

BYLAWS OF

OCEAN SHORES HOMEOWNERS ASSOCIATION, INC.

A CONDOMINIUM PURSUANT TO THE
FLORIDA CONDOMINIUM ACT

ARTICLE ONE: PLAN OF APARTMENT
OWNERSHIP

Section One. Unit Ownership. The condominium, located at 1510 Ocean Shore Blvd., Ormond Beach, Florida, and known as OCEAN SHORES, a Condominium, is submitted to the provisions of Chapter 718 of the Florida Statutes, known as the Condominium Act, by declaration recorded simultaneously herewith in the office of the county recording officer of Volusia County, Florida.

Section Two. Applicability to property. The provisions of these bylaws are applicable to the condominium, which term includes the land, the buildings, and all other improvements thereon, all easements, rights, and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith.

Section Three. Applicability to persons. All present and future owners, lessees, and mortgagees, their employees, and any other person who may use the facilities of the condominium in any manner shall be subject to these bylaws, the declaration and relevant unit deeds.

Acquisition, rental, or occupancy of any unit in the condominium shall be sufficient to signify acceptance and ratification of the provisions of the aforementioned instruments, and an agreement to comply therewith.

Section Four. Office. The office of the condominium shall be located at 1510 N. Ocean Shore Blvd., Ormond Beach, Florida.

(g) Entry into any and all contracts deemed necessary or appropriate in furtherance of the interests of unit owners generally;

(h) Employment and dismissal of personnel deemed necessary or appropriate for the maintenance and operation of the property, the common elements, and the restricted common elements;

(i) Establishment of bank accounts in the name of the condominium, and authorization of signatories therefor;

(j) Purchasing, leasing, or otherwise acquiring in the name of the governing board, or its designee, corporate or otherwise, on behalf of all unit owners, units offered for sale, lease, or surrender by their owners to the governing board.

(k) Purchasing units at foreclosure or other judicial sale in the name of the governing board of its designee, corporate or otherwise, on behalf of all unit owners;

(l) Selling, leasing, mortgaging, or otherwise dealing with units acquired by, and subleasing units leased by, the governing board or its designee, corporate or otherwise, on behalf of all unit owners;

(m) Organizing corporations to act as designees of the governing board in acquiring title to or leasing units on behalf of all unit owners;

(n) Contracting for repairs of and additions and improvements to the property, and for repairs to and restoration of the property in accordance with the provisions of these bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

Section Four. Election and terms of office. At the first meeting of unit owners after the date on which unit owners other than developer become entitled to elect at least a majority of the members of the governing board, the terms of office of board members shall be fixed as follows: the terms of office of one (1) member shall be set at three years; the terms of office of one (1) member shall be set at two years; the term of office of one (1) member shall be set at 1 year. At the expiration of the initial term of

Section Fourteen. Fidelity Bonds. The governing board shall require that all officers and employees of the condominium handling or responsible for condominium funds furnish adequate fidelity bonds. The premiums on such bonds shall constitute a common expense.

Section Fifteen. Compensation. No member of the governing board shall receive compensation for acting as such director (but by resolution of the board, a fixed fee and expenses of attendance may be allowed for attendance at each regular and special meeting). Nothing herein contained shall be construed to preclude any board member from serving the condominium or the board in any other capacity and receiving compensation therefor.

Section Sixteen. Liability of Governing Board. Members of the governing board shall not be liable to unit owners for mistakes in judgment, for negligence, or otherwise, except for their own wilful misconduct or bad faith. Nor shall members of the board be personally liable with respect to any contract made by them on behalf of the association, and unit owners shall indemnify the board and each member thereof against all contractual liability to third parties arising out of contracts made by the board on behalf of the association. However, such indemnification shall not extend to any contract made in bad faith or contrary to the provisions of the declaration or of these bylaws. The liability of each unit owner arising out of any contract made by the governing board or out of the aforesaid indemnification of the members of the board shall be the proportion of the total liability that such unit owner's interest in the common elements bears to the interests of all unit owners in the common elements. Every agreement made by the governing board or by any managing agent or manager employed by the board on behalf of the condominium shall provide that the members of the board, or the managing agent or manager, as the case may be, are acting only as agents for the unit owners, and shall have no personal liability thereunder except as unit owners, and shall further provide that each unit owner's liability thereunder is limited to the proportion of the total liability thereunder that his interest in the common

elements bears to the interests of all unit owners in the common elements.

