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(a) ASSOCIATION means COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC., a Florida corporation, not for profit, its successors or assigns.

- (b) BOARD / BOARD OF DIRECTORS means the Board of Directors of the ASSOCIATION.
- (c) BUILDING(S) means a townhouse.
- (d) COCONUT KEY shall mean and refer to all of the real property subject to this Declaration of Covenants and Restrictions.
- (e) DECLARANT / DEVELOPER means Town & Country Builders, Inc., a Florida corporation, its successors and assigns.
- (f) INSTITUTIONAL LENDER means the holder of a first mortgage encumbering a LOT, which holder in the ordinary course of business takes, purchases, guarantees or insures residential mortgage loans, whether construction or permanent, and which holder is not the OWNER of the LOT and is not owned or controlled by the OWNER. An INSTITUTIONAL LENDER may include, but is not limited to, a bank, savings and loan association, credit union, insurance company, real estate or mortgage investment trust, pension fund or profit sharing plan, mortgage company, an agency of the United States or any other governmental authority, private person or any private entity or any other similar type of lender generally recognized as an institutional type lender or any FHA, FNMA, GNMA or VA approved mortgage lending institution. For definitional purposes only, an INSTITUTIONAL LENDER shall also mean the holder of any mortgage executed by or in favor of DECLARANT, or any private person, trust, or corporation, whether or not such holder would otherwise be considered an INSTITUTIONAL LENDER.
- (g) LOT(S) means a tract of real property designated as a residential building lot, to be constructed as a townhouse as shown on the Plat of COCONUT KEY, whether improved or unimproved.
- (h) IMPROVED LOT means a LOT upon which there has been constructed a townhouse for which a valid Certificate of Occupancy has been issued by an applicable governmental authority.

- (i) DECLARATION means this instrument and all exhibits hereto, as may be amended from time to time.
- (j) MEMBER / OWNER the holder or holders of the fee simple title to a LOT as herein defined.
- (k) PERSON means a person, firm, association, or corporation.
- (h) COMMON AREA / COMMON PROPERTY / COMMON AREAS means the cabana, pool, security gate, "tot lot", lakes, private roadways and those areas not included within an IMPROVED LOT as specifically defined in Paragraph (h) hereinabove. COMMON AREAS are further defined in Article 9.
- (m) PROPERTY / SUBDIVISION means the following described lands: all of COCONUT KEY according to the Plat thereof as recorded in Plat Book 91 at Page 26 of the Public Records of Palm Beach County, Florida.
- (n) COMMON EXPENSES means all expenses and assessments which are properly incurred by the ASSOCIATION for the care, operation and maintenance of the SUBDIVISION.
- (o) UNIT means the residential dwelling constructed on a lot including the garage, if any.
- (p) UNIMPROVED LOT means a LOT owned by the DECLARANT for which a Certificate of Occupancy has not been issued or which LOT has not been conveyed by the DECLARANT to any owner other than DECLARANT.
- (q) STREET / PRIVATE ROADWAY means any street, highway, private roadway or other thoroughfare within the SUBDIVISION which is part of the COMMON AREA, the regulation of which shall be by the ASSOCIATION.
- (r) The use of any gender is deemed to include all genders, the use of the singular includes the plural and the use of the plural includes the singular.
- (s) COMMON WALL, means a wall erected on a townhouse boundary as a common support to structures on both sides, which are under different ownership.

- (t) TOWNHOUSE, means a residence on a Lot which residence is within and is a part of a multifamily dwelling.
- (u) MULTIFAMILY DWELLING, means a building containing a cluster of 1 or more individual Townhouse units.
- (v) COUNTY when used herein shall mean Palm Beach County, Florida.

ARTICLE 2
COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC.

2.1 Formation. At or prior to the time of the recording of this Declaration, Declarant has caused the Association to be formed by the filing of the Articles of Incorporation in the Office of the Secretary of State of Florida. The Association is formed to own, operate and maintain the Common Area; enforce the covenants, conditions, restrictions and other provisions set forth in this Declaration and to have such other specific rights, obligations, duties and functions as are set forth in the Declaration and in the Articles of Incorporation and the By-Laws of the Association. Subject to the additional limitations provided herein and in the Articles of Incorporation and By-Laws, the Association shall have all the powers and be subject to the limitations of a not-for-profit corporation as contained in Florida Statutes, Chapter 617, as amended from time to time, (Corporations Not For Profit). When city, county, state federal or other agency laws or regulations are more restrictive than those specified in the Declaration of Covenants and Restrictions, Articles of Incorporation or By-Laws of the Association the more restrictive shall govern.

2.2 Membership. A person or entity shall automatically become a Member of the Association upon acquisition of fee simple title to any Lot and filing a deed therefore in the public records of the County. Membership shall continue until such time as the Member transfers or conveys his interest of record or the interest is transferred and conveyed by operation of law, at which time membership, with respect to the Lot conveyed shall automatically be conferred upon the transferee. Membership shall be

appurtenant to, and may not be separated from ownership of a Lot subject to this Declaration. No person or entity holding an interest of any type or nature whatsoever in a Lot only as security for the performance of an obligation shall be a Member. Declarant, by including additional property within the imposition of this Declaration, may cause additional membership in the Association and may designate the ownership basis for such additional membership. There shall be only one (1) voting member per Lot, regardless of how the deed or instrument evidencing ownership of a particular Lot is set forth.

2.3 Voting. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Members shall be the Declarant and shall be entitled to one thousand (1,000) votes. The Class B membership shall cease on the happening of one of the following events, whichever occurs earlier:

- (a) 3 months following the closing of 90% of the Lots located within the property, or
- (b) Seven (7) years following conveyance of the first Lot to a Lot purchaser; or
- (c) Such earlier date as Declarant may determine.

2.4 Administration of the Association. The affairs of the Association shall be administered by the Board of Directors in accordance with this Declaration, the Articles of Incorporation and the By-Laws of the Association. The Articles of Incorporation and By-Laws may be amended in the manner set forth therein; provided, however, that no such amendment shall conflict with the terms of this Declaration or adversely affect the rights of Declarant without Declarant's prior written approval; and provided further, that no amendment, alteration or revision may be made which materially, directly or adversely affects the rights or privileges of any

Mortgagee without the prior written approval of the Mortgagee so affected, and any attempt to amend, alter or rescind contrary to this prohibition shall be of no force or effect.

2.5 Suspension of Membership Rights. No member shall have any vested right, interest or privilege in or to the assets, functions, affairs or franchises of the Association, or any right, interest or privilege which may be transferable, or which shall continue after his membership ceases, or while he is not in good standing. A Member shall be considered "not in good standing" during any period of time in which he is delinquent in the payment of any Assessment, or in violation of any provision of this Declaration or of any rules or regulations or traffic regulations promulgated by the Association. While not in good standing, the Member shall not be entitled to vote or exercise any other right or privilege of a Member of the Association.

2.6 Control by Declarant

2.6.1 Anything contained herein to the contrary notwithstanding, Declarant shall have the right to retain control of the Association until the earlier of the following events:

- (a) 3 months after the closing of 90% of the Lots located within the property, or
- (b) Seven (7) years following conveyance of the first lot to a Lot purchaser, or
- (c) Such earlier time as is determined by Declarant at declarant's sole discretion. Prior to ninety (90) days after the happening of the earliest of the foregoing events, the Association shall conduct the Turnover Meeting. So long as it retains control of the Association, Declarant shall have the right to appoint three (3) members of the Board of Directors for each Board Member appointed by the Members and to approve the appointment of all officers of the Association, and no action of the Members of the Association shall be effective unless and until approved by

Declarant. In the event that Declarant shall enter into any contracts or other agreements for the benefit of Owners or the Association, Declarant may, at its option, assign its obligations under such contracts or agreements to the Association, and in such event the Association shall be required to accept such obligations.

2.6.2 After turnover of control of the Association, no action shall be taken or decision adopted by the Board which would adversely impact on the construction, development, sale or marketing of the Property or on the condition or appearance of the Property without the prior written consent of the Declarant, so long as the Declarant has title to at least one lot. The Board shall submit such decisions and actions to the Declarant, for approval. The Declarant shall approve or disapprove such decisions and actions within thirty (30) days after receipt thereof. In the event the Declarant fails to act within such time period, such failure shall be deemed approval by the Declarant.

2.7 Acquisition and Conveyance of Property. The Association shall have the power and authority to acquire and convey such interest in real and personal property as it may deem beneficial to its Members. Such interests may include fee simple or other absolute ownership interests, leaseholds or such other possessory use interests as the Association may determine to be appropriate. Any property acquired pursuant to this section shall be Common Area.

2.8 Traffic Regulation. Subject to approval by the City, the Association, through its Board of Directors, shall have the right to post and promulgate traffic regulations throughout the Subdivision for use of the Streets. A copy of all traffic regulations shall be made available to all members for inspection at the office of the Association. The Association, through its Board of Directors, shall also have the right to establish enforcement mechanisms for violation of the traffic regulations, including without limitation, the assessment of special assessments for non-compliance, which shall be collected pursuant to this Declaration, the removal of vehicles, and the suspension of Owners' rights

and easements of enjoyment provided herein. Upon request, those who violate the traffic regulations shall be entitled to a hearing before the Board of Directors and they shall be given notice of the date and time of such hearing. A special assessment may also be levied pursuant to the provisions of Article 8 in addition to or in lieu of other remedies available to the Association.

2.9 Owners' Easement of Enjoyment. Subject to the provisions herein, each Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to, and shall pass with the title to each Lot.

2.10 Continual Maintenance. In the event of a permanent dissolution of the Association, the Members shall immediately thereupon hold title to the Common Area as tenants in common and shall collectively provide the continued maintenance and upkeep thereof. In no event shall the County or City be obligated to accept any dedication offered to it by the Association or the Members pursuant to this section, but the County and City may accept such a dedication and any such acceptance must be made by formal resolution of the then empowered Board of County Commissioners or the City Commission. In the event of a dissolution of the Association, for whatever reason, any Owner may petition the appropriate circuit court of the State of Florida for the appointment of a receiver to manage the affairs of the dissolved Association in place of and instead of the Association, and to make such provisions as may be necessary for the continued management of the affairs of the dissolved Association and the Common Area.

2.11 Pool/and other Common Area Regulations The Association shall promulgate rules and regulations from time to time regarding the pool, cabana, "tot lot", and common areas in proximity thereto.

ARTICLE 3 USE RESTRICTIONS

3.1 Zoning. All of the LOTS in the Property subject to the provisions hereof shall be used only for the purposes as are permitted under the zoning classifications of the government body having jurisdiction as of the date hereof.

3.2 Commercial Building. No commercial buildings shall be erected, nor shall any building be used for any commercial purpose on any Lot, provided, however, that construction structures may be placed on a Lot by the Declarant and remain there during the course of active construction of a Building, and provided further that no other portable or temporary buildings may be placed on any Lot except that the Declarant may do so.

3.3 Leases. No Owner shall lease his Improved Lot, or any portion thereof, without the prior approval of the Association. Said approval shall not be unreasonably withheld. Under no circumstances shall the Improved Lot, or any portion thereof, be leased for a period of less than six (6) months.

3.4 No Trade, Business or Professionals, etc. No trade, business, professional or any other type of commercial activity including but not limited to day care centers shall be carried on upon any of the Lots; except that an Owner shall be permitted to carry on a Computer/Internet related business within the Unit provided it does not generate any retail traffic to the Townhouse and provided it is in compliance with any governmental laws or regulations. However, notwithstanding this restriction, the Declarant and its assigns shall not be prohibited from operating sales models or trailers or offices on any Lots(s).

