

BY-LAWS OF
PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC.

1. IDENTITY - These are the By-Laws of PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC., a non-profit Florida corporation formed for the purpose of administering PALM BEACH TRACE, A CONDOMINIUM, which is located in Palm Beach County, Florida upon the lands described in the Declaration of Condominium. (The corporation shall hereafter be referred to as the Association).

(.1) OFFICE - The office of the Association shall be at the Condominium.

(.2) FISCAL YEAR - The fiscal year of the Association shall be the calendar year.

(.3) SEAL - The seal of the Association shall bear the name of the Association, the word "Florida", and the year of establishment.

2. MEMBERS' MEETINGS

(.1) ANNUAL MEMBERS' MEETINGS shall be held at the Condominium or at such other convenient location as may be determined by the Board of Directors, at such hour and upon such date each year as may be determined by the Board, for the purpose of electing Directors and of transacting business authorized to be transacted by the members.

(.2) SPECIAL MEMBERS' MEETINGS shall be held whenever called by the President, Vice-President, or by a majority of the Board of Directors, and when called by written notice from ten percent (10%) of the entire membership. As to the meeting required when unit owners other than the Developer are entitled to elect a member or members of the Board of Directors, the meeting may be called and notice given by any unit owner if the Association fails to do so.

(.3) NOTICE OF MEMBERS' MEETINGS - Notice of the annual meeting shall be sent to each unit owner by United States mail at least fourteen (14) days prior to the annual meeting. A post office certificate of mailing shall be obtained and retained as

EXHIBIT "E"

proof of such mailing. Written notice of the meeting shall also be posted in a conspicuous place on the condominium property at least fourteen (14) days prior to the annual meeting.

The Board of Administration shall also mail a meeting notice and copies of the proposed annual budget of common expenses to the unit owners not less than thirty (30) days prior to the meeting at which the budget will be considered.

Notice of a special meeting to elect a Director or Directors from the unit owners other than the Developer is specified in By-Laws 3(.2)(d).

Notice of a special meeting called by the Board at the written request of ten percent (10%) of the owners because of a budget exceeding 115% of that of the preceding year requires not less than ten (10) days' written notice to each unit owner.

Notice of other special meetings not covered above shall be in writing and mailed to each member first class, postage prepaid not less than ten (10) days prior to the meeting. However, unit owners may waive notice of specific meetings and may take action by written agreement without meetings where it is in the best interest of the condominium to do so.

All notice of meetings shall state clearly and particularly the purpose or purposes of the meeting.

(.4) A QUORUM at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. Decisions made by owners of a majority of the units represented at a meeting at which a quorum is present shall be binding and sufficient for all purposes except an amendment to the condominium documents or such other decision as may by law or said documents require a larger percentage in which case the percentage required in the documents or law shall govern.

(.5) EACH UNIT shall have one indivisible vote, and the vote of the owners of a unit owned by more than one person (except husband and wife either of whom may cast the vote) or by a corporation or other entity shall be cast by the person named in a certificate signed by all of the owners of the unit and filed with the Secretary of the Association. The certificate shall be valid

until revoked by a subsequent certificate. If such a certificate is not on file, the vote of such unit shall not be considered in determining the requirement for a quorum nor for any other purpose.

(.6) PROXIES - Votes may be cast in person or by proxy. Proxies shall be in writing, signed and dated and shall be valid only for the particular meeting designated therein and must be filed with the Secretary before or at the appointed time of the meetings. In no event shall a proxy be valid for more than ninety (90) days from the scheduled meeting date.

(.7) APPROVAL OR DISAPPROVAL of a unit owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner if in an Association meeting.

(.8) 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 adjourn the meeting from time to time until a quorum is present.

(.9) THE ORDER OF BUSINESS AT ANNUAL MEMBERS' MEETINGS, and, as far as applicable at all other members' meetings, shall be:

- (a) Election of Chairman of the meeting, unless the President or Vice-President of the Association is present then he (or she) shall reside.
- (b) Calling of the roll and certifying of proxies.
- (c) Proof of Notice of meeting or waiver of notice.
- (d) Reading and disposing of any unapproved minutes.
- (e) Reports of Directors.
- (f) Reports of Committees.
- (g) Election of Directors.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

3. BOARD OF DIRECTORS.

(.1) MEMBERSHIP - The affairs of the Association shall be managed initially by a Board of three (3) Directors selected by the Developer. Boards selected subsequent to the time members other than the Developer are entitled to elect a majority of the Directors shall be composed of any odd number of Directors that the Owners may decide. Other than Directors selected by the Developer, each Director shall be a person entitled to cast a vote in the meetings of the Association. The Developer shall be entitled to select at least one Director, as long as it holds at least five (5%) percent of the units that will ultimately be operated by the Association for sale in the ordinary course of business.

