

BY-LAWS
OF
FOUNTAIN LAKES SECTION I & J NEIGHBORHOOD ASSOCIATION, INC.

1. IDENTITY - These are the By-Laws of FOUNTAIN LAKES SECTION I & J NEIGHBORHOOD ASSOCIATION, INC., a nonprofit Florida Corporation formed for the purpose of administering FOUNTAIN LAKES SECTION I & J SUBDIVISION, which is located at Estero, Florida, upon the lands described in the Declaration of Restrictions and any supplements thereto. (The corporation shall hereafter be referred to as the "Association".) These By-Laws, the Declaration of Restrictions, the Articles of Incorporation, and the Rules and Regulations of the Association shall be hereafter referred to collectively as the "Association documents."

1.1. OFFICE - The office of the Association shall be at the subdivision or elsewhere in Lee County, Florida as determined from time to time by the Board of Directors.

1.2. FISCAL YEAR - The fiscal year of the Association shall be the calendar year or such other period as may be determined by the Board of Directors.

1.3. SEAL - The seal of the Association shall bear the abbreviated name of the Association, the word "Florida," and the year of establishment.

1.4. MEMBERSHIP - There shall be two classes of members in the Association. One class shall consist of the Grantor. The other shall consist of all other owners of lots in the subdivision.

2. MEMBERS' MEETINGS

2.1. ANNUAL MEMBERS' MEETINGS shall be held at the subdivision 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 transacting any business authorized to be transacted by the members.

2.2. SPECIAL MEMBER'S MEETINGS shall be held whenever called by a majority of the Board of Directors or when called by written notice from twenty-five percent (25%) of the entire membership on a date set by the Board.

2.3. NOTICE OF MEMBERS' MEETINGS - Notice of the annual meeting shall be delivered by hand or sent to each lot owner by United States mail at least ten (10) days prior to the annual meeting.

2.4. Notice of other special meetings not covered above shall be in writing and delivered by hand or mailed to each member first class, postage prepaid not less than 10 days prior to the meeting. However, lot owners may waive notice of specific meetings and take action by written agreement without meetings as hereinafter provided.

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

2.6. A QUORUM at members' meetings shall consist of persons entitled to cast a majority of the votes of the then current entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such member for the purpose of determining a quorum. Decisions made by owners of a majority of the lots represented at a meeting at which a quorum is present shall be binding and sufficient for all purposes except those for which a higher requirement is specified either under law or in the Association documents.

2.7. EACH LOT shall have one (1) indivisible vote. If multiple owners of a lot cannot agree on the vote, it will not be counted.

2.8. PROXIES - Votes may be cast in person or by proxy. Proxies shall be in writing, signed and dated and must be filed with the Secretary before or at the appointed time of the meetings. Proxies shall be good only for the meeting designated, or if so provided in the proxy, for any adjournment or postponement thereof, but in no event shall they be effective longer than 90 days from the date given. Only lot owners and Grantor-appointed Directors may hold proxies.

2.9. 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.

2.10. THE ORDER OF BUSINESS AT ANNUAL MEMBERS' MEETINGS and, as far as applicable at all other members' meetings, may be:

- (a) Election of Chairman of the meeting, unless the President or Vice-President of the Association is present in which case he (or she) shall preside.
- (b) Calling of the roll and certifying of proxies.
- (c) Proof of notice of meeting or waiver of notice.
- (d) Reading and approval of any unapproved minutes.
- (e) Reports of Directors.
- (f) Reports of Committees.
- (g) Election of Directors.
- (h) Discussion of Budget.
- (i) Unfinished Business.
- (j) New Business.
- (k) Adjournment.