ARTICLE THREE. OFFICERS

Section One. Designation. The principal officers of the association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be elected by the governing board. The governing board may also appoint one or more assistant vice presidents, an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary.

Section Two. Election of Officers. The officers of the association shall be elected annually by the governing board at its organizational meeting, and shall hold office at the pleasure of the board.

Section Three. Removal of Officers. On the affirmative vote of a majority of the members of the governing board, any officer may be removed, with or without cause, and his successor may be elected at any regular meeting of the board, or at any special meeting of the board called for that purpose.

Section Four. President. The president shall be the chief executive officer of the association. He shall preside at all meetings of the governing board and of unit owners. He shall have all general powers and duties that are incident to the office of president of OCEAN SHORES HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit including, without limitation, the power to appoint committees from among the owners from time to time as he may deem appropriate to assist in the conduct of the affairs of the association.

Section Five. Vice President. The vice president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president nor the vice president is able to act, the governing board shall appoint some other member of the board to do so on an interim basis.

The Vice President shall also perform such other duties as may from time to time be imposed upon him by the governing board.

Section Six. Secretary. The secretary shall keep the minutes of all meetings of the governing board and of unit owners; he shall have charge of such books and papers as the governing board may determine; and he shall, in general, perform all the duties incident to the office of secretary of OCEAN SHORES HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit.

Section Seven. Treasurer. The treasurer shall have responsibility for the funds and securities of the association, for keeping full and accurate accounts showing all receipts and disbursements, and for the preparation of all necessary financial statements. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the governing board or managing agent, in such depositories as may from time to time be designated by the governing board, and shall, in general, perform all duties incident to the office of treasurer of OCEAN SHORES HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit.

Section Eight. Compensation. The salaries of all officers shall be fixed by the governing board, and the fact that any officer is a member of the board shall not preclude him from receiving his salary or from voting on any resolution providing for the same.

ARTICLE FOUR. UNIT OWNERS

Section One. Annual Meetings. Within forty-five (45) days after the date on which unit owners other than developer own fifteen per cent (15%) of the units that will eventually be operated by the association, the governing board shall call and give notice of the first annual meeting of unit owners, which meeting shall be held not less than thirty (30) nor more than forty (40) days after the date of the notice. At such meeting one-third (1/3) of the officers and directors of developer holding office as members of the governing board shall resign, as provided elsewhere in these

bylaws, and unit owners other than developer shall elect one (1) member to the board. Thereafter, annual meetings of the unit owners shall be held on the ~~first Monday in October of each~~ succeeding year. At each such subsequent meeting the unit owners shall elect a number of members to the governing board sufficient to fill all vacancies and to replace or reelect members whose term have expired. Unit owners may also transact such other business of the association as may properly come before the meeting.

Section Two. Special Meetings. The president may, and shall if directed by resolution of the governing board or by petition signed and presented to the secretary by unit owners owning a total of at least sixty per cent (60%) of the common interest, call a special meeting of unit owners. The notice of any special meeting shall state the time and place of the meeting, and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent either in person or by proxy of unit owners owning at least sixty per cent (60%) of the common interest.

Section Three. Place of Meetings. Meetings of unit owners shall be held at the principal office of the association, or at such other suitable place convenient to the owners as may be designated by the governing board.

Section Four. Notice of Meetings. It shall be the duty of the secretary to mail a notice of each annual or special meeting; stating the purpose, the time, and the place thereof, to each unit owner at least fourteen (14) days prior to such meeting. The mailing of a notice in the manner provided in this section shall be considered notice served. However, every such notice will also be posted at the location of the mailboxes at least fourteen (14) days prior to the meeting to which it refers.

