

BYLAWS
FOR
OAKLEAF VILLAGE CENTER ASSOCIATION, INC.,
A FLORIDA NOT-FOR-PROFIT CORPORATION

Introduction

The OakLeaf Village Center Association, Inc. (the "Association") is organized as a not-for-profit corporation under Chapter 617, Florida Statutes. As a mixed-use association including both residential and commercial property, it is also subject in part to the special provisions of Chapter 720, Florida Statutes, for homeowners' associations. These Bylaws were written to comply with those chapters at the time the Association was formed. However, those laws may change, and the Association is required to comply with changes to the law.

The Bylaws are attached as an exhibit to the Declaration of Charter, Easements, Covenants and Restrictions for OakLeaf Village Center (the "Declaration"), recorded or to be recorded in the public records of Clay County, Florida. The Articles of Incorporation, the document that legally created the corporation under state law, is also an attachment to the Declaration. A corporation's Bylaws provide the details for running the organization. They must not contradict the statutes, the Declaration or the Articles of Incorporation but they fill in the gaps.

These Bylaws incorporate certain relevant portions of Chapter 720, which are shown in italics with a bar to the left to set them off from the rest of the text. These Bylaws do not restate those procedures that are adequately described in the statute, and the Association should follow the statutory requirements. In some cases, the statutes have been reformatted to make them easier to read, and extraneous paragraphs have been deleted. Where the statute uses the term "developer," it shall refer to the Founder as defined in the Declaration. The entire statute is not included and should be consulted for additional provisions.

Bylaws are intended to be easier to amend than either the Declaration or the Articles of Incorporation so that the Association can adjust the Bylaws to its needs. Any amendment to the Bylaws must be recorded in the public records of Clay County as an amendment to the Declaration. However, any amendments to Chapter 720 shall be automatically incorporated into these Bylaws and do not need to be approved or recorded, although such changes should be noted the next time the Bylaws are amended for any other purpose.

I. Members

1.1 Membership. The Members of the Association are the owners of separately conveyable parcels of real property ("Parcels") in the property made subject to the Declaration (the "Property"). The membership of each Owner shall terminate when he or she ceases to be an Owner of a Parcel. Upon the sale, transfer or other disposition of his ownership interest in a Parcel, membership in the Association shall automatically be transferred to the new Parcel Owner. The Association may issue certificates evidencing membership.

1.2 Shares; Votes. Each Member shall have an interest in the funds and assets of the Association and shall be assigned a vote according to Allocated Interests, as further described in Paragraph 3.1.2 of the Declaration.

II. Membership Meetings

Editor's Note: A quorum is the percentage of membership necessary to conduct business of the Association at a meeting. State law allows those physically present to be counted, plus those who have filed a proxy. A proxy is a legal document that allows a Member who will not be present at the meeting to designate another person to vote for that Member. A general proxy allows the designee to vote on all matters, while a limited proxy directs the designee to vote for certain matters in a certain way.

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(1) QUORUM; AMENDMENTS. --

(a) Unless a lower number is provided in the Bylaws, the percentage of voting interests required to constitute a quorum at a meeting of the members shall be 30 percent of the total voting interests. Unless otherwise provided in this chapter or in the articles of incorporation or Bylaws, decisions that require a vote of the members must be made by the concurrence of at least a majority of the voting interests present, in person or by proxy, at a meeting at which a quorum has been attained.

(2) ANNUAL MEETING. --The association shall hold a meeting of its members annually for the transaction of any and all proper business at a time, date, and place stated in, or fixed in accordance with, the Bylaws. The election of directors, if one is required to be held, must be held at, or in conjunction with, the annual meeting or as provided in the governing documents.

(3) SPECIAL MEETINGS. --Special meetings must be held when called by the board of directors or, unless a different percentage is stated in the governing documents, by at least 10 percent of the total voting interests of the association. Business conducted at a special meeting is limited to the purposes described in the notice of the meeting.

(4) CONTENT OF NOTICE. --Unless law or the governing documents require otherwise, notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called. Notice of a special meeting must include a description of the purpose or purposes for which the meeting is called.