ARTICLE 4 **ARCHITECTURAL CONTROL COMMITTEE**

For the purposes of insuring the development of the Property as a residential area of high standards, the Declarant, until an Architectural Control Committee has been designated by the Board of Directors of the Association, shall exercise architectural control over additional changes to buildings, structures and other improvements placed on the Lots. The Owners of each and every Lot, except Declarant, by taking title thereto or by taking possession thereof, covenant and agree that no building, wall, structure or other improvements, including but not limited to any satellite dish shall be placed upon such Lot unless and until the plans and specifications therefore and the plot plan have been approved, in writing, by the Declarant or a majority of such control committee. Each such building, wall, structure or other improvements shall be placed upon said Lot only in accordance with

the plans and specifications and plot plan so approved. Refusal of approval of plans and specifications by the Declarant or such committee may be based on any reasonable discretion including purely aesthetic grounds, which, in the sole discretion of the Declarant or such committee, shall be sufficient pursuant to standards established by the Declarant. No alterations in the exterior appearance of the Buildings or other structures shall be made without like approval. Said approval shall not be unreasonably withheld. Plans for such approval shall be submitted to the Declarant or the Committee at the Declarant's office unless Declarant or the Committee shall establish a different place to submit such plans. In the event Declarant or said Committee fails to approve or disapprove such plans and specifications within thirty (30) days after the same have been submitted to them or if no suit to enjoin the construction, addition, alterations, or change has been commenced prior to the completion thereof, approval will not be required and this provision shall be deemed to have been fully complied with.

It is intended that the architectural control committee shall have the right to control all architectural and visual aspects of any improvements constructed in the Subdivision, including, without limitation, height, site planning, setback requirements, open spaces, exterior design, window tinting, outside window treatments, house colors, landscaping, including the right to establish minimum landscaping criteria for each Lot provided that the same shall be applied equitably and without discrimination. It is the purpose of these restrictions that the entire area of which the subject lands are a part may be developed as a planned high quality residential community with each area thereof complimenting the others and forming a homogeneous whole.

ARTICLE 5

PARKING, TRASH, CLOTHESPOLES, ANTENNAE, HURRICANE OR STORM SHUTTERS, SOLAR PANELS, SWIMMING POOLS, FENCES, GARAGE DOORS, MAILBOXES AND OTHER RESTRICTIONS

- 5.1 No clothesline or other clothes drying facility shall be permitted which is located outside of the dwelling unit.
- 5.2 No sign of any nature whatsoever shall be erected or displayed upon any of the Lots, except where express prior written approval of the size, shape, content and location thereof has been

obtained from the Association which approval may be arbitrarily withheld, providing, however, that the Declarant shall have the right to place such signs upon the Lots and Improved Lots as Declarant deems necessary and proper in its sole discretion in connection with the sale by Declarant of Lots and Improved Lots within the Subdivision, including resales of the same. For Sale signs not larger than 6" x 10" may be displayed from within the residence located upon an Improved Lot only after Declarant has turned over control of the Association pursuant to Article 2.

- 5.3 No exterior radio, television, other electronic antennae, or aerial may be erected or maintained anywhere upon any of the foregoing described lands except as may be approved by the Association herein. A satellite dish is permitted provided it is no larger than twenty-four (24)" inches in diameter and prior written approval is granted by the Architectural Control Committee.
- 5.4 All garbage and trash must be placed in closed containers and kept in an orderly fashion when it is placed outside for trash pickup. All garbage and trash must be kept indoors before it is placed outside for trash pickup. No garbage or trash may be put out for pick-up more than twelve (12) hours prior to said pick-up. Empty containers must be moved out of sight within 10 hours after pick-up.
- 5.5 The parking or storage of automobiles and other motor vehicles is permitted only in garages and driveways. There shall be no parking or storage of any vehicles permitted on the swale or green belt right of way area. Overnight parking in the streets is prohibited.
- 5.6 The parking or storage of boats and boat trailers, campers, trailers, commercial vehicles or other recreational vehicles (that is vehicles designed and constructed primarily for recreational use) upon any lands in the Subdivision is prohibited except in spaces expressly approved in writing in advance by the Association or Declarant and in accordance with any time constraints imposed herein.
- 5.7 Only vehicles (non-commercial) bearing current license and registration tags and inspection certificates, as required pursuant to State law and which are operable without assistance shall be permitted to be parked or stored on any lands within the Subdivision.
- 5.8 The overnight parking or storage of trade or commercial vehicles in excess of one-half ton

rated capacity is prohibited.

- 5.9 Hurricane and storm shutters shall be installed by Declarant and maintained by Owner.
- 5.10 No sheds or other means of outside storage may be constructed upon any Lot.
- 5.11 Only central air conditioning is permitted to be installed in any Improved Lot. No window, wall, portable or other individual air conditioning unit is permitted to be installed.
- 5.12 Motorcycles are not permitted, except with the prior written consent of the Association which shall require that they be parked inside garages, and may require appropriate noise muffling equipment so that the operation of same does not create an annoyance to the residents of the Subdivision.
- 5.13 No garage sales are permitted without prior written consent of the Association. Said consent may be arbitrarily withheld. In any event no Lot Owner may hold more than one sale per year not to exceed 48 hours in duration.
- 5.14 No modification to garage doors may be made without the prior written consent of the Association. Said consent may be arbitrarily withheld.
- 5.15 All mailboxes shall be uniform and maintained by Owner. Townhouses shall have multiple mailboxes to service individual multifamily dwelling buildings as Declarant shall determine. Replacement of any mailboxes shall be with the same style and appearance as was initially installed by Declarant.
- 5.16 Declarant shall provide a uniform system of water supply to the sprinklers installed for the benefit of each Townhouse. No sprinklers may be run off the lakes or canals within subdivision other than as installed by Declarant. The Association shall be responsible for the maintenance of these sprinklers.
- 5.17 In addition to any other remedies available to the Association for the violation of the foregoing use restrictions and any other restriction in this Declaration, the Association shall impose a monetary fine and/or the Association may impose an assessment as is set forth in Article 8 hereinafter. Failure to pay said fine and/or assessment shall result in a lien in favor of the Association against the Improved Lot of the violating Lot Owner in the same manner as set forth herein. The Owner shall be entitled to notice and a hearing as set forth in Article 8.

ARTICLE 6
LIVESTOCK, POULTRY AND ANIMALS

No animals, livestock or poultry of any kind shall be raised, bred or kept on any Improved Lot, except that a total of no more than two (2) dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, and provided further that they are kept so as not to be an annoyance or nuisance to anyone in the Subdivision. An Owner's 2 dogs cannot exceed 150 pounds in aggregate weight and any 1 dog may not weigh more than 100 pounds. Dogs must be kept on a leash when outside of the residence. Any Owner shall be required to immediately pick up any animal waste deposited by his or her pet on any portion of the Subdivision. No pets may be left outside at night between the hours of 9:30 p.m. and 7:00 a.m. The Association may require any pet to immediately and permanently be removed from the Subdivision due to a violation of these rules. A pet may not be left unattended or unsupervised outside for more than one hour at a time (outside meaning within the Improved Lot).

ARTICLE 7
PROPERTY RIGHTS

7.1 **OWNER'S RIGHTS:** Every member of the Association shall have the right to enjoyment in and to the Common Areas and any and all improvements thereon subject to the rules established by the Association. The Declarant shall retain legal title to the Common Areas for the development period, but in no event later than as provided for in Article 2.6.1, when if the DECLARANT has not previously done so, it shall convey the Common Area to the Association free and clear of all liens and encumbrances, except taxes for the year of conveyance and reservations, restrictions, covenants and easements of record, including those contained in this Declaration.

7.2 **DECLARANT'S RIGHTS:** It is acknowledged that the performance by the Association of the duties hereunder, and the exercise of its right is for the benefit of the Owners of the Lots

subject to these restrictions, as well as for the benefit of the Declarant. Accordingly, if the Association shall fail or refuse to fulfill its obligations hereunder, or to exercise its rights, Declarant, in its name or in the name of the Association, shall have the right, but not the obligation, to perform any of the Association's duties and to exercise any of the performance of such duties and Declarant shall not be liable in any way for exercising any rights under this section.

7.3 EASEMENTS

7.3.1 Each of the following easements are hereby created in favor of the Association which shall run with the land, and notwithstanding any of the other provisions of the Declaration may not be substantially amended or revoked in such a way as to unreasonably interfere with their proper and intended uses and purposes, and each shall survive the termination of this Declaration.

7.3.2 Utilities: Easements as may be required for the installation, maintenance, repair and providing of utility services, equipment and fixtures in order to adequately serve the Subdivision or any Lot, including, but not limited to, electricity, telephones, sewer, water lighting, irrigation, drainage, television antenna and cable television facilities, and electronic security are granted in favor of the Association. However, easements affecting any Lot which serve any other portion of the Subdivision shall be underground, across easement lines reflected in Plat of COCONUT KEY, as amended, and shall only be for utility services actually constructed, or reconstructed, and for the maintenance thereof, unless otherwise approved in writing by the Owner of a Lot. An Owner shall do nothing on his Lot which interferes with or impairs the utility services using these easements. The Declarant or its designees shall have a right of access to each Lot to inspect, maintain, repair or replace the utility service facilities contained under the Lot and to remove any improvements interfering with or impairing the utility services or easements therein reserved; provided such right of access shall not unreasonably interfere with the Owner's permitted use of the Lot and, except in the event of an emergency, entry into any Lot shall be made with reasonable notice to the Owner.

7.3.3 Perpetual Nonexclusive Easement in COMMON AREAS.

The Common Areas shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all Owners and residents of the Subdivision, and their guests and invitees, for all proper and normal purposes and for the furnishing of services and facilities for which the same are reasonably intended according to the Rules established by the Association.

7.3.4 Service of Easement. Easements shall exist across Lot lines as reflected by the Plat of COCONUT KEY in favor of governmental and quasi-governmental authorities, utility companies, cable television companies, ambulance or emergency vehicle companies within the Subdivision, and over, under, on and across the Common Areas to permit the foregoing, and their agents and employees, to provide their respected authorized services to and for the Subdivision and the Owners.

7.3.5 Easements for Pedestrian and Vehicular Traffic.

- (a) Easements are provided for pedestrian traffic over, through and across sidewalks, paths, lanes and walks, as the same may from time to time exist upon the Common Areas and be intended for such purpose; and for pedestrian and vehicular traffic and parking over, through, across and upon such portions of the Common Area as may from time to time be paved and intended for such purposes, same being for the use and benefit of the Owners and the residents of the Subdivision, and their guest and invitees.
- (b) Easements shall exist in favor of the Association for drainage across Lots and across Common Areas.

7.3.6 Easement for Cleaning, Pressure Cleaning, Painting of Roofs and Exterior of Townhouses The Association its agents and/or assigns shall have an easement to go on to the property of a Townhouse Owner for the purpose of cleaning, pressure cleaning, painting of roofs and painting of exteriors to the Townhouses and/or the multi dwelling buildings as they deem necessary from time to time. This shall be an expense of the Association.

7.3.7 Additional Easements. Declarant (so long as it owns any Lot) and the Association, on their behalf and on behalf of all Owners, each shall have the right to:

- (i) grant and declare additional easements over, upon, under and/or across the Lots and Common Areas in favor of the Owners and residents of the Subdivision and their guests and invitees, or in favor of any other person, entity, public or quasi-public authority or utility company, as the Declarant or the Association may deem desirable for the proper operation and maintenance of the Subdivision, or any portion thereof, or for the benefit, safety or welfare of the Owners, or for any other reason or purpose. No joinder of any Owner or any mortgage

of any Lot shall be required. To the extent required, all Owners hereby irrevocably appoint Declarant and/or the Association as their attorney-in fact for the foregoing purposes.

- (ii) No owner may construct any improvements within the lake maintenance, landscaping, drainage and any other easements which are reflected on the Plat of COCONUT KEY.

7.3.8 Easements and Restrictions of Record. The Property is subject to restrictions, reservations and easements which have been placed of record prior to the recording of this DECLARATION, including but not limited to the Plat of COCONUT KEY.

7.3.9 Declaration of Non-Exclusive Easement. Declarant hereby discloses to each and every Owner, their successors and/or assigns that there exists a perpetual 50' easement for ingress/egress from the entrance to the property from Atlantic Avenue more fully described in Declaration of Non-Exclusive Easement Agreement filed 1/10/87 in Official Records Book 5415, Page 455, of the Public Records of Palm Beach County, Florida.