Section Five. Quorum. At all meetings of unit owners, a majority of unit owners shall constitute a quorum for transaction of business. If a quorum is present at a meeting, the acts of a majority in both

common interest and in number of units held of those unit owners present shall bind all unit owners for all purposes other than those for which a higher percentage is required by law, by the declaration, or by these bylaws. If, at any meeting of unit owners less than a quorum is present, a majority of those present may adjourn the meeting to a time not less than twenty-four (24) hours from the time the original meeting was called. At any such subsequent meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice. As used in these bylaws, the term "majority of unit owners" means those owners holding fifty-one per cent (51%) in the aggregate in both common interest and in number of units.

Section Six. Order of Business. The order of business at all meetings of unit owners shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of governing board.
- (f) Reports of committees.
- (g) Election of inspectors of election (when appropriate).
- (h) Election of members of governing board (when required).
- (i) Unfinished business.
- (j) New business.

Section Seven. Voting. The owner or owners of each unit, or some person appointed by such owner or owners to act as proxy on his or their behalf, shall be entitled to cast the vote appurtenant to each unit at all meetings of unit owners. The appointment of any proxy shall be made in a writing filed with the secretary, and shall be revocable at any time by notice in writing to the secretary. No one person may hold more than five (5) proxies. Voting shall be on a percentage basis. The percentage of the vote to which an owner is entitled shall be the percentage or the sum of the percentages

of ownership interest in the common elements assigned to the unit or units owned by him as set forth in the declaration.

Section Eight. Minutes. Minutes shall be taken at all meetings of unit owners. Copies of the minutes shall be available for inspection at the office of the Association by unit owners and members of the governing board at all reasonable times.

Section Nine. Title to Units. Title to units may be acquired and held in the name of an individual, in the name of two or more persons as joint tenants, tenants-in-common, or any other joint estate recognized under Florida law, or in the name of a corporation, a partnership, or a fiduciary.

ARTICLE FIVE. OPERATION OF PROPERTY

Section One. Determination of Common Charges. Each year, the governing board shall prepare a proposed budget of common expenses for the association. This budget shall include projections of common expenses, common revenues (from sources, if any, other than assessments of unit owners), the amount of common charges required to meet the excess of the former over the latter, and an allocation and assessment of such common charges against unit owners proportionate to each unit owner's interest in the common elements, as provided in the declaration.

As used in these bylaws, the term "common expenses" or "common charges" shall mean expenses or charges for which unit owners are proportionately liable, and shall include, but shall not be limited to the following:

(a) All expenses of administration, maintenance, repair, and replacement of the common elements.

(b) Insurance premiums on all policies of insurance obtained by the governing board, managing agent, or manager, as the case may be, pursuant to Sections Fourteen and Fifteen of this Article.

(c) Working capital reserve.

(d) General operating reserve.

(e) Repair and replacement reserve.

(g) Reserve for acquisition or lease of units, the owners of which have elected to sell or lease the same, or that may become available at foreclosure or other judicial sale.

(h) Utility rates for water and gas, and related sewer rents.

(i) Utility rates for electricity serving the common elements.

(j) All other amounts that the owners may agree upon or that the governing board may deem necessary or appropriate for the operation, administration, and maintenance of the condominium.

(k) All other amounts designated common expenses by the declaration, by these bylaws, or by law.

A copy of the proposed budget will be mailed to each unit owner and unit mortgagee not less than three (3) days prior to the meeting at which the budget will be considered by the board, together with a notice of that meeting. A final budget of common expenses will be adopted by the board at such meeting, subject to the rights of the unit owners provided by law in the case of any budget requiring assessment against the unit owners in an amount exceeding one hundred and fifteen per cen (115%) of the assessment for the preceding year. Each unit owner will be advised in writing of the amount payable by him during the following year.