(5) NOTICE OF MEETINGS.--The bylaws shall provide for giving notice to members of all member meetings, and if they do not do so shall be deemed to provide the following: The association shall give all parcel owners and members actual notice of all membership meetings, which shall be mailed, delivered, or electronically transmitted to the members not less than 14 days prior to the meeting. Evidence of compliance with this 14-day notice shall be made by an affidavit executed by the person providing the notice and filed upon execution among the official records of the association. In addition to mailing, delivering, or electronically transmitting the notice of any meeting, the association may, by reasonable rule, adopt a procedure for conspicuously posting and repeatedly broadcasting the notice and the agenda on a closed-circuit

cable television system serving the association. When broadcast notice is provided, the notice and agenda must be broadcast in a manner and for a sufficient continuous length of time so as to allow an average reader to observe the notice and read and comprehend the entire content of the notice and the agenda.

(6) RIGHT TO SPEAK. --Members and parcel owners have the right to attend all membership meetings and to speak at any meeting with reference to all items opened for discussion or included on the agenda. Notwithstanding any provision to the contrary in the governing documents or any rules adopted by the board or by the membership, a member and a parcel owner have the right to speak for at least 3 minutes on any item, provided that the member or parcel owner submits a written request to speak prior to the meeting. The association may adopt written reasonable rules governing the frequency, duration, and other manner of member and parcel owner statements, which rules must be consistent with this paragraph.

(7) ADJOURNMENT: --Unless the Bylaws require otherwise, adjournment of an annual or special meeting to a different date, time, or place must be announced at that meeting before an adjournment is taken, or notice must be given of the new date, time, or place pursuant to s. 720.303(2). Any business that might have been transacted on the original date of the meeting may be transacted at the adjourned meeting. If a new record date for the adjourned meeting is or must be fixed under s. 617.0707, notice of the adjourned meeting must be given to persons who are entitled to vote and are members as of the new record date but were not members as of the previous record date.

(8) PROXY VOTING. --The members have the right, unless otherwise provided in this subsection or in the governing documents, to vote in person or by proxy. To be valid, a proxy must be dated, must state the date, time, and place of the meeting for which it was given, and must be signed by the authorized person who executed the proxy. A proxy is effective only for the specific meeting for which it was originally given, as the meeting may lawfully be adjourned and reconvened from time to time, and automatically expires 90 days after the date of the meeting for which it was originally given. A proxy is revocable at any time at the pleasure of the person who executes it. If the proxy form expressly so provides, any proxy holder may appoint, in writing, a substitute to act in his or her place.

2.1 Rules. The meetings of the membership shall be held in accordance with the provisions of the Declaration and, subject to the Declaration, in accordance with these By-Laws. Except where in conflict with the Declaration, Roberts Rules of Order (as amended) shall govern the conduct of all membership meetings.

2.2 Annual Meeting. The Board shall determine the date and time of the annual meeting, which shall ordinarily be at least 11 months but no later than 13 months since the previous annual meeting.

2.3 Special Meetings. Unless specifically provided otherwise in these Bylaws or in the Declaration, meetings of the membership shall be held when directed by the President or the Board or when requested in writing by Members holding a majority of the votes having the right to vote at such meeting. The call for the meeting shall be issued by the secretary.

- 2.4 **Notice.** Notice of meetings shall be provided in accordance with the statute.
- 2.5 **Waiver.** Any Owner may waive notice of a meeting or consent to the holding of a meeting without notice or consent to action taken without a meeting, by execution of a waiver or consent in writing. Such waiver or consent may be executed prior to, at, or subsequent to the meeting or Association action to which the waiver or consent relates.
- 2.6 **Quorum.** Voting at an Association meeting requires presence of Members in person or proxy representing the percentage of votes established by the Board as necessary to transact business. The Board may revise this percentage from time to time, but in no event shall the required percentage be less than 10% or more than 50% of the membership. If Florida law is ever modified to permit other forms of representation, such as teleconferencing, to be counted toward a quorum, the Board may by rule adopt such change without amendment of these Bylaws.
- 2.7 **Meeting Location.** The Board shall determine the place for all regular and special meetings, which shall be in Clay County except in an emergency or after significant casualty.
- 2.8 **Proxies.** Proxies are permitted for any meeting of the membership.
- 2.9 **Action without Meeting.** If permitted by the Board, the membership may approve any matter (specifically including the election of Directors) by written ballot. Ballots shall be mailed or hand delivered to all Members. The Board shall establish for each vote the amount of time to be permitted for voting, which shall be no less than 10 days nor more than 60 days, and all ballots returned within the permitted time shall be counted. The Board may also establish a minimum number of ballots that must be returned in order for the vote to be valid, within the limits required for a quorum. The Board may also adopt rules permitting voting by internet or other procedures that may become available from time to time.