(.2) DESIGNATION OF DIRECTORS shall be in the following manner:

(a) Members of the Board of Directors except those selected by the Developer shall be elected by a majority of those present and voting at the annual meeting of the members of the Association or at a special meeting called for pursuant to Paragraph 3 (.2)(d) under Florida Statute 718.301.

(b) Except as to vacancies provided by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by a majority vote of the remaining Directors.

(c) Any Director except those selected by the Developer, may be removed with or without cause by concurrence of a majority of the members of the Association, either by written agreement or at a special meeting of the members called for that purpose by at least ten percent (10%) of the voting interest, giving notice of the meeting as required for a meeting of the unit owners. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

(d) (i) When unit owners other than the Developer own fifteen percent (15%) or more of the units that will be operated ultimately by the Association, the unit owners other than the Developer shall be entitled to elect not less than one-third of the members of the Board of Directors of the Association.

Unit Owners other than the Developer are entitled to elect not less than a majority of the members of the Board of Directors three (3) years after fifty percent (50%) of the units that will be operated ultimately by the Association have been conveyed to purchasers, or three (3) months after ninety percent (90%) of the units that will be operated ultimately by the Association have been conveyed to purchasers, or when all of the units that will be operated ultimately by the Association have been completed, some of them have been sold, and none of the others are being offered for sale by the Developer in the ordinary course of business; or when some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, whichever shall first occur. The Developer is entitled to elect at least one member of the Board of Directors as long as the developer holds for sale in the ordinary course of business at least five percent (5%) of the units in the condominium operated by the Association.

(ii) Within sixty (60) days after unit owners other than the Developer are entitled to elect a member or members of the Board of Directors, the Association shall call and give not less than thirty (30) nor more than forty (40) days' notice of a meeting of the unit owners for this purpose.

(iii) Prior to or not more than sixty (60) days after unit owners other than the Developer elect a majority of the members of the Board of Directors of the Association, the Developer shall relinquish control of the Association and shall deliver to the Association all property of the unit owners and of the Association held by or controlled by the Developer, as specified in Florida Statute 718.301.

(.3) THE TERM OF EACH DIRECTOR'S SERVICE shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided. Provided however, that in order to provide a continuity of experience, the members at the first annual meeting after the Developer has relinquished control of the Association may vote to give up to one-third of the Board members terms of one year, the second third of the Board members terms of

two years and the remaining Board members terms of three years so that a system of staggered terms will be initiated.

(.4) THE ORGANIZATION MEETING of the newly elected Board of Directors shall be held at such place and time as shall be fixed by the Directors, provided a quorum shall be present.

(.5) REGULAR MEETINGS OF THE BOARD OF DIRECTORS may be held at such time and place as shall be determined from time to time, by a majority of the Directors, but not less than quarterly. Notice of regular meetings shall be given to each Director personally or by mail, telephone or telegraph, at least seven (7) days prior to the day named for such meeting.

(.6) SPECIAL MEETINGS OF THE DIRECTORS MAY BE called by the President and must be called by the Secretary at the written request of one-third of the Directors. Not less than seven (7) days' notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting, except in an emergency.

(.7) WAIVER OF NOTICE - Any Director may waive notice of a meeting before, at or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

(.8) MEETINGS OF THE BOARD OF DIRECTORS shall be open to all unit owners to attend and listen but not be heard or participate (unless a majority of the Directors consent thereto) and notice of meetings shall be posted conspicuously on the condominium property forty-eight (48) hours in advance for the attention of unit owners except in an emergency.

(.9) A QUORUM AT DIRECTORS' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

(.10) THE PRESIDING OFFICER at Directors' meeting shall be the President of the Board if such an officer has been elected; and if none, then the Vice-President shall preside. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

(.11) DIRECTORS SHALL SERVE WITHOUT PAY, but shall be entitled to reimbursement for expenses reasonably incurred.

4. POWERS AND DUTIES OF THE BOARD OF DIRECTORS - All of the powers and duties of the Association existing under the Condominium Act, Declaration of Condominium, and these By-Laws shall be exercised exclusively by the Board of Directors, or its duly authorized agents, contractors, or employees subject only to the approval by unit owners when such is specifically required. Such powers and duties of the Directors shall include but shall not be limited to the following:

(.1) TO MAKE AND COLLECT ASSESSMENTS AGAINST members to defray the costs of the condominium.

(.2) TO USE THE PROCEEDS OF ASSESSMENTS in the exercise of its powers and duties.

