

BY-LAWS
OF
EMERALD WATERS VILLAGE OWNERS' ASSOCIATION, INC.

ARTICLE I. NAME AND LOCATION.

The name and location of the corporation is EMERALD WATERS VILLAGE OWNER'S ASSOCIATION, INC., hereinafter referred to as "Association".

The principle office of the corporation shall be located at 24 Walter Martin Road, Fort Walton Beach, Florida 32548, but meetings of members and Directors may be held at such places within the State of Florida as may be designated by the Board of Directors.

ARTICLE II. DEFINITIONS.

Section 1. "Association" shall mean and refer to Emerald Waters Village Owner's Association, Inc., its successors and assigns.

Section 2. "Property" shall mean and refer to that certain property described in the Declaration of Covenants, Conditions, Restrictions and Easements and such additions hereto as may hereafter be brought within jurisdiction of the Association.

Section 3. "Common Area" shall mean all property owned by the Association as to which an easement has been granted for the common use and enjoyment of the owners. The term shall also include any drainage or storm water structure, swale or other system for which the Association shall have maintenance responsibility pursuant to any agreement with Okaloosa County or the State of Florida, and all streets and fences, and all other properties deeded to the Association.

Section 4. "Lot" shall mean and refer to those individual numbered lots as described on the plat of Emerald Waters Village, a subdivision, as recorded in the Public Records of Walton County, Florida.

Section 5. "Common Expense" shall mean all expenses incurred by the Association and charged to the owners of all lots on a common basis, including but not limited to, services, utilities, maintenance, repairs, replacements, landscaping, insurance and ad valorem taxes on common areas and other expenses on the Association incurred on behalf of all members (as distinguished from individual mortgage payments, real estate taxes, and individual telephone, electricity and other individual expenses billed or charges to the members of an individual or separate basis rather than on a common basis). Such common expense shall include, without limitation, the expense of the repair, maintenance and, when necessary replacement of the waste water collection system, drainage system, and storm water in order that such systems shall be maintained and operated in accordance with the agreements and requirements of Okaloosa County and the State of Florida.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the properties.

Section 7. "Declarant" shall mean and refer to Paradise Developers, Inc., a Florida corporation, its successors and assigns.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions and Easements applicable to the property recorded in the Office of the Clerk of Circuit Court, Walton County, Florida.

Section 9. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III. MEETING OF MEMBERS.

Section 1. Meeting of Members. The first annual meeting of the members shall be held within one year from the date of the incorporation of the Association, and each subsequent regular annual meeting of the members shall be at time and place to be designated by the Board of Directors.

Section 2. Special Meeting. Special meetings of the members may be called at any time by the president or any two members of the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class "A" membership. Meetings so requested shall be called for a date not less than fourteen (14) nor more than sixty (60) days after the request is made.

Section 3. Notice of Meeting. Written notice of each meeting of the members shall be given by or at the direction of, the secretary of the Association or other person authorized to call the meeting, by mailing a copy of such notice, postage paid, to each member entitled to vote thereat, addresses to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. Such notice shall be given in person or delivered by mail to each member not less than thirty (30) nor more than sixty (60) days prior to the date set for each meeting,

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the votes of each class of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting and another meeting may be called, subject to the notice requirement set forth above and required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the proceeding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding. A majority of the votes cast at a duly constituted meeting in person or by proxy shall be binding on all owners,

Section 5. Proxies. At all meeting of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

ARTICLE IV. BOARD OF DIRECTORS; SELECTION; TERM OFFICE.

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than five (5) Directors who need not be a member of the Association. Each member of the first Board named in the Articles of Incorporation of the Association shall hold office until his successor shall be chosen by election at the first annual meeting and shall qualify.

Section 2. Term of Office. The term of the Directors shall be for a period of time of one (1) year or until their successors are elected at the next ensuing meeting of the membership.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority of the members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken without a Meeting. The Directors shall have the right to take any action in the absence of a meeting by obtaining the written approval of all the Directors. Any action so approved shall

have the same effect as though taken at a meeting of the Directors.