III. Board of Directors

Editor's Note: The Board of Directors sets policy for the maintenance of Association Property, enforces the Declaration and makes most of the decisions about operation of the Association.

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(2) BOARD MEETINGS.

(a) A meeting of the board of directors of an association occurs whenever a quorum of the board gathers to conduct association business. All meetings of the board must be open to all members except for meetings between the board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege.

(b) Members have the right to attend all meetings of the board and to speak on any matter placed on the agenda by petition of the voting interests for at least 3 minutes. The association may adopt written reasonable rules expanding the right of members to speak and governing the frequency, duration, and other manner of member statements, which rules must be consistent with this paragraph and may include a sign-up sheet for

members wishing to speak. Notwithstanding any other law, the requirement that board meetings and committee meetings be open to the members is inapplicable to meetings between the board or a committee and the association's attorney, with respect to meetings of the board held for the purpose of discussing personnel matters.

(c) The bylaws shall provide for giving notice to parcel owners and members of all board meetings and, if they do not do so, shall be deemed to provide the following:

1. Notices of all board meetings must be posted in a conspicuous place in the community at least 48 hours in advance of a meeting, except in an emergency. In the alternative, if notice is not posted in a conspicuous place in the community, notice of each board meeting must be mailed or delivered to each member at least 7 days before the meeting, except in an emergency. Notwithstanding this general notice requirement, for communities with more than 100 members, the Bylaws may provide for a reasonable alternative to posting or mailing of notice for each board meeting, including publication of notice or provision of a schedule of board meetings.

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(9) **ELECTIONS.** --Elections of directors must be conducted in accordance with the procedures set forth in the governing documents of the association. All members of the association shall be eligible to serve on the board of directors, and a member may nominate himself or herself as a candidate for the board at a meeting where the election is to be held. Except as otherwise provided in the governing documents, boards of directors must be elected by a plurality of the votes cast by eligible voters. Any election dispute between a member and an association must be submitted to mandatory binding arbitration with the division. Such proceedings shall be conducted in the manner provided by s. 718.1255 and the procedural rules adopted by the division.

(10) **RECORDING.** --Any parcel owner may tape record or videotape meetings of the board of directors and meetings of the members. The board of directors of the association may adopt reasonable rules governing the taping of meetings of the board and the membership.

3.1 Powers and Duties. The Board shall have the following powers and duties:

- (a) To elect the officers of the Association as hereinafter provided;
- (b) To administer the affairs of the Association and the Property and formulate policies for such purposes;
- (c) To adopt administrative rules and regulations governing the administration, management, operation and use of the Property and to amend such rules and regulations from time to time;
- (d) To provide for the maintenance, repair and replacement of those parts of the Property stated in the Declaration to be maintained by the Association;

(e) To provide for the designation, hiring and removal of employees and other personnel or service companies, including a property manager, to engage or contract for the services of others, to make purchases for the maintenance, repair, replacement, administration, management and operation of the Property and to delegate any such powers to the employees or agents of the Association;

(f) To estimate the amount of the annual budget, to provide the manner of assessing and collecting from the Owners their respective shares of such estimated expenses as hereinafter provided and to assess any supplemental assessment as the Board shall deem necessary;

(g) To enter into contracts for cable television services, high-speed Internet access, telephone service, security services, and other telecommunications or information services to be provided to the Property, including, without limitation, bulk service agreements, wholesale purchase agreements, resale agreements, and facilities construction, installation, maintenance and repair agreements,

(h) Unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the Owners as expressed in a resolution duly adopted at any annual or special meeting of the Owners; and

(i) To exercise all other powers and duties of the Board provided for in the Declaration and the Articles.

