

**BYLAWS OF MAGNOLIA OWNERS' ASSOCIATION, INC.**

**ARTICLE I**

**MEMBERS**

1. **Membership.** The members of the MAGNOLIA OWNERS' ASSOCIATION, INC. (the "Association"), a corporation not for profit organized under Florida law, shall consist of the owners of lots ("Lots") in Magnolia Cottages by the Sea, a subdivision/planned unit development located in Walton County, Florida, as described in the Declaration of Covenants, Conditions and Restrictions for Magnolia Cottages by the Sea recorded or to be recorded in the public records of Walton County, Florida (the "Declaration"). The membership of each Owner shall terminate when he ceases to be an Owner of a Lot. Upon the sale, transfer or other disposition of his ownership interest in a Lot, membership in the Association shall automatically be transferred to the new Lot Owner.

2. **Shares: Votes.** Each member shall have an interest in the Association equal to the number of Lots owned by that member, as defined in the Declaration. The Association shall have two classes of voting membership as described in the Declaration.

3. **Quorum.** A quorum at an Association meeting shall be one-third (1/3) of the members of the Association. A quorum at a Board meeting shall be a majority of the members of the Board of Directors. Attendance shall be in person, by telephone conference, or by proxy of members entitled to cast a vote.

4. **Proxies.** Votes may be cast in person or by proxy. Proxies shall be in writing and must be filed with the President or Secretary before the appointed time of the meeting.

5. **Majority Vote.** The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum shall have been attained shall be binding upon all Members for all purposes, except where otherwise provided by law, the Declaration, the Articles or these ByLaws. Similarly, unless specifically stated to the contrary, if some greater percentage of Members is required herein or in the Declaration or Articles, it shall mean such greater percentage of the votes of Members present at a meeting at which a quorum is attained.

6. **Voting Member.** If a Lot is owned by one person, that person's right to vote shall be established by the roster of Members. If a Lot is owned by more than one person, those persons (including husbands and wives) shall decide among themselves as to who shall cast the vote of the Member. In the event that those persons cannot so decide, no vote shall be cast. A person casting a vote for a Lot shall be presumed to have the authority to do so unless the President or the Board of Directors is otherwise notified. If a Lot is owned by a corporation, the person entitled to cast the vote for the Lot shall be designated by a certificate signed by an appropriate officer of the corporation and filed with the Secretary of the Association. Such

person shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Lot concerned. A certificate designating the person entitled to cast the vote for a Lot may be revoked by any record owner of an undivided interest in the Lot. If a certificate designating the person entitled to cast the vote for a Lot for which such certificate is required is not on file or has been revoked, the vote attributable to such Lot shall not be considered in determining whether a quorum is present, nor for any other purpose, and the total number of authorized votes in the Association shall be reduced accordingly until such certificate is filed.

## **ARTICLE II** **MEETING OF MEMBERSHIP**

1. **Rules.** The meeting of the membership shall be held in accordance with the provisions of the Declaration and, subject to the Declaration, in accordance with these Bylaws. Except where in conflict with the Declaration, these Bylaws (as amended) shall govern the conduct of all membership meetings.

2. **Annual Meeting.** The annual meeting of the Association membership shall be held at such place in the State of Florida as shall be designated by the Board or the President of the Association. The annual meeting shall be held in September, October or November of each year unless otherwise determined by the Board.

3. **Special Meeting.** Unless specifically provided otherwise herein 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.

4. **Notice.** Notice of all members' meetings, regular or special, shall be given by the President, Vice President or Secretary of the Association to each member unless waived in writing. Such notices shall be written or printed, and shall be mailed by regular United States mail, faxed, emailed, or personally delivered to each member as follows:

(a) For annual meetings, or for any meeting (annual or special) at which the budget for common expenses will be considered, or for any special meeting called by the membership pursuant to Section 3 above, not less than fourteen, nor more than sixty days prior to the date set for the meeting;

(b) For any other special meetings, not less than forty-eight hours prior to the date of the meeting, unless the Board determines that an emergency exists, in which case the Board shall give such notice as is reasonable under the circumstances.

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 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.

6. **Order of Business.** If a quorum has been attained, the order of business at annual Members' meetings, and, if applicable, at other Members' meetings, shall be:

- (a) Call to order by President;
- (b) Appointment by the President of a chairman of the meeting (who need not be a Member, Officer or a Director);
- (c) Proof of notice of the meeting or waiver of notice;
- (d) Reading of minutes;
- (e) Reports of officers;
- (f) Reports of committees;
- (g) Appointment of inspectors of election;
- (h) Determination of number of Directors to be elected;
- (i) Election of Directors;
- (j) Unfinished business;
- (k) New Business;
- (l) Adjournment.

7. **Action Without A Meeting.** Anything to the contrary herein notwithstanding, to the extent lawful, any action required to be taken at any annual or special meeting of Members, or any action which may be taken at any annual or special meeting of such Members, may be taken without a meeting, without prior notice and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the Members (or persons authorized to cast the vote of any such Members as elsewhere herein set forth) having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting of Members at which a quorum of Members (or authorized persons) entitled to vote thereon were present and voted. Within ten (10) days after obtaining such authorization by written consent, notice must be given to Members who have not consented in writing. The notice shall fairly summarize the material features of the authorized action.

