unit shall be subject to the balance of the principal and interest of the portion of said mortgage allocated to said apartment unit and still outstanding. Said unit owner's equity shall be increased proportionately as payments are made by said owner on the portion of the principal and interest of said mortgage allocated to his or her apartment unit.

**Section 3. Equity Exclusions:** The owner's equity assigned to each apartment unit in Section 1 above, shall not include any furniture, fixtures, or furnishings, or alterations or additions installed by said unit owner.

#### **ARTICLE XIII. SALE, PURCHASE, LEASE, EXCHANGE, OR MORTGAGE OF CORPORATE PROPERTY, CONSOLIDATION, MERGER, OR DISSOLUTION OF THE CORPORATION**

**Section 1. Approval - Vote:** The property belonging to the Corporation shall not be sold, leased, exchanged, or mortgaged as an entirety without the approval by vote or written consent of three-quarters (3/4) of all the voting unit owners. No real property shall be purchased or leased by the Corporation without the approval by vote of three-fourths (3/4) of all voting unit owners of Proprietary Leases.

**Section 2. Governing Statutes:** The consolidation, merger, or dissolution of the Corporation shall be governed by the applicable laws of the state of Florida in existence at the time such action is taken.

#### **ARTICLE XIV. MISCELLANEOUS**

**Section 1. A/C and Exterior Improvements:** No air-conditioning units, in addition to those installed by the Developer, will be permitted, and no exterior improvements, changes, or alterations of any kind, including but not limited to, screens, shutters, jalousies, windows, walls, awnings, doors, or painting the same shall be permitted without the written consent of the Board of Directors of ROYAL SAXON, INC.

**Section 2. Pets:** No pets shall be allowed on the premises except miniature fishes normally kept in a home aquarium; also, one (1) canary and/or one (1) parakeet.

#### **ARTICLE XV. DOCKS**

Any owner having dock space allocated to him by the Board of Directors shall be responsible for the cost of maintaining and operating the same and keeping the same in a neat, clean, safe, and sanitary condition at all times. Any violation of this provision for a period of thirty (30) days from notice of the same to any owner shall constitute a default under the provisions of Article X of the Bylaws.

**ARTICLE XVI. PARLIAMENTARY AUTHORITY**

ROBERTS RULES OF ORDER, CURRENT EDITION, shall govern this Corporation in all cases in which they are applicable and in which they are not in conflict with these Bylaws and the Certificate of Incorporation.

**ARTICLE XVII. METHOD OF SETTLING CLAIMS**

**Section 1. Arbitration:** Any controversy or claim arising out of the provisions of these Bylaws, the Proprietary Lease, or the Rules and Regulations of the ROYAL SAXON, INC., shall be adjudicated by the American Arbitration Association, and that decision shall be binding in any court.

**Section 2. Indemnification:** Consistent with and in the same manner and to the full extent authorized by Section (4), Chapter 608 of the Florida Statutes, as the same may from time-to-time be amended and renumbered, Royal Saxon, Inc., shall indemnify all persons who may be so indemnified thereunder. To the extent the Board of Directors shall authorize from time-to-time insurance coverage for the indemnification of persons for any such purpose within statutory limitations, the premium costs shall constitute a common expense.

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