3. BOARD OF DIRECTORS

3.1. MEMBERSHIP - The affairs of the Association shall be managed initially by a Board of three (3) Directors. The Directors shall be of two classes: those elected by the owners and those appointed by the Grantor. Until turnover of control, the Board shall be composed of three or five Directors as the Board may decide. After the Grantor has relinquished control of the Association, the Board may have any odd number of Directors. The first Board shall be selected by the Grantor. Other than Directors selected by the Grantor, each Director shall be a member of the Association. The Grantor shall be entitled (but shall not be obligated) to appoint a majority of Directors until the project is completed and all lots within it have been sold. However, at such time as Grantor notifies the members that turnover shall take place (which may be prior to the sale of all lots) the membership shall accept the turnover and elect a Board of Directors composed of members of the Association.

3.2. DESIGNATION OF DIRECTORS shall be in the following manner:

3.2.1 Members of the Board of Directors, except those selected by the Grantor, shall be elected by a majority of those present and voting at the annual meeting of the members of the Association. Members of the Board appointed by the Grantor shall serve at the Grantor's discretion and may be replaced at any time by the Grantor.

3.2.2 Except as to vacancies created by removal of Directors by members and replacements by the Grantor, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by a majority vote of the remaining Directors.

3.2.3 Any Director, except those selected by the Grantor, 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 only either by a majority of the Board of Directors or by three (3) members. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting or by the written agreement.

3.2.4 Except for those Directors appointed by the Grantor, 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.

3.3. THE ORGANIZATIONAL MEETING of the newly elected Board of Directors shall be held as soon as practicable following the meeting at which they were elected and/or appointed.

3.4. 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 semi-annually. Notice of regular meetings shall be given to each Director personally or by mail, telephone or telegraph at least forty-eight (48) hours prior to the day named for such meeting.

3.5. SPECIAL MEETINGS OF THE DIRECTORS MAY BE called by the President and must be called by the Secretary at the written request of a majority of the Directors. Not less than forty-eight (48) hours' 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.

3.6. 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. Any Director's presence at a meeting shall automatically constitute waiver of notice.

3.7. MEETINGS OF THE BOARD OF DIRECTORS shall be open to all lot owners to attend and listen but not be heard or participate (unless a majority of the Directors consent thereto). The presiding officer shall decide whether to allow meetings to be tape recorded.

3.8. A QUORUM AT DIRECTORS' MEETINGS shall consist of a majority of the Directors. The act of a majority at a meeting at which a quorum is present shall constitute the act of the Board. If at any meeting of the Board there be less than a majority present, the remaining Directors 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.

3.9. THE PRESIDING OFFICER at Directors' meetings shall be the President 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.

3.10. 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 Florida law and the Association documents shall be exercised exclusively by the Board of Directors, or its duly authorized agents, contractors, or employees subject only to the approval by lot owners when specifically required. Such powers and duties of the Directors shall include, but shall not be limited to, the following:

4.1. TO MAKE AND COLLECT ASSESSMENTS AGAINST members to defray the costs of the common expenses.

4.2. TO USE THE PROCEEDS OF ASSESSMENTS in the exercise of its powers and duties.

4.3. THE MAINTENANCE, REPAIR, REPLACEMENT AND OPERATION of the Common Properties and any personal property belonging to the Association.

4.4. THE RECONSTRUCTION OF COMMON PROPERTIES AFTER CASUALTY and the further improvement of the Common Properties.

4.5. TO APPROVE OR DISAPPROVE PROPOSED TRANSACTIONS.

4.6. TO ENFORCE by legal means the provisions of applicable laws and the Association documents.

4.7. TO CONTRACT FOR MANAGEMENT of the project.

4.8. TO PAY TAXES AND ASSESSMENTS which are liens against any part of the Common Properties and to assess the same against the lots subject to such liens.

4.9. TO CARRY INSURANCE for the protection of the lot owners and the Association against casualty and liabilities.

4.10. TO PAY THE COST OF ALL POWER, WATER, SEWER and other utility services rendered to the Association and not billed to owners of individual lots.

4.11. TO EMPLOY PERSONNEL and designate other officers for reasonable compensation and grant them such duties as deemed appropriate for proper administration of the purposes of the Association.