Section Two. Collection of Assessments. The governing board shall, by suitable written notice, assess common charges against unit owners quarterly, on the first day of January, April, July and October, each such assessment covering the next succeeding three months. One-third of each assessment shall be payable in advance on the first day of each month. If any such installment remains unpaid for more than thirty (30) days from the date due, the governing board will take prompt action to collect it.

Section Three. Common Surplus. If in any taxable year, the net receipts of the association from assessments and all other sources except casualty insurance proceeds and other nonrecurring items exceeds the sum of (a) total common expenses for which payment has

been made or liability incurred within the taxable year, and (b) reasonable reserves for common expenses and other liabilities in the next succeeding taxable year as may be determined by the governing board, such excess shall be retained and applied to lessen the assessments for the next succeeding year, the amount of such reduction for each unit owner being in proportion to his undivided interest in the common elements.

Section Four. Liability for Assessments. All unit owners are obligated to pay the common charges assessed by the governing board at the times set forth in these bylaws. No unit owner may exempt himself from liability for any assessment for common charges by waiver of the use or enjoyment of any of the common elements or by abandonment of his unit. However, no unit owner shall be liable for any assessment for common charges against his unit subsequent to a sale, transfer, or other conveyance by him of such unit made in accordance with the provisions of Section Three of Article Seven of these bylaws. Moreover, any owner of a unit that is free and clear of all liens and encumbrances other than a first mortgage and the statutory lien for unpaid common charges, may, subject to the provisions of these bylaws, convey such unit to the governing board or its designee, corporate or otherwise, as grantee on behalf of all other unit owners, and such conveyance shall exempt the owner from liability for any common charges assessed thereafter. In all voluntary conveyances of units, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his share of common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover over against the grantor for any amounts paid by the grantee. However, any such grantee, or any mortgagee shall be entitled, within ten (10) days after making request therefor, to a certificate from the governing board, or the managing agent or manager, as the case may be, setting forth the amount of unpaid assessments pertaining to such unit, and in such event, any person other than the grantor who relies on such certificate shall be entitled to rely thereon, and shall not be liable

for any amounts in excess of the amount stated therein. A mortgagee or other purchaser of a unit at a foreclosure sale shall not be liable for nonpayment of any common charges assessed prior to the date of the foreclosure sale, and such unit shall not be subject to a lien for nonpayment of such charges.

Section Five. Default in Payment of Common Charges. In the event a unit owner shall fail for thirty (30) days following the due date thereof, to pay to the governing board the common charges assessed against his unit, such unit owner shall be deemed in default and shall be obligated to pay interest at the legal rate on such common charges from the due date thereof, together with all expenses, including reasonable attorneys' fees, incurred by the governing board in any proceeding brought to collect the same, or to foreclose a lien for nonpayment thereof.

Section Six. Foreclosure of Liens for Unpaid Common Charges. It shall be the right and duty of the governing board to attempt to recover unpaid common charges, together with interest thereon, and expenses of the proceeding, including reasonable attorneys' fees, in an action brought against any unit owner in default on his obligation to pay the same, or by foreclosure of the lien on any condominium parcel in respect to which such default has occurred provided for by law. In any such foreclosure the unit owner shall be required to pay a reasonable rental for the unit for the period beginning with the initial default and ending with satisfaction of amounts secured by such lien from the proceeds of the foreclosure sale. Any unpaid common expenses remaining uncollectible for more than forty-five (45) days after such foreclosure sale may be assessed by the governing board as common expenses to be collected from all unit owners including the purchaser who acquires title at the sale, his successors and assigns. The governing board, acting on behalf of all unit owners, shall have the power to bid on and purchase any unit offered for sale at a foreclosure sale, and to acquire, hold, lease, mortgage convey, or otherwise deal with the same. Suit to recover a money

judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same, and foreclosure shall be maintainable notwithstanding the pendency of a suit to recover a money judgment.

Section Seven. Maintenance and Repair.

