

BY-LAWS OF
THE VERANDAS AT FREEPORT OWNERS ASSOCIATION, INC.

ARTICLE I

Section 1. Name. The name of this corporation is **The Verandas at Freeport Owners Association, Inc.** (the "Corporation"). Its principal place of business is **56001 Date Palm Lane, Freeport, FL**. The Corporation may have such other offices within or without the State of Florida as the Board of Directors or the members may from time to time designate.

ARTICLE II

Section 1. Applicability. These By-Laws and each provision thereof shall be applicable to all Lots and members, as defined within the residential subdivision known as **The Verandas at Freeport Subdivision**, more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Property").

Section 2. Definitions. Capitalized words shall have the meanings ascribed to them in the Declaration of Covenants, Conditions and Restrictions for **The Verandas at Freeport Subdivision**, as filed in the Official Records of **Walton County**, Florida, and in the Articles of Incorporation for the Corporation.

ARTICLE III - Membership

Section 1. Eligibility. The Owner or Owners of a Lot, who have become such in compliance with all of the requirements and conditions contained in the Declaration of Covenants, including these By-Laws, shall be entitled to attend and vote at all meetings of the Association. After Turnover, the Declarant shall be considered the Owner of each Lot that is unsold by it. Ownership of a Lot shall be the sole qualification for membership of the Association. Prior to Turnover, the Declarant shall have all rights of an Owner, as augmented by those rights specifically given to the Class B Member.

Section 2. Voting Rights. The Owner or Owners of a Lot shall be entitled to one (1) vote at all meetings of the Association.

If more than one Person owns an interest in any Lot, or if more than one Person owns separate portions of a Lot, all such Persons are Members; but there may be only one vote in the aggregate cast with respect to each such entire Lot. Such vote may be exercised as the co-Owners determine among themselves; but no split vote is permitted among co-Owners. Prior to any meeting at which a vote is to be taken, each co-Owner must file the name of the voting co-Owner with the secretary of the Association to be entitled to vote at such meeting, unless such co-Owners have filed a general voting authority with the Secretary applicable to all votes until rescinded. Notwithstanding the foregoing, if title to any Lot is held jointly by a husband and wife, either spouse is entitled to cast the vote for such Lot unless and until the Association is notified

by either spouse otherwise in writing.

When one person or a group of persons owns more than one Lot, such person or group of persons shall be entitled to cast one vote for each Lot owned.

Section 3. Lien and Other Rights. The Association shall have a lien on the outstanding memberships in order to secure payment of any sums that may become due from the holders thereof to the Association for any reason whatsoever. In addition, for such time as any sums may be due, the member who fails to pay such sum shall not be entitled to any rights or privileges appertaining to such membership.

ARTICLE IV.

Section 1. Place of Meeting. Meetings of the membership shall be held at the principal office of place of business of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The annual meeting of the members of the Association shall be held at 7:00 p.m. on the first Monday in June of each year, beginning the year after the first conveyance of common areas to the Association. At such meeting, there shall be elected by the members a Board of Directors in accordance with the requirements of Section 5 of Article V of these By-Laws. The members may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by members representing at least twenty-five percent (25%) of the total number of votes outstanding having been presented to the Secretary. The notice of any special meeting shall state the 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. Developer shall have the right, at any time, to call a special meeting to elect new officers and directors to replace the initial officers and directors appointed by the Developer.

Section 4. Notice of Meeting. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at his address as it appears, at his last known place of address, at least ten (10) days but not more than ninety (90) days prior to such meeting. Service may also be accomplished by the delivery of any such notice to the members at his last known address by deposit in the box or slot for the United States mail. Notice by either such method shall be considered as notice served. Attendance by a member at any meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof.

Section 5. Quorum. The presence, either in person or by proxy, of members representing at least fifty-one percent (51%) of the total votes entitled to be cast with respect to any question, shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings

of members. If the number of members at a meeting drops below the quorum and the question of a lack of quorum is raised, no business may thereafter be transacted.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Voting. At every meeting of the members, each of the members shall have the right to cast his vote on each question. The vote of members representing a fifty-one percent (51%) majority of the total votes entitled to be cast shall decide any question brought before such meeting, unless the question is one upon which, the express provision of statute or of the Charter, or the Declaration, or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. No members shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association.

Section 8. Proxies. Any member may appoint any other member, the Developer, or any other person permitted by law by these By-Laws as his proxy. In no event may any member (except the Developer) cast more than one (1) vote by proxy in addition to his own vote. Any proxy must be in writing and must comply with all requirements imposed by law or by these By-Laws.