3.2 Term; Qualifications. Directors shall hold office for a term of two years. A director may be elected to a one-year term to permit staggered terms. Directors may be elected for successive terms. Directors are not required to be Members.

3.3 Neighborhoods.

(a) Neighborhood Advisory Councils. As provided in Section 3.1.7 of the Declaration, each Neighborhood shall have a Neighborhood Advisory Council, which shall review and give suggestions for the annual Neighborhood budget, proposed services and any modifications to the Neighborhood. After the first such council, which shall be appointed by the Board, Owners from each Neighborhood shall elect subsequent councils as part of the regular Board election process. For those portions of the Property that have a condominium association or other incorporated association, that entity shall serve as the advisory council.

(b) Commercial District. It is anticipated that when the Property is complete, the Allocated Interests attributable to residential uses will exceed the Allocated Interests attributable to commercial uses. To allow better representation and communication, if at any time a Board is elected that does not include any Director who primarily represents the interests of the Commercial District, then the Neighborhood Advisory Council for the Commercial District shall be entitled to appoint one member of the Board of Directors, and the number of Directors shall be automatically increased accordingly.

3.4 Voting Procedure. In voting for the Board of Directors, a Member may cast his or her votes for as many candidates as there are Directors to be elected. A Member is not required to use all of that Member's votes; however, no cumulative voting shall be permitted. For example,

if there are three seats to be filled and the Member has one vote, the Member may cast one vote each for one, two or three candidates, but shall not cast more than one vote for any particular candidate. If the Member is eligible to cast two votes, the Member may cast two votes apiece for up to three candidates. The candidates receiving the highest number of votes shall be declared elected. Directors may be elected by a plurality; a majority is not required. However, if there are a large number of candidates, the Board may in advance of the voting determine that a certain minimum percentage of the votes may be required for election, and provide for run-off elections if such percentage is not achieved.

3.5 Removal. Except for directors selected by the Founder, any director may be removed from office, with or without cause, by at least a majority vote of all Members, at any duly called meeting of Members. A special Association meeting to remove a director or directors from office may be called by Members representing 10% of the membership giving notice of the meeting unless a lower percentage is permitted by law. The notice shall state the purpose of the meeting and shall be given to all Members in writing at least one week prior to the Association meeting.

3.6 Vacancy. Any vacancy occurring in the Board may be filled by a majority vote of the remaining Board members, except that a vacancy resulting from removal of a director by the Members shall be filled by a vote of the membership. The Founder may replace at any time any Board member selected by the Founder. Members shall also vote to fill a vacancy if there are not sufficient remaining Board members to constitute a quorum.

3.7 Meetings; Notice. An annual meeting of the Board shall be held immediately following the annual meeting of the membership and at the same place. Special meetings of the Board shall be held upon call by the President or a majority of the Board on not less than forty-eight (48) hours notice in writing to each director, unless the Board determines an emergency to exist, in which event the Board shall give such notice as is reasonable under the circumstances. All meetings of the Board at which official action may take place shall be open to all Members and, except in an emergency as provided above, notices of all such meetings shall be posted in a conspicuous place on the Property at least 48 hours prior to the meeting. The Board may provide for alternative posting on an Association website or similar means easily accessible by all Members. Members other than Directors shall not be entitled to vote or participate in any other way at the Board meeting unless the Board so permits. Except under emergency conditions, all meetings shall be held in Clay County.

3.8 Waiver. Any director may waive notice of a meeting or consent to the holding of a meeting without notice or consent to any action of the Board without a meeting. Such waiver or consent may be executed prior to, at, or subsequent to the meeting or Board action to which the waiver or consent relates.

3.9 Quorum. Voting at a Board meeting requires presence of at least one-half of the directors, in person or telephone conference or, by rule of the Board, any other legal means. Any action required to be taken by vote of the Board may be taken in the absence of a meeting (or in the absence of a quorum at a meeting) by obtaining the written approval of a majority of the Board.

3.10 Compensation. Directors shall receive no compensation for their services unless expressly provided for in resolutions duly adopted by the Owners but may be reimbursed for expenses.

IV. Officers

4.1 **President.** The President, who shall be selected by the Board of Directors, shall preside over the meetings of the Board and of the Association and shall be the chief executive officer of the Association. In the recess of the Board, the President shall have general control and management of the business and affairs of the Association.