(a) Every owner shall promptly perform all maintenance and repair work within his own unit, which if omitted would affect any common element, any portion of the property belonging to other owners, or the project as whole, being expressly responsible for all damages and liabilities that any failure to repair or maintain may engender.

(b) All maintenance, repairs, and replacements to the common elements, whether located inside or outside individual units, shall be the responsibility of the governing board and shall be charged to all unit owners as common expenses unless such maintenance, repairs, or replacements are necessitated by the negligence or misconduct of individual unit owners, in which case they shall be the responsibility of, and shall be charged to such individual unit owners.

(c) Each unit owner shall be responsible for and reimburse the association for any expenditures incurred in repairing or replacing any common element damaged through his fault.

Section Eight. Uses of Units; Rules and Regulations. The use of units and the common elements shall be subject to restrictions set forth in rules and regulations to be promulgated and amended from time to time by the governing board with the approval of a majority of unit owners. Such restrictions shall include, without limitation, the following:

(a) Units shall be occupied and used by their respective owners only as private dwelling for the owner, his family, tenants, and social guests, and for no other purpose whatsoever.

(b) No portion of a unit other than the entire unit may be rented, and no unit may be rented for hotel or transient purposes.

(c) Residents shall exercise extreme care about making noises or playing music which may disturb other residents. Residents keeping

domestic animals must abide by municipal sanitary regulations.

(d) Hanging, cleaning, or beating garments, rugs, etc. from or on the windows, terraces, or facades of the building is prohibited.

(e) Throwing garbage or trash outside disposal installations provided for such purposes is prohibited.

(f) No owner, resident, or lessee shall install wiring for any electrical or telephone installation, or any television antenna, air-conditioning units, or machine of any kind on the exterior of the building or which protrudes through the walls or the roof of the building except as authorized by the governing board.

(g) Owners shall not take or cause to be taken within their units any action that would jeopardize the soundness or safety of any part of the condominium property or impair any easement or right appurtenant thereto or affect the common elements without the unanimous consent of all unit owners who might be affected thereby.

(h) Owners shall not permit anything to be done or kept in their units that would increase the rate of fire insurance thereon or on the condominium as a whole.

(i) No immoral, improper, offensive, or unlawful uses shall be made of condominium property or any part thereof, and each unit owner, at his own expense, shall comply with, perform, and fully satisfy all city, state, and federal laws, statutes, ordinances, regulations, orders or requirements affecting his unit.

Section Nine. Modifications by Unit Owners. No unit owner shall make any structural addition or alteration to his unit without the prior written consent of the governing board. On request by any unit owner for approval of a proposed addition or alteration, the board shall answer the same within ten (10) days after receipt thereof, and failure to do so within the stipulated time shall constitute a consent. Any application to any governmental authority for a permit to make any addition or alteration to any unit shall be executed by the governing board only. However, neither the board nor any member thereof shall be liable to any contractor, subcontractor, or

materialman, or to any person claiming injury to person or property as a result of such addition or alteration or the construction thereof. The provisions of this section shall not apply to units owned by developer until such units shall have been initially sold by developer and paid for.

Section Ten. Right of Access. The association shall have, and shall exercise through the manager, managing agent, or other person or persons authorized by the governing board, a right of access to each unit from time to time during reasonable hours, to maintain, repair, or replace any common elements therein or accessible therefrom, or to make emergency repairs necessary to prevent damage to common elements or to any other unit or units, or to correct any condition violative of the provisions of any mortgage secured by any other unit. Requests for access shall be made in advance and shall be scheduled for times convenient to the owner except that, in case of emergency, right of access shall be immediate, and shall exist whether the unit owner is present at the time or not.

Section Eleven. Use of Common Elements. Unit owners shall not place or cause to be placed in the lobbies, vestibules, stairways, elevators and other condominium areas and facilities of a similar nature both common and limited, any furniture, packages or objects of any kind. Such areas (other than lobbies) shall be used for no other purpose than normal transit through them.