(.3) THE MAINTENANCE, REPAIR, REPLACEMENT AND OPERATION of the condominium property.

(.4) THE RECONSTRUCTION OF IMPROVEMENTS AFTER CASUALTY and the further improvement of the property.

(.5) TO APPROVE OR DISAPPROVE PROPOSED TRANSACTIONS in the manner provided by the Condominium Declaration.

(.6) TO ENFORCE by legal means the provisions of applicable laws, the condominium documents the By-Laws of the Association, and the regulations for the use of the property in the condominium and to assess reasonable penalties and fines as against unit owners for violation of the By-Laws and the Rules and Regulations as promulgated by the Board of Directors.

(.7) TO CONTRACT FOR MANAGEMENT of the condominium.

(.8) TO PAY TAXES AND ASSESSMENTS which are liens against any part of the condominium other than individual units and the appurtenances thereto, and to assess the same against the unit subject to such liens.

(.9) TO CARRY INSURANCE for the protection of the unit owners and the Association against casualty and liabilities.

(.10) TO PAY THE COST OF ALL POWER, WATER, SEWER and other utility services rendered to the condominium and not billed to owners of individual units.

(.11) TO EMPLOY PERSONNEL and designate other officers for reasonable compensation and grant them such duties as seems appropriate for proper administration of the purposes of the Association.

(.12) TO BRING SUIT, EXECUTE CONTRACTS, DEEDS, MORTGAGES, LEASES and other instruments by its officers and to own, convey and encumber real and personal property.

5. OFFICERS

(.1) THE EXECUTIVE OFFICERS of the Association shall be the President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected annually by and from the Board of Directors and who may be preemptorily removed by a majority vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary or Assistant Secretary.

(.2) THE PRESIDENT shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President of a corporation.

(.3) THE VICE-PRESIDENT shall in the absence or disability of the President exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

(.4) THE SECRETARY shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform

all other duties incident to the office of Secretary of the Association and as may be required by the Directors or the President. The Assistant Secretary will perform the duties of the Secretary when the Secretary is absent.

(.5) THE TREASURER shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of the Treasurer of a corporation.

(.6) THE COMPENSATION of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association or preclude the contracting with a Director for the management of the condominium.

6. MINUTES OF ALL MEETINGS OF UNIT OWNERS and of the Board of Directors shall be kept in a businesslike manner and these plus records of all receipts and expenditures and all other records shall be available for inspection by unit owners and Board members at all reasonable times.

7. FISCAL MANAGEMENT shall be in accordance with the following provisions:

(.1) BUDGET -

(a) A proposed annual budget of common expenses shall be prepared by the Board of Directors which shall include all anticipated expenses for operation, maintenance and administration of the condominium including insurance, management fees, if any, and which shall accrue a reserve for deferred replacement maintenance and depreciation, unless waived annually by a majority vote. It will contain a reasonable allowance for contingencies, and provide funds for all unpaid operating expense previously incurred.

(b) A copy of the proposed annual budget shall be mailed to the unit owners not less than thirty (30) days prior to

a meeting of the owners at which the budget will be considered together with a notice of the meeting. Should a quorum fail to be present or represented at the meeting or fail to adopt the budget presented or a revised budget, then and in that event the Directors shall have the authority to adopt a budget.

(c) The first budget shall be made by the Association.

(.2) ASSESSMENTS - The shares of the unit owners of the common expenses shall be made payable quarterly in advance and shall become due on the first day of each quarter. The amounts shall be no less than are required to provide funds in advance for payment of all the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred.

(.3) EMERGENCY ASSESSMENTS - Assessments for the expenses of emergencies which cannot be paid from the contingency account shall be made only by the Board of Directors and the time of payment shall likewise be determined by them.

(.4) ASSESSMENT ROLL - The assessments for common expenses according to the budget shall be set forth upon a roll of the units which shall be available for inspection at all reasonable times by unit owners. Such roll shall indicate for each unit the name and address of the owner, the assessments paid and unpaid. A certificate made by a duly authorized representative of the Directors as to the status of a unit's account may be relied upon for all purposes for any person for whom made other than the unit owner.

(.5) LIABILITY FOR ASSESSMENTS - A unit owner shall be liable for all assessments coming due while he is the owner of a unit, and such owner and his grantees after a voluntary conveyance, shall be jointly and severally liable for all unpaid assessments due and payable up to the time of such voluntary conveyance. Such liability may not be avoided by a waiver of the use or enjoyment of any common elements, or by abandonment of the unit for which the assessments are made, per Florida Statute 718.116.