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

4.13. THE DIRECTORS MAY, pursuant to F.S. 617.10(3), impose fines in such reasonable sums as they deem appropriate, not to exceed One Hundred Dollars (\$100.00) for each violation, against lot owners for violations of the Association documents, including the Rules and Regulations, by owners or their guests or lessees. Fines shall be secured as assessments. No fine shall be

imposed until the owner(s) has been given the opportunity to have a hearing before the Board. Each day of violation or continued violation shall be considered a separate violation under this paragraph.

4.14. TO MAKE AND AMEND THE RULES AND REGULATIONS.

5. OFFICERS

5.1. THE EXECUTIVE OFFICERS of the Association shall be the President, a Vice-President, a Secretary/Treasurer, and such other officers as may be decided on by the Board, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by a majority vote of the Directors at any meetings. Any person may hold two (2) or more offices except that the President shall not also be the Secretary or Assistant Secretary. The President, Vice-President and Secretary/Treasurer shall be Board members; the others need not be.

5.2. THE PRESIDENT shall be 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.

5.3. 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.

5.4. 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 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.

5.5. 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.

5.6. 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 Association.

5.7. INDEMNIFICATION - Every Director of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred or imposed upon him in connection with any proceedings to which he may be a party, or in which he may become involved by reason of his being or having been a Director of the Association, or any settlement thereof, whether or not he is a Director at the time such expenses are incurred, except in cases wherein the Director is adjudged guilty of nonfeasance, misfeasance or malfeasance in the performance of his duties, or shall have breached his fiduciary duty to the members of the Association. Provided, however, that the Association shall not be liable for payment of a voluntary settlement unless it is first approved by the Board of Directors.

6. MINUTES OF ALL MEETINGS OF LOT 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

lot owners and Board members at reasonable times upon such reasonable advance notice as may be decided by the Board.

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

7.1. BUDGET - 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 Association. It will contain a reasonable allowance for contingencies and provide funds for any unpaid operating expense previously incurred.

7.2. A copy of the proposed annual budget shall be mailed to the lot owners not less than ten (10) days prior to the annual meeting of the owners. The Directors shall have the authority to adopt the budget. The Board shall specify in the notice of the meeting that it will be considering the budget. Provided, however, that if any adopted budget requires an assessment exceeding 120 percent of the previous year's assessment, the Board, upon written application of 20% of the owners, shall call a special owners meeting within 60 days, upon not less than 10 days written notice to each owner. At the special meeting, the lot owners shall consider and enact a budget by not less than a majority of a quorum. If the owners are unable to so agree on a budget, the budget adopted by the Board shall remain in effect.

7.3. THE FIRST BUDGET shall be exempt from the above 7.2.

7.4. ASSESSMENTS - The shares of the lot owners of the common expenses shall be 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 operating expenses, the reserves, unless waived, and for all of the unpaid operating expense previously incurred.

7.5. SPECIAL ASSESSMENTS as provided in the Association documents shall be made by the Board of Directors, and the time of payment shall likewise be determined by them. Provided that the Board shall specify it is considering a special assessment in the notice of the Board meeting at which the assessment will be considered.

7.6. ASSESSMENT ROLL - The assessments for common expenses, according to the budget, shall be set forth upon a roll of the lots which shall be available for inspection at all reasonable times by lot owners. Such roll shall indicate for each lot the name and address of the owner and the assessments paid and unpaid. The Board shall have the power to issue Certificates regarding assessments as provided in the Association documents.

7.7. LIABILITY FOR ASSESSMENTS - A lot owner shall be liable for all assessments coming due while he is the owner of a lot, 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 waiver of the use or enjoyment of any common elements or by abandonment of the lot for which the assessments are made.

7.8. 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:

7.8.1 THE LOT and all improvements when a notice claiming the lien has been recorded by the Association. The procedure shall be that set forth in Florida Statute 718.116. Such lien shall be subordinate to any prior recorded first mortgage on the lot.

7.8.2 ALL TANGIBLE PERSONAL PROPERTY located on the lot except that such lien shall be subordinate to prior liens and security interests of record.