4.2 **Additional Officers.** Subject to the provisions of the Declaration and Articles, at each annual meeting of the Board, the Board shall elect the following officers of the Association:

(a) One or more Vice Presidents, who shall also be directors and who shall, in the absence or disability of the President, perform the duties and exercise the powers of the President;

(b) A Secretary, who shall keep the minutes of all meetings of the Board and of the membership and who shall perform all the duties generally incident to the office of Secretary;

(c) A Treasurer, who shall cause to be kept the financial records and books of account of the Association; and

(d) Such additional officers as the Board shall see fit to elect. An individual may hold more than one position.

4.3 **Powers.** The officers shall have the general powers usually vested in such officers of a not-for-profit corporation, provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may deem necessary.

4.4 **Term.** Each officer shall hold office for the term of one year and until his successor shall have been elected and qualified.

4.5 **Vacancy.** The Board may fill any vacancies in any office. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the whole Board.

4.6 **Compensation.** Officers shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by the Owners, but may be reimbursed for expenses.

V. Records

Editor's Note: Section 3.1.5 of the Declaration provides as follows:

The Board shall keep a record of all Board meetings and other Association meetings. For each action taken, the record should state the vote and a description of the action approved and, where applicable, the reasons why the action was considered necessary and a summary of the information on which the decision was based. Any Member has the right to review the Association's records, at reasonable times, and can make copies or pay to have copies made for a

reasonable fee. To the extent permitted by law, certain records may not be made available to Members if genuine privacy considerations exist.

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(3) **MINUTES.** –Minutes of all meetings of the members of an association and of the board of directors of an association must be maintained in written form or in another form that can be converted into written form within a reasonable time. A vote or abstention from voting on each matter voted upon for each director present at a board meeting must be recorded in the minutes.

(4) **OFFICIAL RECORDS.** –The association shall maintain each of the following items, when applicable, which constitute the official records of the association:

(a) Copies of any plans, specifications, permits, and warranties related to improvements constructed on the common areas or other property that the association is obligated to maintain, repair, or replace.

(b) A copy of the Bylaws of the association and of each amendment to the Bylaws.

(c) A copy of the articles of incorporation of the association and of each amendment thereto.

(d) A copy of the declaration of covenants and a copy of each amendment thereto.

(e) A copy of the current rules of the homeowners' association.

(f) The minutes of all meetings of the board of directors and of the members, which minutes must be retained for at least 7 years.

(g) A current roster of all members and their mailing addresses and parcel identifications.

(h) All of the association's insurance policies or a copy thereof, which policies must be retained for at least 7 years.

(i) A current copy of all contracts to which the association is a party, including, without limitation, any management agreement, lease, or other contract under which the association has any obligation or responsibility. Bids received by the association for work to be performed must also be considered official records and must be kept for a period of 1 year.

(j) The financial and accounting records of the association kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least 7 years. The financial and accounting records must include:

1. Accurate, itemized, and detailed records of all receipts and expenditures.

2. A current account and a periodic statement of the account for each member, designating the name and current address of each member who is obligated to pay assessments, the due date and amount of each assessment or other charge against the member, the date and amount of each payment on the account, and the balance due.

3. All tax returns, financial statements, and financial reports of the association.

4. Any other records that identify, measure, record, or communicate financial information.

(k) A copy of the disclosure summary described in s. 720.401(1).

(l) All other written records of the association not specifically included in the foregoing which are related to the operation of the association.

(5) **INSPECTION AND COPYING OF RECORDS.** –The official records shall be maintained within the state and must be open to inspection and available for photocopying by members or

their authorized agents at reasonable times and places within 10 business days after receipt of a written request for access. This subsection may be complied with by having a copy of the official records available for inspection or copying in the community. If the association has a photocopy machine available where the records are maintained, it must provide parcel owners with copies on request during the inspection if the entire request is limited to no more than 25 pages.

(a) The failure of an association to provide access to the records within 10 business days after receipt of a written request creates a rebuttable presumption that the association willfully failed to comply with this subsection.