ARTICLE IV. NOMINATION AND ELECTION OF DIRECTORS.

Section 1. Nomination. Nominations for election of the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The nominating committee shall make as many nominations for elections to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such elections the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE V. MEETING OF DIRECTORS.

Section 1. Regular Meeting. Regular meetings of the Board of Directors shall be held quarterly without notice at such place as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held by the president of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director. Any Director may waive notice of a meeting, consent to the holding of a meeting without notice, or consent to any action of the Board without meeting. Meetings may be held by telephone.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section I. Powers. The Board of Directors shall have power to:

- (1) adopt and publish rules and regulations governing the use of the common areas, the facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (2) suspend the voting rights and right to use the common area of member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (3) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws and the Articles of Incorporation;
- (4) declare the office of a member of the Board of Directors to be vacant in the event that a Director shall be absent from three consecutive regular meetings of the Board of Directors; and
- (5) elect officers of the Association as hereinafter provided.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (1) keep a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4th) of the Class "A" membership who are entitled to vote;
- (2) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (3) to adopt administrative rules and regulations governing, the administration, management, operation and use of the common areas, and to amend such rules and regulations from time to time;
- (4) to fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;
- (5) to foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;
- (6) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (7) to procure and maintain adequate liability insurance and to procure an adequate hazard insurance on all property owned by the Association, as the Directors deem advisable;
- (8) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (9) cause the common area to be maintained;
- (10) comply with the instructions of a majority of the members.

ARTICLE VII. OFFICERS AND THEIR DUTIES.

Section 1. The officers of this Association shall be a president, vice president, secretary, treasurer and such other officers as the Board from time to time may make a resolution to create. Officers need not be owners.

Section 2. Election of Officer The election of officers shall take place at the first meeting of the Board of Directors and at the meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one year unless or until their successors are elected, they shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause of Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall be necessary to

make effective.

Section 6. Vacancies. A vacancy in any office may be filled by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The office of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than any one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officer are as follows:

- (1) President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deed and other written instruments and shall co-sign all checks and promissory notes;
- (2) Vice President. The vice president shall act in the place and stead of the president and in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by him by the Board;
- (3) Secretary. The secretary shall record the votes and keep minutes of all meetings and proceedings of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board;
- (4) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by public accountant at the completion of each fiscal year, if directed by the Board of Directors; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular meeting, and deliver a copy of each to the members.

ARTICLE VIII. COMMITTEES.

Section 1. The Board of Directors may appoint such committees as deemed appropriate in carrying out its purposes, such as:

- (1) a maintenance committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the property, and shall perform such other functions as the Board in its discretion determines;
- (2) an audit committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting. The treasurer of the Association shall be an official member of the committee. The audit committee shall recommend to the Board of Directors if, in its opinion, an audit by a certified public accountant is to be performed.

Section 2. It shall be the duty of each committee to receive complaints from the members on any matter involving Association function, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer to such other committee, director or officer of the Association as it further concerned with the matter presented.

ARTICLE IX, BOOKS AND RECORDS; SALE

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association as they may be amended from time to time shall be available for inspection by any member at the principle office of the Association, where copies may be purchased at a reasonable cost

ARTICLE X. ASSESSMENTS.

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against the assessment as made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest form the due date at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the owner's lot, Interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his lot.

ARTICLE XI. CORPORATE SEAL.

The Association shall have a seal in circular form, having within its circumference the words: Emerald Waters Village Owner's Association, Inc., a corporation not for profit, Florida.

ARTICLE XII. .AMENDMENTS.

Section 1. These By-Laws may be amended, at a regular or special meeting of members, by a vote of a majority of all members present in person or by proxy. Notice of such meeting shall contain a draft of proposed amendments to be voted upon at the meeting.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control, and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XII MISCELLANEOUS.

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation,