

BYLAWS OF  
PALM LAKE HOMEOWNERS ASSOCIATION, INC.

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BYLAWS OF  
PALM LAKE HOMEOWNERS ASSOCIATION, INC.

Article I

Name, Principal Office, and Definitions

Section 1. Name. The name of the Association shall be PALM LAKE HOMEOWNERS ASSOCIATION, INC. (the "Association").

Section 2. Principal Office. The principal office of the Association in the State of Florida shall be located in Orange County. The Association may have such other offices, either within or outside the State of Florida, as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Definitions. The words used in these Bylaws shall have the same meaning as set forth in the Declaration of Covenants, Conditions, Restrictions, Easements and Reservations for Palm Lake, recorded or to be recorded in the public records of Orange County, Florida, as supplemented, restated, renewed, extended or amended, from time to time (the "Declaration"), unless the context shall otherwise require.

Section 4. Corporate Seal. The seal of the corporation shall bear the name of the Association, the word "Florida", and the year of incorporation.

Article II

District Association:

Membership, Meeting, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and Class "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference. Meetings of the Association shall be of the members of the Association and the members shall cast their votes as provided in the Declaration on those matters requiring a vote of the membership of the Association.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors either within the Subject Property or as convenient thereto as possible and practical.

Section 3. Annual Meetings. Annual meetings of the Association shall be set by the Board of Directors so as to occur in January of each year or within thirty (30) days thereafter if so determined by the Board of Directors, provided the first meeting of



the Association occurs no earlier than one year after the Association is incorporated.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors. It shall also be the duty of the President to call a special meeting of the Association if a petition is signed by members representing at least ten percent (10%) of the total votes of the Association requesting a special meeting. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the members shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. When required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any members may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member shall be deemed a waiver by such member of notice of the time, date and place thereof and of the business transacted thereat (if notice of same is required by statute or by these Bylaws), unless such member specifically objects to lack of proper notice at the time the meeting is called to order, or in the case where the business transacted thereat is required to be contained in the notice, such member specifically objects to proper notice before such business is put to a vote.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at



the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to members in the manner prescribed for regular meetings.

The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, provided that members or their proxies representing at least twenty-five percent (25%) of the total votes of the Association remain in attendance, and provided further that any action taken is approved by members or their proxies representing at least a majority of the number of votes of the Association required to constitute a quorum.

Section 8. Voting. The voting rights of the members shall be as set forth in the Declaration as supplemented and amended from time to time, and such voting rights provisions are specifically incorporated herein.

Section 9. Approval or Disapproval of Matters. Whenever the decision of an Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the votes of such Owner if at an Association meeting, unless the joinder of record Owners is specifically required by the Declaration, the Articles of Incorporation of the Association or these Bylaws.

Section 10. Restraint Upon Assignment of Shares in Assets. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to that member's Lot.

Section 11. Proxies. A member may authorize another person to act for him by proxy. Such proxy must be executed by the member or his attorney in fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the member executing it and shall expire upon the transfer of title to the Lot giving rise to the voting rights to which the proxy pertains. The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the member who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the Association officer responsible for maintaining the list of members.

Section 12. Majority. As used in these Bylaws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total number.

Section 13. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of the members representing a majority of the total votes in the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 14. Conduct of Meetings. The President, or in his absence the Vice President, shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well a record of all transactions occurring at the meeting.

Section 15. Action Without A Meeting. Any action required by law to be taken at a meeting of the members or any action which may be taken at a meeting of the members, may be taken without a meeting if written consent setting forth the action so taken is signed by all of the members entitled to vote with respect to the subject matter thereof; and any such consent shall have the same force and effect as a unanimous vote of the members.

### Article III

#### Board of Directors: Number, Powers, Meetings

##### A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by the Board of Directors, each of whom shall have one (1) vote. Except with respect to the initial directors, the directors shall be members or spouses of such members, or officers, employees or agents of the Developer; provided, however, no person and his or her spouse may serve on the Board of Directors at the same time. In the case of a member which is a corporation, partnership, or other legal entity, the person designated in writing by certificate filed with the Secretary of the Association as the voting representative of such corporation, partnership or other legal entity shall be eligible to serve as a director.

Section 2. Number of Directors. The number of directors on the Board of Directors shall be not less than three (3) nor more than five (5), provided that there shall always be an odd number of directors. The initial Board of Directors shall consist of three (3) members appointed by the Developer. The Developer may appoint additional directors in its sole discretion to the Board of Directors from time to time to replace directors appointed by it, to fill vacancies of directors appointed by it, or to fill additional positions on the Board of Directors due to its expansion.



Section 3. Nomination of Directors. Nominations for election of directors to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association appointed by the Board of Directors. Members of the Nominating Committee shall serve a term of one (1) year or until their successors are appointed. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

Section 4. Election and Term of Office. At each annual meeting of the Association, the members shall elect directors of the Board of Directors. At the initial annual meeting, a majority of the directors shall be elected to serve a term of two (2) years, and the remaining directors shall be elected to serve a term of one (1) year. Upon the expiration of the initial term of office of each such director, a successor shall be elected to serve a term of two (2) years. Thereafter, all directors shall be elected to serve two (2) year terms.

At any election of directors, each member shall be entitled to cast with respect to each vacancy to be filled on the Board of Directors, as many votes as it is entitled to vote under the terms of the Declaration. The candidates receiving the largest number of votes shall be elected to fill the positions for which the election is held. Directors elected by the members shall hold office until their respective successors have been elected. Directors may be elected to serve any number of consecutive terms.

Section 5. Removal of Directors and Vacancies. A director may be removed, with or without cause, by majority vote. Any director whose removal is sought, shall be given notice prior to any meeting called for that purpose. At such meeting as the director is removed, a successor shall be elected by the members to fill the vacancy for the remainder of the term of such director.

Any director who has three (3) consecutive unexcused absences from Board of Directors meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board of Directors to fill the vacancy for the remainder of the term.

In the event of the death, disability or resignation of a director, a vacancy may be declared by the Board of Directors, and it may appoint a successor. Any director appointed by the Board of



Directors shall serve for the remainder of the term of the director who vacated the position.

B. Meetings.

Section 6. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the Association shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board of Directors.

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) meeting occurring per quarter. Notice of the time and place of the meetings of the Board of Directors shall be communicated to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by any two (2) directors of the Board of Directors if the Board of Directors is three members or by any three (3) directors of the Board of Directors if the Board of Directors is five members. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director of the Board of Directors by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, telecopy, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least ten (10) days before the time set for the meeting. Notices given by personal delivery, telephone, telecopy or telegraph shall be delivered, telephoned, faxed or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

Section 9. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a



meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 10. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 11. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by members representing a majority of the total votes of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings. Meetings may be conducted by telephone and shall be considered as any other meeting, provided the directors participating in the meeting are able through telephone connection to hear and to be heard.

Section 13. Open Meetings. Subject to the provisions of Section 14 of this Article, all meetings of the Board of Directors shall be open to all members, but members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any member may speak.

Section 14. Action Without a Formal Meeting. Any action to be taken or that may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors of the Board of Directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 15. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and may do all acts and things as provided by law as are not by the Declaration, the Articles of Incorporation or these Bylaws directed to be done and exercised exclusively by the membership generally.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

The Board of Directors shall have exclusive jurisdiction over and the sole responsibility for the Association's administration, management, operation, regulation, care, maintenance, repair, restoration, replacement, preservation and protection of the Subject Property and the Common Property; the establishment, levy, imposition, enforcement and collection of all assessments for which provision is made in the Declaration; the promotion and advancement of the general interests of the members of the Association; all as more particularly provided in the Declaration, Articles of Incorporation, these Bylaws and the rules and regulations of the Association.

In addition to the duties imposed by the Declaration, the Articles of Incorporation and these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, by way of explanation, but not limitation:

a. preparation and adoption of annual budgets in which there shall be established the contribution of each Owner to the Common Expenses;

b. making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of assessments;

c. providing for the operation, care, upkeep, and maintenance of all of the Common Property;

d. designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association, its property, the Common Property, and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;



e. collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; provided, any reserve fund may be deposited, in the directors' best business judgment in depositories other than banks;

f. making and amending rules and regulations;

g. opening of bank accounts on behalf of the Association and designating the signatories required;

h. making or contracting for the making of repairs, additions and improvements to or alterations of the Common Property in accordance with the Declaration and these Bylaws after damage or destruction by fire or other casualty;

i. enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

j. obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration or as otherwise determined to be appropriate by the Board of Directors, and paying the premium cost thereof;

k. paying the cost of all services rendered to the Association or its members and not chargeable directly to specific Owners;

l. keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

m. making available to any prospective purchaser of a Lot, any Owner, any Institutional Lender, and the holders, insurers, and guarantors of a first mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules and regulations governing the Lot, and all other books, records, and financial statements of the Association;

n. permitting utility suppliers to use portions of the Common Property reasonably necessary to the ongoing development or operation of the Subject Property; and

o. entering into contracts, granting easements or performing other rights, obligations or duties of the Association set out in the Declaration, including without limitation, the right to enter into any cable television agreement.

Section 16. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board of Directors' supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (a), (b), (f), (g), (i) and (o) of Section 15 of this Article. The Developer, or an affiliate or other related entity of the Developer, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee on ninety (90) days' or less written notice.

Section 17. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Common Property without the approval of the members of the Association. The Board of Directors shall also have the power to borrow money for other purposes; provided, the Board of Directors shall obtain the approval of members representing a majority of the total votes of the Association in the event that the proposed borrowing is for the purpose of modifying, improving or adding amenities and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 18. Rights of the Association. With respect to the Common Property, or other areas of responsibility of the Association, and in accordance with the Articles of Incorporation, these Bylaws and the Declaration, the Board of Directors on behalf of the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Board of Directors on behalf of the Association to enter into common management, operational or other agreements with trusts, condominiums, cooperatives or other owners or associations. Such agreements shall require the consent of a majority of all directors of the Association.

Section 19. Enforcement. The Board of Directors shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote, if any, or to use the Common Property for violation of any duty imposed upon such Owner under the Declaration, the Articles of Incorporation, these Bylaws or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to



limit ingress and egress to or from a Lot due to nonpayment of assessments. In the event that any occupant of a Lot violates the Declaration, Articles of Incorporation, Bylaws or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board of Directors, the Owner of such Lot shall pay the fine upon notice from the Association. The failure of the Board of Directors to enforce any provision of the Declaration, Articles of Incorporation, Bylaws or any rule or regulation shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, the Board of Directors or its delegate shall serve the alleged violator with written notice by mail, hand delivery or other delivery at the address of the alleged violator contained in the records of the Association, or if no address of the alleged violator is on record, then by posting written notice at the site of the alleged violation describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within the period of time provided in (iii) for requesting a hearing. If a timely challenge is not made, the sanction stated in the notice shall be imposed. The sanction may include, without limitation, sanctions that will automatically be imposed by the Association in the event the violation is not abated or recurs within a stated period from the alleged violation. Copies of notices and proof of notice shall be placed in a record book of the Association kept for this purpose. Proof of notice shall be deemed adequate if a copy of the notice, together with statement of the date and manner of delivery, is entered by the officer, director or agent who delivered such notice, or if the alleged violator requests a hearing within the time period stated in the notice.

(b) Hearing. If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the Owner a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within a period of time specified by the Board of Directors. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision



of the Declaration, the Articles of Incorporation, these Bylaws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation, to recover monetary damages, or to seek any other appropriate remedy, or any combination of the foregoing, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' and paralegals' fees incurred by the Association, whether suit be brought or not, and including those incurred on appeal, if any.

## Article IV

### Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, to be elected from among the members of the Board of Directors. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and to perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same, person, except the offices of President and Secretary.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Association, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time, specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.



Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

## Article V

### Committees

Committees are hereby authorized to perform such tasks and to serve for such periods as may be provided for in the Declaration, these Bylaws, the Articles of Incorporation or designated by a resolution adopted by a majority of the directors of the Board of Directors present at a meeting at which a quorum is present. Such committees shall perform such duties and have such powers as may be provided in the Declaration, the Articles of Incorporation, these Bylaws and the resolution of the Board of Directors. In the event of conflict in the terms of any of the foregoing, the Declaration, Articles of Incorporation, Bylaws and resolutions of the Board of Directors (in that order) shall prevail. Each committee shall operate in accordance with the terms related thereto, the rules adopted by the Board of Directors and the terms and provisions of the Declaration, the Articles of Incorporation and these Bylaws.

## Article VI

### Indemnification

The Association shall indemnify every officer, director, committee member and employee of the Association against any and all costs and expenses, including reasonable attorneys' and paralegals' fees, reasonably incurred by or imposed upon such officer, director, committee member or employee in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he may be a party by reason of being or having been an officer, director, committee member or employee of the Association. Such officers, directors, committee members and employees shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent they may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for

herein shall not be exclusive of any other rights to which any officer, director, committee member, or employee, or former officer, director, committee member or employee may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

## Article VII

### Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 2. Parliamentary Rules. Except as may be modified by Board of Directors' resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Florida law, the Articles of Incorporation, the Declaration or these Bylaws.

Section 3. Conflicts. If there are conflicts between the provisions of Florida law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of Florida law, the Declaration, the Articles of Incorporation and the Bylaws (in that order) shall prevail.

### Section 4. Books and Records.

(a) Inspection by Members and Institutional Lenders. The Declaration and Bylaws, membership register, books of account, and minutes of meetings of the members, the Board of Directors, and committees shall be made available for inspection and copying by any Institutional Lender, member of the Association or by his or her duly appointed representative, at any reasonable time and for a purpose reasonably related to his or her interest as a member, at the office of the Association or at such other place within the Subject Property as the Board of Directors shall prescribe.

(b) Rules for Inspection. The Board of Directors shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.



(c) Inspection by Directors. Every director of the Board of Directors shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director of the Board of Directors includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

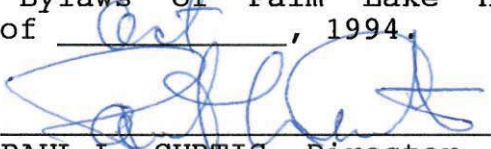
(a) if to a member, at the address which the member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the members pursuant to this Section.

Section 6. Amendment. These Bylaws may be amended only by the affirmative vote (in person or by proxy) or written consent, or any combination thereof, of members representing a majority of the total votes of the Association. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment shall be effective until recorded in the public records of Orange County, Florida. Notwithstanding anything to the contrary set forth herein, the Developer may unilaterally amend these Bylaws at any time to include any provisions which may be required by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veterans Administration, and the Department of Housing and Urban Development.

No amendment may remove, revoke, or modify any right or privilege of Developer without the written consent of Developer or the assignee of such right or privilege. No amendment may impair the validity or priority of the lien of any mortgage held by an International Lender or impair the rights granted to mortgagees herein without the prior written consent of such mortgagees.

IN WITNESS WHEREOF, the members of the Board of Directors have executed and adopted these Bylaws of Palm Lake Homeowners Association, Inc. this 26th day of Oct, 1994.

  
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PAUL L. CURTIS, Director

  
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CARYL C. McALPIN, Director

  
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CLINTON A. CURTIS, Director