(b) A member who is denied access to official records is entitled to the actual damages or minimum damages for the association's willful failure to comply with this subsection. The minimum damages are to be \$50 per calendar day up to 10 days, the calculation to begin on the 11th business day after receipt of the written request.

(c) The association may adopt reasonable written rules governing the frequency, time, location, notice, records to be inspected, and manner of inspections, but may not impose a requirement that a parcel owner demonstrate any proper purpose for the inspection, state any reason for the inspection, or limit a parcel owner's right to inspect records to less than one 8-hour business day per month. The association may impose fees to cover the costs of providing copies of the official records, including, without limitation, the costs of copying. The association may charge up to 50 cents per page for copies made on the association's photocopier. If the association does not have a photocopy machine available where the records are kept, or if the records requested to be copied exceed 25 pages in length, the association may have copies made by an outside vendor and may charge the actual cost of copying. The association shall maintain an adequate number of copies of the recorded governing documents, to ensure their availability to members and prospective members. Notwithstanding the provisions of this paragraph, the following records shall not be accessible to members or parcel owners:

1. Any record protected by the lawyer-client privilege as described in s. 90.502 and any record protected by the work-product privilege, including, but not limited to, any record prepared by an association attorney or prepared at the attorney's express direction which reflects a mental impression, conclusion, litigation strategy, or legal theory of the attorney or the association and was prepared exclusively for civil or criminal litigation or for adversarial administrative proceedings or which was prepared in anticipation of imminent civil or criminal litigation or imminent adversarial administrative proceedings until the conclusion of the litigation or adversarial administrative proceedings.
2. Information obtained by an association in connection with the approval of the lease, sale, or other transfer of a parcel.
3. Disciplinary, health, insurance, and personnel records of the association's employees.
4. Medical records of parcel owners or community residents.

VI. Budget; Financial Reporting

Editor's Note: Under current federal law, the Association is required to file an income tax return. It is anticipated that the Association will not qualify as a homeowners association under Section 528 of the Internal Revenue Code as that law is currently written and interpreted. The Association should consult with a tax professional about an appropriate accounting method and tax implications.

Additional provisions concerning the budget process may be found in Part IV of the Declaration.

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(2) BOARD MEETINGS.

(c) 2. An assessment may not be levied at a board meeting unless the notice of the meeting includes a statement that assessments will be considered and the nature of the assessments. Written notice of any meeting at which special assessments will be considered or at which amendments to rules regarding parcel use will be must be mailed, delivered, or electronically transmitted to the members and parcel owners and posted conspicuously on the property or broadcast on closed-circuit cable television not less than 14 days before the meeting.

(c)(3). Directors may not vote by proxy or by secret ballot at board meetings, except that secret ballots may be used in the election of officers. This subsection also applies to the meetings of any committee or other similar body, when a final decision will be made regarding the expenditure of association funds, and to any body vested with the power to approve or disapprove architectural decisions with respect to a specific parcel of residential property owned by a member of the community.

(d) If 20 percent of the total voting interests petition the board to address an item of business, the board shall at its next regular board meeting or at a special meeting of the board, but not later than 60 days after the receipt of the petition, take the petitioned item up on an agenda. The board shall give all members notice of the meeting at which the petitioned item shall be addressed in accordance with the 14-day notice requirement pursuant to subparagraph 2. Each member shall have the right to speak for at least 3 minutes on each matter placed on the agenda by petition, provided that the member signs the sign-up sheet, if one is provided, or submits a written request to speak prior to the meeting. Other than addressing the petitioned item at the meeting, the board is not obligated to take any other action requested by the petition.

(6) BUDGETS. --The association shall prepare an annual budget. The budget must reflect the estimated revenues and expenses for that year and the estimated surplus or deficit as of the end of the current year. The budget must set out separately all fees or charges for recreational amenities, whether owned by the association, the developer, or another person. The association shall provide each member with a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the member. The copy must be provided to the member within the time limits set forth in subsection (5). [See Part V, above, for text]

(7) FINANCIAL REPORTING. --The association shall prepare an annual financial report within 60 days after the close of the fiscal year. The association shall, within the time limits set forth in subsection (5), provide each member with a copy of the annual financial report or a written notice that a copy of the financial report is available upon request at no charge to the member. Financial reports shall be prepared as follows:

(a) An association that meets the criteria of this paragraph shall prepare or cause to be prepared a complete set of financial statements in accordance with generally accepted accounting principles. The financial statements shall be based upon the association's total annual revenues, as follows:

1. An association with total annual revenues of \$100,000 or more, but less than \$200,000, shall prepare compiled financial statements.