Section 9. Whenever the vote of members at a meeting thereof is required or permitted, in order to take any action in accordance with any statute, the Declaration, or these By-Laws, such meeting and vote may be dispensed with if all members who would have been entitled to vote upon such action consent in writing to such action being taken.

Section 10. Order of Business. The order of business at all regularly scheduled meetings of the members shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officer, if any.
- (e) Reports of committees, if any.
- (f) Unfinished business.
- (g) New business.
- (h) Election or appointment of inspectors of election.
- (i) Election of directors.

In the case of special meeting, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE V.

Section 1. Number and Qualification. The affairs of the Association shall be governed by the Board of Directors composed of three (3) persons, except for the initial Board of Directors which shall consist of three (3) persons as provided in Section 2 of this Article, a majority of whom (after the second annual meeting) shall be members of the Association.

Section 2. Initial Directors. The initial directors shall be appointed by the Developer and need not be members of the Association. The names of the directors who shall act as such from the date upon which the Declaration is recorded in the Clerk's Office of **Walton County**, Florida, until the first annual meeting of the members or until such time as their successors are duly chosen and qualified are as follows:

Jeffrey C. Glover

Richard Means

Patrick Madden

Section 3. Power and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and the residential subdivision and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the members. The powers and duties of the Board of Directors shall include but not be limited to, the following:

To provide for:

- (a) Care and upkeep of the common areas, utilities, irrigation system, identification sign, perimeter fences and any other properties charged to the care of the Association;
- (b) Establishment and collection of assessments and/or carrying charges from the members;
- (c) Establishment and collection of assessments and/or enforcement of liens therefor in a manner consistent with law and the provisions of these By-Laws and the Declaration;
- (d) Designation, hiring and/or dismissal of the personnel necessary for the good working order of **The Verandas at Freeport Subdivision** and to provide services for the community in a manner consistent with law and the provisions of these By-Laws and the Declaration;
- (e) Promulgation and enforcement of such rules and regulations and such restrictions or requirements as may be deemed proper respecting the use, occupancy and maintenance of **The Verandas at Freeport Subdivision** and to provide services for the community in a manner consistent with law and the provisions of these By-Laws and the Declaration;
- (f) Appoint an Architectural Control Committee. One or more of the directors may serve on this committee;
- (g) To regulate traffic and assign parking spaces; and
- (h) Cause the exterior of the dwellings to be maintained.

Section 4. Election and Term of Office. The terms of the directors named herein and in the Articles shall expire when their successors have been elected at the first annual meeting of

members, and are duly qualified. At the first annual meeting of the members, the members shall elect the directors, who shall constitute the Board of Directors to serve until the annual meeting. The term of office of each director thereafter shall be for a period of one (1) year and until their successors shall have been elected and hold their first meeting.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the membership shall be filled by vote of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is elected by the members at the next annual meeting.

Section 6. Compensation. No compensation shall be paid to directors for their services as directors. After the first annual meeting of the members, no remuneration shall be paid to any director who is also a member of the Association for services performed for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are undertaken.

Section 7. Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present.

Section 8. 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 directors. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time and place (as hereinabove provided) and purposes of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the directors.

Section 10. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director, in writing may waive notice of such meeting. Such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all directors are present and remain present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meetings.

Section 11. Quorum. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the Board of Directors. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting, any business that

might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12. Action without a Meeting. Any action of the Board of Directors, required or permitted to be taken at any meeting, may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board of Directors.

Section 13. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for the Association or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE VI.

Section 1. Designation. The principal officers of the Corporation shall be a President, a Vice-President a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. A director may also serve as an officer. Prior to the first annual meeting of members, the officers of the Association need not be members of the Association. The directors may appoint an Assistant Secretary, an Assistant Treasurer, and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new board. They shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officer. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors.

Section 4. President. The President shall be the chief executive officer of the Association. In the event he is also a member of the Board of Directors, he shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the Office of President of an Association, including, but not limited to, the power to appoint committees from among the membership from time to time as he may, in his discretion, decides is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice-President. The Vice-President shall assist the President in the discharge of the President's duties, and shall act as the President, at all times when the elected President is unable to discharge his duties.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board

of Directors and the minutes of all meetings of members of the Association; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII.

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and director of the Association against any and all expense, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the Board of Directors of the Association) to which he may be made a party of reason of being or having been an officer or director of the Association whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the members of the Association for any mistake of judgment, negligence or otherwise, except for their own individual willful 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 that such officers or directors may also be owners of Lots within the subdivision) 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 or director of the Association, or former officer or director of the Association may be entitled.

Section 2. Common Interested Directors. The directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and the community. No contract or other transaction between the Association and one or more of its directors, or between the Association and any corporation, firm or Association (including the developer) in which one or more of the directors of this Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such director or directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if either of the conditions specified in any of the following subparagraphs exist:

- (a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- (b) The contract or transaction is commercially reasonable to the Association at the time

it is authorized, ratified, approved or extended.

Common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction with the like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE VIII.

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage and operate **The Verandas at Freeport Owners Association, Inc.**, for the benefit of the Lots and Owners thereof, shall enforce the provisions hereof and shall pay out of the common expense fund herein elsewhere provided for, the following:

- (a) The cost of such insurance as the Association may effect.
- (b) The cost of providing such legal and accounting services as may be considered necessary to the operation of **The Verandas at Freeport Subdivision**.
- (c) The cost of any and all materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Association secures in the discretion of the Board of Directors or by the vote of the members shall deem necessary or proper for the preservation of the common areas.
- (d) The cost of the maintenance or repair on any Lot in any event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common areas or to preserve the appearance or value of the subdivision or is otherwise in the interest of the general welfare of all owners of the Lots; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the Lot proposed to be maintained and provided, further, that the cost thereof shall be assessed against the Lot on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be sent promptly to the then owner of said Lot at which time the assessment shall become due and payable and a continuing lien and obligation of said owner in all respects as provided in Article III, Section 3, of these By-Laws.

Section 2. Duty to Maintain. Except for maintenance requirements herein imposed upon the Association, the owner of any Lot shall, at his own expense maintain the interior and exterior of any improvements on his Lot, including all driveways and any and all equipment, and fixtures therein situated, and its other appurtenances in good order, condition, and repair, and in clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his Lot and appurtenances.

Section 3. For the purpose solely of performing any of the repairs or maintenance

required or authorized by these By-Laws, or in the event of a bona fide emergency involving illness or potential danger of life or property, the Association, through its duly authorized agents or employees, shall have the right, after reasonable effort to give notice to the owner or occupant, to enter upon any Lot at any hour considered to be reasonable under the circumstances.

ARTICLE IX.

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association, which shall begin at the date of incorporation. The commencement day of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the treasurer in accordance with good accounting practice. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures affecting the Association and its administration and shall specify the maintenance and repair expenses of the expenses incurred. The amount of any assessment required for payment or any capital expenditures of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the members.

Section 3. Reports. The Association shall furnish an annual financial statement, including the income and disbursements of the Association, to its members, and to the holders of the first mortgages requesting same, within ninety (90) days from the date of close of each fiscal year.

Section 4. Inspection of Books. The books and accounts of the Association and vouchers accrediting the entries made thereupon, shall be available for examination by the members of the Association, and/or their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Lot and/or its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their interests as member.

Section 5. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by the president and all checks shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

Section 6. Seal. There shall be no seal required unless the Board of Directors decides otherwise.

ARTICLE X

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of members representing a majority of all votes entitled to be cast at any meeting of the members duly called for such purpose, and only after thirty (30) days' prior written notice to the institutional holders of all first mortgages on the Lots in **The Verandas at Freeport**

Subdivision. Amendments may be proposed by the Board of Directors or by petition signed by members representing at least thirty percent (30%) of the total number of votes entitled to be cast. The notice of any regular or special meeting at which a proposed amendment is to be voted upon shall contain a description of such proposed amendment.

ARTICLE XI

Section 1. Notice to Board of Directors. Any owner of any Lot in the subdivision who mortgages such Lot shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested so to do, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Definition. As used in this Article, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees and the term "mortgage" shall include a deed of trust. As used generally in these By-Laws, the term "Institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, savings and loan Associations, pension funds and any corporation, including a corporation of, or affiliated with, the United States government, or any agency thereof.

ARTICLE XII.

Section 1. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in the Declaration or these By-Laws shall be given in writing.

Section 2. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 3. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 4. Captions. The captions contained in these By-Laws are for convenience only, are not a part of these By-Laws, and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 5. Gender, Etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse. The use of any gender shall be deemed to include all genders.

Section 6. Conflicts. These By-Laws are subordinate to all provisions of the Declaration. All of the terms herein except where clearly repugnant to the context, shall have the same meaning as in the Declaration or the aforesaid statutes. In the event of any conflict between these

By-Laws and the Declaration, the provisions of the Declaration shall control, and in the event of any conflict between the aforesaid Declaration and any of the laws of the State of Florida, the provisions of the state law shall control.

CERTIFICATION

I certify that these By-Laws were duly adopted at the organizational meeting of the Corporation held on June ____, 2008, and were approved by all members on said date.

Patrick Madden, Secretary