(.6) LIEN FOR ASSESSMENTS - The unpaid portion of an assessment which is due together with interest thereon and reasonable attorney's fees for collection, shall be secured by a lien upon:

(a) THE UNIT, and all appurtenances thereto when a notice claiming the lien has been recorded by the Association in accordance with the requirement of Florida Statute 718.116. Such lien shall be subordinate to any prior recorded mortgage on the unit.

(b) COLLECTION -

(i) INTEREST - APPLICATION OF PAYMENTS - Assessments paid on or before fifteen (15) days after the date due shall not bear interest, but all sums not paid on or before fifteen (15) days shall bear interest at the prime rate plus two points per annum from the date due until paid plus a \$50.00 late charge. All payments upon account shall be first applied to interest and the late charge then to the assessment payment first due. All interest and late charge collected shall be credited to the common expense account.

(ii) SUIT - The Association, at its option, may enforce collection of delinquent assessment accounts by suit at law or by foreclosure of the lien securing the assessments, or by any other remedy available under the laws of the State of Florida, and in either event the Association shall be entitled to recover the payments which are delinquent at the time of judgment or decree, together with interest thereon at the prime rate plus two points per annum and late charges, and all costs incident to the collection and the proceedings, including reasonable attorney's fees. Per Florida Statute 718.116(5)(b) the Association must deliver or mail by certified mail to the unit owner a written notice of its intention to foreclose the lien 30 days before commencing foreclosure.

(.7) ACCOUNTS - All sums collected from assessments may be commingled in a single fund, but they shall be held in trust for the unit owners in the respective shares in which they are paid and shall be credited to accounts from which shall be paid

the expenses for which the respective assessments are made. These accounts shall be as follows:

(a) COMMON EXPENSE ACCOUNT - to which shall be credited collections of assessments for all common expenses.

(b) ALTERATION AND IMPROVEMENT ACCOUNT - to which shall be credited all sums collected for alteration and improvement assessments, if any.

(c) CONTINGENCY ACCOUNT - to which shall be credited all sums collected for contingencies and emergencies.

(.8) THE DEPOSITORY of the Association shall be such bank or banks in Florida as shall be designated from time to time by the Directors and in which the monies from such accounts shall be withdrawn only by checks signed by such persons as are authorized by the Directors. Reserve accounts, however, may be placed in money market certificates or daily cash reserve accounts with stock brokers to earn higher interest.

(.9) A FINANCIAL REPORT of the accounts of the Association shall be made annually and a copy of the report shall be furnished to each member within 30 days after its completion and delivery to the Directors, or at the annual meeting.

(.10) FIDELITY BONDS in the amount of \$10,000 for each person shall be required by the Board of Directors from all officers and directors of the Association who control or disburse Association funds. The Association shall bear the cost of bonding, unless otherwise provided by contract between the Association and an independent management company.

8. PARLIAMENTARY RULES - Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Declaration, the By-Laws of the Association or with the Laws of the State of Florida.

9. AMENDMENTS - Amendments to the By-Laws shall be proposed in the following manner:

(.1) NOTICE of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

(.2) A RESOLUTION adopting a proposed amendment must receive approval of a majority of the votes of the entire

membership of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing.

(.3) INITIATION - An amendment may be proposed by either a majority of the Board of Directors or by ten percent (10%) of the membership of the Association.

(.4) EFFECTIVE DATE - An amendment when adopted shall become effective only after being recorded according to law.

(.5) THESE BY-LAWS shall be deemed amended, if necessary, so as to make the same consistent with the provisions of the Declaration of Condominium, or the Condominium Act.

(.6) PROPOSAL TO AMEND EXISTING BY-LAWS shall contain the full text of the By-Laws to be amended. New words shall be underlined and words to be deleted shall be lined through with hyphens. If the proposed change is so extensive that this procedure would hinder rather than assist understanding, a notation must be inserted immediately preceding the proposed amendment saying "SUBSTANTIAL REWORDING OF BY-LAW. SEE BY-LAW # _____ FOR PRESENT TEXT".

10. WEIGHT OF VOTES cast by members of the Association shall be one vote for each unit.

11. IN THE EVENT THE DIRECTORS DEEM IT NECESSARY TO do so, they and the owners may act by written agreement without meetings, which written agreement may be executed in counterparts.

12. ARBITRATION - If a dispute arises, it may be resolved by arbitration (must be voluntary by both parties) in accordance with the then existing rules of the American Arbitration Association and a judgment of specific performance upon the arbitrator's award may be entered in any court of jurisdiction.

The foregoing was adopted as the By-Laws of PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC., at the first meeting of the Board of Directors.

RECORD VERIFIED
PALM BEACH COUNTY, FLA
JOHN B. DUNKLE
CLERK CIRCUIT COURT