2. An association with total annual revenues of at least \$200,000, but less than \$400,000, shall prepare reviewed financial statements.

3. An association with total annual revenues of \$400,000 or more shall prepare audited financial statements.

(b) 1. An association with total annual revenues of less than \$100,000 shall prepare a report of cash receipts and expenditures.

2. An association in a community of fewer than 50 parcels, regardless of the association's annual revenues, may prepare a report of cash receipts and expenditures in lieu of the financial statements required by paragraph (a) unless the governing documents provide otherwise.

3. A report of cash receipts and disbursement must disclose the amount of receipts by accounts and receipt classifications and the amount of expenses by accounts and expense classifications, including, but not limited to, the following, as applicable: costs for security, professional, and management fees and expenses; taxes; costs for recreation facilities; expenses for refuse collection and utility services; expenses for lawn care; costs for building maintenance and repair; insurance costs; administration and salary expenses; and reserves if maintained by the association.

(c) If 20 percent of the parcel owners petition the board for a level of financial reporting higher than that required by this section, the association shall duly notice and hold a meeting of members within 30 days of receipt of the petition for the purpose of voting on raising the level of reporting for that fiscal year. Upon approval of a majority of the total voting interests of the parcel owners, the association shall prepare or cause to be prepared, shall amend the budget or adopt a special assessment to pay for the financial report regardless of any provision to the contrary in the governing documents, and shall provide within 90 days of the meeting or the end of the fiscal year, whichever occurs later:

1. Compiled, reviewed, or audited financial statements, if the association is otherwise required to prepare a report of cash receipts and expenditures;

2. Reviewed or audited financial statements, if the association is otherwise required to prepare compiled financial statements; or

3. Audited financial statements if the association is otherwise required to prepare reviewed financial statements.

(d) If approved by a majority of the voting interests present at a properly called meeting of the association, an association may prepare or cause to be prepared:

1. A report of cash receipts and expenditures in lieu of a compiled, reviewed, or audited financial statement;

2. A report of cash receipts and expenditures or a compiled financial statement in lieu of a reviewed or audited financial statement; or

3. A report of cash receipts and expenditures, a compiled financial statement, or a reviewed financial statement in lieu of an audited financial statement.

(8) ASSOCIATION FUNDS; COMMINGLING. —

(a) All association funds held by a developer shall be maintained separately in the association's name. Reserve and operating funds of the association shall not be commingled prior to turnover except the association may jointly invest reserve funds; however, such jointly invested funds must be accounted for separately.

(b) No developer in control of a homeowners' association shall commingle any association funds with his or her funds or with the funds of any other homeowners' association or community association.

(c) Association funds may not be used by a developer to defend a civil or criminal action, administrative proceeding, or arbitration proceeding that has been filed against the developer or directors appointed to the association board by the developer, even when the subject of the action or proceeding concerns the operation of the developer-controlled association.

VII. Amendment

7.1 Amendment. The Bylaws may be altered, amended, modified or repealed by (a) unanimous approval of the Directors, after notice to Members and opportunity for discussion, or (b) approval of a majority of the Members at a meeting at which a quorum was present, or (c) assent in writing of Members representing a majority of the voting interests. The President or Vice-President and secretary shall execute a certificate indicating compliance with the approval process. Any such modification shall be effective upon recording in the public records of Clay County.

7.2 Changes to Law. The Board may at any time revise or restate a working copy of the Bylaws to incorporate changes to the law or additional provisions of the law, to incorporate relevant portions of the Declaration or, after turnover, to delete portions of the statute concerning the developer. If the Board makes such changes, it may record the revised Bylaws at any time, but is not required to do so.

VIII. Supremacy

In the event of a conflict among the Bylaws, Articles, or Declaration, the Declaration shall control, followed by the Articles, and then Bylaws.

These Bylaws were adopted by the Board on _____, 2005.