Section Twelve. Modifications by Governing Board. Any additions or alterations in or to the common elements costing Five Hundred Dollars (\$500.00) or less may be made by the governing board without approval of unit owners or unit mortgagees, and the costs thereof shall be treated as common expenses. Whenever in the judgment of the governing board the common elements require additions or alterations costing in excess of Five Hundred Dollars (\$500.00), the making of such additions or alterations shall require approval by a majority of unit owners, and by those mortgagees holding first mortgages on twenty or more units. After such approval has been obtained, the board shall proceed with the additions or alterations,

8-18

and the costs thereof shall be treated as common expenses.

Section Thirteen. Right of Owners to Insure Units. Any insurance obtained or maintained by the governing board, managing agent, or manager, as the case may be, shall be without prejudice to the rights of unit owners to obtain and maintain such unit insurance as they see fit.

Section Fourteen. Abatement of Violations. Violation of any provisions of the declaration, a unit deed, these bylaws, or any rule or regulation adopted pursuant hereto, shall give the governing board, acting on behalf of all unit owners, the right, in addition to any other rights set forth herein:

(a) To enter any unit in or as to which such violation or breach exists, and to summarily abate and remove, at the expense of the defaulting unit owner, any thing or condition constituting such violation or breach, and the governing board shall not be deemed guilty of trespass in so doing; or

(b) To enjoin, abate, or remedy the continuance of such violation or breach by appropriate legal proceedings, or to bring an action for recovery of damages.

ARTICLE SIX. MORTGAGES

Section One. Notice of Mortgage. An owner who mortgages his unit shall, within fifteen (15) days after such mortgage has been executed, notify the manager, managing agent, or secretary of the association of the name and address of his mortgagee. The secretary shall maintain such information in a book entitled "Mortgagees of Units."

Section Two. Payment of Assessments. No unit owner shall be permitted to convey, mortgage, pledge, sell, or lease his unit unless and until he shall have paid in full to the governing board all unpaid charges theretofore assessed against his unit, and until he shall have satisfied all unpaid liens against his unit other than mortgage liens.

Section Three. Notice of Unpaid Assessments. The secretary of the association shall, at the request of a mortgagee of a unit, report any unpaid assessments due from the owner of such unit.

Section Four. Notice of Default. Upon giving notice to a unit owner of a default, whether in payment of common charges or otherwise, the governing board shall send a copy of such notice to each holder of a mortgage secured by such unit whose name and address appears in the book entitled "Mortgagees of Units".

Section Five. Inspection of Books. Unit owners and unit mortgagees shall be permitted to inspect the books of account of the association at reasonable times during business hours.

Section Six. Blanket Mortgages. Notwithstanding any other provision hereof, the entire condominium property, or some or all of the units therein, together with the undivided interests in the common elements and limited common elements appurtenant thereto, may be subjected to a blanket mortgage constituting a first lien thereon, created by an instrument executed by all owners of the property or units covered thereby and recorded in the office in which these bylaws are recorded. Any unit included under the lien of such a mortgage may be sold or otherwise conveyed or transferred subject thereto. The instrument creating any such mortgage shall provide a method whereby any unit owner may obtain a release of his unit and its appurtenant interests in the common elements and limited common elements from the lien of such mortgage and a satisfaction and discharge in recordable form, on payment of a sum equal to the proportionate share attributable to his unit of the then outstanding balance of unpaid principal and accrued interest and other proper charges. The proportionate share attributable to each unit shall be in each case the proportion in which all units then subject to the lien of the mortgage share among themselves in liability for common expenses as provided in the declaration or such other reasonable proportion as shall be specifically provided in the mortgage instrument.

ARTICLE SEVEN. SALES AND LEASES OF
UNITS

Section One. Compliance with Article. No unit owner may sell or lease his unit or any interest therein except by complying with the provisions of this article.