7.9. COLLECTION, INTEREST, APPLICATION OF PAYMENTS - Assessments paid on or before ten (10) days after the date due shall not bear interest, but all sums not paid on or before ten (10) days shall bear interest at the rate of eighteen percent (18%) per annum for the date due until paid. All payments upon account shall be first applied to interest and then to the assessment payment first due. All interest collected shall be credited to the common expense account.

7.10. COLLECTION BY SUIT - The Association, at its option, may enforce collection of delinquent assessment accounts by suit at law or by foreclosing of the lien securing the assessments utilizing the procedures set forth in F.S. 718.116, or by any other remedy available under the laws of the State of Florida; and in any event, the Association shall be entitled to recover the payments which are delinquent at the time of collection, judgment or decree, together with interest thereon at the highest lawful rate (now 18%) per annum and all costs incident to the collection and the proceedings, including reasonable attorney's fees at all trial and appellate levels. The Association must deliver or mail by certified mail to the lot owner a written notice of its intention to foreclose the lien thirty (30) days before commencing foreclosure.

7.11. ACCOUNTS - All sums collected from assessments may be mingled in a single fund, but they 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:

7.11.1 COMMON EXPENSE ACCOUNT - to which shall be credited collections of assessments for all routine common expense.

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

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

7.12. 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 for the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

7.13. A FINANCIAL REVIEW of the accounts of the Association shall be made annually including, but not limited to, a complete financial report of actual receipts and expenditures for the previous twelve (12) months. A copy of the report shall be furnished to each member within thirty (30) days after its completion and delivery to the Directors or at the annual meeting.

7.14. FIDELITY BONDS shall be required by the Board of Directors from all persons who control or disburse Association funds. The amount of such bonds shall be determined by the Directors. The premiums on such bonds on Association Officers and Directors shall be paid by the Association.

8. PARLIAMENTARY RULES - A uniformly applied parliamentary procedure shall serve as general guidelines governing the conduct of corporate proceedings to the extent that it is not in conflict with the Association documents or with the laws of the State of Florida.

9. AMENDMENTS - After turnover, amendments to the By-Laws shall be proposed in the following manner. Prior to turnover, amendments may be made by the Board alone.

9.1. INITIATION - An amendment may be proposed by either a majority of the Board of Directors or by 20% of the lot owners. If the amendment is proposed by lot owners, it must also be approved by the Board before presentation to the owners.

9.2. 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 lines through with hyphens.

9.3. 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.

9.4. A RESOLUTION adopting a proposed amendment must receive approval of 67% of the voting interests of the membership of the Association; provided, however, that any provision affecting the rights of the Grantor may not be amended without its consent as well. Members not present in person or by proxy at the meeting considering the amendment may express their approval in writing.

9.5. EFFECTIVE DATE - An amendment, when adopted, shall become effective when reduced to writing and certified by the Secretary of the Association.

10. FOUNTAIN LAKES COMMUNITY ASSOCIATION, INC., (THE CORPORATION)
VOTING.

10.1. Each lot owner in this Association is also a member by virtue of such ownership of the Fountain Lakes Community Association, Inc. (hereinafter the "Corporation") and each lot has a voting interest in the


Corporation. It is the purpose of this section to provide a uniform method for the casting of these voting interests.

10.2. Each lot shall have one indivisible vote. If multiple owners cannot agree on a vote, the vote shall not be counted. Voting certificates are not authorized.

10.3. Votes on Corporation matters shall be cast with the Secretary of this Association and it shall be the duty of the Board of Directors to collect and tabulate the votes and then to cast them with the Corporation through its President or his proxy in the same manner as originally cast.

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. In addition, the Directors may make decisions by telephone provided they are ratified at subsequent Board meetings.

THE FOREGOING were adopted as the By-Laws of FOUNTAIN LAKES SECTION I & J NEIGHBORHOOD ASSOCIATION, INC. at the first meeting of the Board of Directors.


PRESIDENT