### **ARTICLE III** **BOARD OF DIRECTORS**

1. **Membership.** The affairs of the Association shall be governed by a Board of not less than three (3) nor more than five (5) Directors, the exact number to be determined in the first instance in the Articles, and, thereafter, except as provided herein, from time to time upon majority vote of the Directors. Directors, other than designees of Declarant, must be Members.

2. **Election.** The election of Directors shall be conducted in the following manner:

- (a) Election of Directors shall be held at the annual Members' meeting, except as

provided herein to the contrary. There shall be no quorum requirement; however, at least twenty percent (20%) of the eligible voters must cast a ballot for an election to be valid.

(b) Nominations for Directors shall be made by a committee appointed by the Board.

(c) The election shall be by secret written ballot and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting. A Member who needs assistance in casting the ballot for the reasons stated in section 101.051, Florida Statutes, may obtain assistance in casting the ballot. Proxies may be used to elect members of the Board. The candidates receiving the highest number of votes shall be declared elected.

2. **Qualifications.** After termination of the Class B Membership, each director shall be a Lot Owner or the spouse of a Lot Owner (or, if a Lot Owner is an entity such as a corporation, limited liability company, partnership or trust, a director may be an officer, managing member, partner, trustee or beneficiary of such Owner) or one of the persons who executed the Declaration. If a director shall cease to meet such qualifications during his term, he shall thereupon cease to be a director and his place on the Board shall be deemed vacant.

3. **Vacancy.** Any vacancy occurring in the Board may be filled by a majority vote of the remaining members thereof; provided, however, that a vacancy resulting from removal of a director by the members shall be filled by a vote of the membership.

4. **Meetings.** 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 in accordance with the Declaration. All meetings of the Board shall be open to all members. However, members shall not be entitled to vote or participate in any other way at the meeting. Any Director may attend a meeting of Directors by telephone, so long as the meeting is properly noticed and is broadcast audibly in the room where the meeting occurs.

5. **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.

6. **Quorum.** A quorum for the transaction of business shall be in accordance with the Declaration. However, less than a quorum may adjourn a meeting from time to time. A majority of directors who are present at any meeting where a quorum is present shall decide any question before the meeting.

7. **Removal.** Except for directors appointed by the Declarant as allowed in the Declaration, any director may be removed from office, with or without cause, by at least a majority vote of all Owners, at a duly called meeting of the Association. Notwithstanding any other provisions herein, a special meeting of the membership of the Association to remove a director or directors from office may be called by fifty percent (50%) of all Owners giving notice to all Owners of the meeting, which notice shall state the purpose of the meeting and shall be given to all Owners in writing as provided in Article II, Section 4.

8. **Compensation.** Directors shall receive no compensation for their services unless expressly provided for in resolutions duly adopted by the Owners.

9. **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 provide for the construction, installation, maintenance, repairs and replacement of those parts of the Property stated in the Declaration to be maintained by the Association;

(c) To provide for such facilities or services, including by way of example, but not limited to, private common driveway, beach access walkover, entrance signs, street lights, garbage disposal facility, mailboxes, traffic control devices, "no trespass" signs, security devices, fences, the hiring of security services or pest control services as the Board shall deem reasonable and for the common use, benefit, security or enjoyment of the Owners;

(d) To administer the affairs of the Association and the Property and formulate policies for such purposes;

(e) 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;

(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) 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

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

10. **Term.** Except as provided herein to the contrary, the term of each Director's service shall extend until the next annual meeting of the Members and subsequently until his successor is duly elected and has taken office, or until he is removed in the manner elsewhere provided. After such time as the Members, other than the Declarant, have elected a majority of the Directors, to provide for increased and/or staggered terms of service. Such resolution shall set forth the method by which the terms may be staggered and the procedures for electing Directors to the terms thus established.

11. Anything to the contrary herein notwithstanding, until a majority of Directors are elected by the Members other than Declarant, neither the first Directors of the Association, nor any Directors named by the Declarant, shall be subject to removal by Members other than the Declarant. The first Directors and Directors replacing them may be removed and replaced by Declarant with the necessity of any meeting.

#### **ARTICLE IV** **OFFICERS**

1. **Election.** Subject to the provisions of the Declaration and Articles, at each annual meeting of the Board, the Board shall elect from the membership of the Association the following officers of the Association:

(a) A President, who shall be a director, 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;

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

(c) 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;

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

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

2. **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.

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

4. **Vacancy.** Vacancies in any office shall be filled by the Board at special meetings thereof. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the whole Board.

5. **Compensation.** Officers shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by the Owners.

## **ARTICLE V** **ASSESSMENTS**

1. **Budget.** The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association, taking into account the estimated expenses and cash requirements necessary to fulfill all of the obligations of the Association as set forth in the Declaration. To the extent that the assessments and other cash income collected during the preceding year shall be more or less than the expenditures for such preceding year, such surplus or deficit shall also be taken into account.

2. **Approval.** The estimated annual budget for each fiscal year as prepared by the Board shall be approved as provided in the Declaration. A copy of the proposed annual budget shall be mailed to Owners not less than ten days prior to the meeting at which the budget is to be considered, together with notice of the meeting specifying the time and place at which it will be held.

3. **Payment.** Payment of the assessments shall be as provided in the Declaration. The Board may send to each Owner a statement of the assessment of such Owner for the period covered by the statement, but the failure to receive such statement shall not relieve any Owner of his obligation to pay his assessment to the Treasurer (or as otherwise directed) on or before the date owed.

4. **Supplemental Budget.** If during the fiscal year it appears to the Board that the assessments are insufficient to cover the estimated common expenses for the remainder of the year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, which shall be approved in accordance with the Declaration.

5. **Records.** The Board shall maintain accounting records, which records shall be

open to inspection by Owners at reasonable times and upon reasonable notice. These accounting records shall include a record of receipts and expenditures and a separate account for each Owner showing the assessments charged to and paid by such Owner. Within ninety days after the end of each year covered by an annual budget, the Board shall cause to be furnished to each Owner a statement for such year showing the receipts and expenditures and such other information as the Board may deem desirable. Upon reasonable notice to the Board, any unit owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from him.

6. **Limitation.** Without the approval of Owners holding at least two-thirds of the votes of the Association, the Board shall not approve any capital expenditures in excess of Five Thousand Dollars (\$5,000.00) other than in case of emergency which would protect the property rebuilding, repairing or replacing damaged property, as specifically provided in the Declaration or as previously included in approved budget.

7. **Administration Costs/Late Fees.** The Board shall set the amount of and assess the Owners for any administration costs and/or late fees resulting from the collection of any assessments.

8. **Fines.** Levying fines against appropriate Members for violations of the rules and regulation established by the Association to govern the conduct of such Members. No fine shall exceed \$100.00 (or such greater amount as may be permitted by law from time to time) nor may any fine be levied except after giving reasonable notice and opportunity for a hearing to the affected Member and, if applicable, his tenant, licensee or invitee. No fine shall become a lien upon a home.

## **ARTICLE VI** **RULES AND REGULATIONS**

Uniform rules and regulations governing the use of the Property consistent with the Declaration may be adopted from time to time by the Board. All Owners shall obey the rules and regulations as adopted by the Board.

## **ARTICLE VII** **AMENDMENT**

These Bylaws may be amended, altered or rescinded upon a majority vote of the Board of Directors.

## **ARTICLE VIII** **CONFLICTS**

In the event there is a conflict between the Declaration of Covenants, Conditions and Restrictions, ByLaws, and/or Articles of Incorporation, priority shall be in the following order: first to the Declaration of Covenants, Conditions and Restrictions, second to the ByLaws, and third to the

Articles of Incorporation.

**ARTICLE IX**  
**GENERAL**

1. **Parliamentary Rules.** Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Declaration, the Articles or these ByLaws.

2. **Official Records.** From the inception of the Association, the Association shall maintain a copy of each of the following, where applicable, which shall constitute the official records of the Association:

(a) A photocopy of the recorded Declaration of Covenants, Conditions, Restrictions and Easements of Magnolia a/k/a Magnolia Cottages by the Sea, A Planned Unit Development, and all amendments thereto;

(b) A photocopy of the recorded ByLaws of the Association and all amendments thereto;

(c) A certified copy of the Articles of Incorporation of the Association or other documents creating the Association and all amendments thereto;

(d) A copy of the current Rules and Regulations of the Association;

(e) A book or books containing the minutes of all meetings of the Association, of the Board of Directors, and of Lot Owners, which minutes shall be retained for a period of not less than 7 years.

(f) A current roster of all Lot Owners, their mailing addresses, Lot identifications, voting certifications, and if known, telephone number;

3. **Transition of Owners' Association Control in a Community.** With respect to Home Owners' Associations as defined in Florida Statute 720.301:

(a) Members other than the Declarant are entitled to elect at least a majority of the members of the Board of Directors of the Home Owners' Association when the earlier of the following occurs:

(i) Three months after 90 percent of the parcels in all phases of the community that will ultimately be operated by Magnolia Cottages by the Sea have been conveyed to Members; or

(ii) Such other percentage of the parcels has been conveyed to members, or such other date or event has occurred, as is set forth in the governing documents in order to comply with the requirements of any governmentally chartered entity with regard to the mortgage financing of parcels.

(iii) For purposes of this section, the term “**members other than the Declarant**” shall not include builders, contractors, or others who purchase a parcel for the purpose of constructing improvements thereon for resale.

(b) The Declarant is entitled to elect at least one member of the Board of Directors of Magnolia Cottages by the Sea, as long as the Declarant holds for sale in the ordinary course of business at least five (5%) percent of the parcels in all phases of the community. After the Declarant relinquishes control of the Association, the Declarant may exercise the right to vote any Declarant-owned voting interest in the same manner as any other member, except for purposes of reacquiring control of the Association or selecting the majority of the Members of the Board of Directors.

After a duly called and noticed meeting of the Board of Directors, the above initial set of ByLaws were adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_\_.

---

**Jonathan J. Flaig, Director**