Section Two. Severance of Ownership. Any sale of a unit must include the sale of the undivided interest in the common elements appurtenant to that unit, the interest of the seller in any units theretofore acquired by the governing board, or the proceeds of the sale or lease thereof, and the interest of the seller in any other assets of the association (hereinafter collectively referred to as appurtenant interests). No part of the appurtenant interests of any unit may be sold, transferred, or otherwise disposed of except as part of a sale, transfer, or other disposition of the unit to which such interests are appurtenant, or as a part of a sale, transfer, or other disposition of such part of the appurtenant interests of all units. Any deed, mortgage, or other instrument purporting to affect a unit or one or more appurtenant interests without including all such interests shall be deemed to include the interest or interests so omitted, it being the intention hereof to prevent any severance of combined ownership of units and their appurtenant interests.

Section Three. Right of First Refusal. Any unit owner who receives a bona fide offer for the sale or lease of his unit which he intends to accept, shall give notice to the governing board of the terms of the offer, the name and address of the offeror, and any such other information as the board may reasonably request. The giving of such notice shall constitute a warranty and representation by the unit owner to the governing board that such unit owner believes the offer to be bona fide in all respects, and intends to accept the same. Within five (5) days after receipt of such notice, the governing board may elect, by notice to such unit owner, to purchase or lease the unit, on behalf of all other unit owners, on the same terms and conditions stated in the unit owner's notice. If the governing board or its designee shall fail, within five (5) days

B-21

to give notice of its intent to purchase or lease the unit, the unit owner shall be free to contract to sell or lease the same to the outside offeror on the terms and conditions set forth in the original offer.

Section Four. Consent of Unit Owners. The right of first refusal hereinbefore provided may not be exercised by the governing board without the prior approval of a majority of unit owners.

Section Five. Release of Right of First Refusal. The right of first refusal hereinbefore provided may be released or waived by the governing board.

Section Six. Certificate of Termination or Waiver of Right of First Refusal. Any unit owner who has in fact given the notice required in section three of this article, or in respect to whom the provisions of such section have been waived, may request a certificate of termination or waiver, as the case may be, of the right of first refusal. On such request, a certificate of termination or waiver shall be executed and acknowledged by the secretary of the association, and such certificate shall be conclusive on the governing board and the unit owners in favor of all persons relying thereon in good faith.

Section Seven. Financing Acquisition of Units by Governing Board. Acquisition of units may be financed from the acquisitions reserve, working capital, and common charges in the hands of the governing board. If such funds are insufficient, the governing board may levy an assessment against unit owners in proportion to their ownership of the common elements, as a common charge. The governing board is also authorized to borrow money to finance the acquisition of such units; provided however, that no lien or encumbrance on any property, other than the unit to be acquired, may be suffered to secure such financing.

Section Eight. Exceptions. The right of first refusal hereinbefore provided shall not apply with respect to any sale or lease

of a unit by its owner to his spouse, to any of his or her children, to his or her parent or parents, to his or her brothers or sisters, or to any one or more of them; nor shall such right apply to any unit owned by developer, or to the acquisition or sale of any unit by a mortgagee acquiring title by foreclosure or by deed in lieu of foreclosure. Nor shall such right apply to any transfer or conveyance of a unit by gift, by devise, or by intestate succession.

ARTICLE EIGHT. EMINENT DOMAIN

Section One. Condemnation of Common Element. If all or any part of the common elements or limited common elements is taken, injured, or destroyed by eminent domain, each unit owner shall be entitled to notice of such taking and to participate through the association in the proceedings incident thereto. Any damages shall be for the taking, injury, or destruction as a whole, and shall be collected by the governing board. If those unit owners entitled to exercise fifty-one per cent (51%) or more of the total voting power of the association duly and promptly approve the repair and restoration of the common elements or limited common elements, the governing board shall contract for such repair and restoration, and shall disburse the proceeds of the award in appropriate progress payments to contractors engaged in such repair and restoration. If the proceeds of the award are insufficient to defray the entire expense of repair and restoration, the excess of such expense over such proceeds shall be treated as a common expense or limited common expense. In the event that these unit owners entitled to exercise fifty-one per cent (51%) or more of the total voting power of the association do not duly and promptly approve the repair and restoration of the common elements, the net proceeds shall be divided by the governing board among all unit owners in proportion to their respective common interests, or limited common interests, as the case may be, paying out of the share of each unit owner the amount of any unpaid liens on his unit, in the order of priority of such liens.

Section Two. Condemnation of Units. If all or any part of any unit or units, other than the undivided interest or interests in the

common elements and limited common elements appurtenant thereto, shall be taken, injured, or destroyed by eminent domain, each unit owner so affected shall be entitled to notice of such taking and to participate directly in the proceedings incident thereto. Any damages shall be payable directly to such owner or owners.

ARTICLE NINE. RECORDS

Section One. Records; Certification. The Secretary of OCEAN SHORES HOMEOWNERS ASSOCIATION, INC. shall keep detailed records of all actions of such OCEAN SHORES HOMEOWNERS ASSOCIATION, INC. and of the governing board, including financial records and books of account of the association, kept in accordance with generally accepted accounting principles. Such records shall include a chronological record of all receipts and disbursements. A separate account shall also be kept for each unit containing, among other things, the amount of each assessment against such unit, the date when due, amounts paid thereon, and the balance remaining due. The governing board shall also prepare a quarterly written report summarizing receipts and disbursements of the association, copies of which shall be made available to all unit owners. Additionally, an annual report of receipts and disbursements of the condominium, certified by an independent certified public accountant, shall be rendered by the governing board to all unit owners and mortgagees requesting the same, promptly after the end of each fiscal year.

ARTICLE TEN. MISCELLANEOUS

Section One. Notices. All notices required or permitted to be sent to the governing board shall be sent by registered or certified mail in care of the manager or managing agent, or if there be no manager or managing agent, to the office of the board, or to such other address as the board may, from time to time designate. All notices required or permitted to be sent to any unit owner shall be sent by registered or certified mail to the condominium or to such other address as such owner may have designated in writing to the governing board. All notices to unit mortgagees shall be sent by

registered or certified mail to their respective addresses, as maintained by the secretary in the book entitled "Mortgagees of Units". All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

Section Two. Waiver. No restriction, condition, obligation, or provision contained in these bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations and failures to enforce that may occur.

Section Three. Invalidity. If any provision or provisions of these bylaws is or are declared invalid, such invalidity shall in no way impair or affect the validity, enforceability, or effect of the remaining provisions of these bylaws.

Section Four. Captions. Captions are inserted in these bylaws for convenience and reference only, and shall not be taken in any way to limit or describe the scope of these bylaws or any provisions hereof.

ARTICLE ELEVEN. AMENDMENTS

Section One. Amendments. These bylaws may be amended or supplemented by the vote of unit owners entitled to exercise fifty-one per cent (51%) or more of the total voting power of the association at a meeting of unit owners duly called and held for such purpose, but only with the written approval of those mortgagees holding mortgages constituting first liens on fifty-one per cent (51%) or more of the units. Any such amendment or supplement shall be filed for record in the office in which these bylaws are recorded.

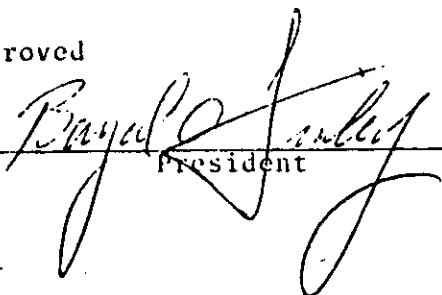
ARTICLE TWELVE - CONFLICTS

Section One. Conflicts. These bylaws are intended to comply with the requirements of, and are promulgated pursuant to Chapter 718 of the Florida Statutes. If these bylaws or any provisions hereof are so construed as to be in conflict with the provisions of such statute, or of the declaration to which they are attached, the

provisions of such statute or of the declaration, as the case may be, shall control.

The foregoing were adopted as the Bylaws of OCEAN SHORES HOMEOWNERS ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, at the first meeting of the board of directors on May 30, 1980.

Approved



President



Secretary