ARTICLE 8

ASSESSMENTS AND LIEN

8.1 Authority of Association. The Association, through its Board of Directors, shall have the power and authority to make and collect Assessments as hereinafter set forth. All Assessments made by the Association shall be collected by the Association or such agent as shall be designated by the Association for collection of Assessments.

8.2 General Assessments. General Assessments shall be determined annually for the purpose of maintenance and management of the Association, the Common Area and maintenance of that portion of the Lots outside of the Units, as hereinafter set forth, and for the purpose of promoting the safety and welfare of the Owners. Without limiting the foregoing, general Assessments shall be used for payment of: operation, maintenance and management of the Association and the Common Area; property taxes and assessments against and insurance coverage for the Common Area; legal and accounting fees; maintenance of any Streets dedicated or reserved to the Association, if any; management fees; normal repairs and replacements; charges for utilities used upon the Common Area; cleaning services; the creation of such reserve accounts as may be required from time to time by the Board of Directors; expenses and liabilities incurred by the Association in the enforcement of

its rights and duties against the Members or others; maintenance of vacant property; maintenance of that portion of the Lots outside of the Units as hereinafter set forth and all other expenses deemed by the Board of Directors of the Association to be necessary and proper for management, maintenance, repair, operation, enforcement and for the promotion of the safety and welfare of the Owners.

8.3 Basis and Collection of General Assessments. The Association shall annually estimate the Common Expenses it expects to incur and the period of time involved therein and shall assess its Members sufficient monies to meet this estimate. All Lots, except Unimproved Lots, shall be assessed at a uniform rate to be determined by the Association, so that all Lots (except Unimproved Lots) subject to a general Assessment shall be assessed equally. Should the Association at any time determine that the Assessments made are insufficient to pay the Common Expenses, the Board of Directors shall have the authority to levy additional general Assessments to meet such needs. General Assessments shall be payable in advance on a monthly basis.

8.4 Special Assessments. The Association shall have the power and authority to levy and collect a special Assessment from each Member for payment of the following: the acquisition of property by the Association; the cost of construction of capital improvements to the Common Area; the cost of construction, reconstruction, unexpected repair or replacement of the Common Area or any capital improvement, and including the necessary fixtures and personal property related thereto; including, without limitation, such costs resulting from an Act of God, hurricane, flood or freeze damage; the expense of indemnification of each Director and Officer of the Association; and any other expenses included in the budget adopted annually by the Association. All Lots, except Unimproved Lots, shall be assessed at a uniform rate. A special Assessment shall be collectible in such manner as the Board of Directors shall determine. If a special Assessment shall exceed FIVE HUNDRED (\$500.00) per Lot, it shall require the approval of the Members of the Association, to be obtained at a duly convened regular or special meeting at which a Quorum exists and which is called at least in part to secure this approval. Approval shall be by an affirmative vote of at least fifty-one percent (51%) of the votes present in person or by proxy.

8.5 Emergency Special Assessment. The Association may levy an emergency special Assessment when, in the sole determination of the Board of Directors, there is potential danger of damage to

persons or property. Emergency special Assessments may be utilized to pay for improvements, repairs or replacements. Events justifying emergency special Assessments include, but are not limited to, hurricanes, floods, fires. Emergency special Assessments shall be collected in such manner as the Boards of Directors shall determine.

8.6 Individual Assessments. The Association shall have the power and authority to levy and collect an individual Assessment against a particular Lot for the cost of maintenance, repairs or replacements to the Common Area, or any other property to be maintained by the Association, necessitated by the negligent or willful acts of an owner or his invitees, licensees, family or guests, or for the cost of maintenance, repairs or replacements within or without the Lot, which the Owner thereof has failed or refused to perform. The Association shall have the right to enter into and onto each Lot to perform necessary maintenance, repairs and replacements, including the right to abate or eliminate any nuisance. The individual assessment may include an administrative fee charged by the Association in an amount to be determined by the Board of Directors, in its discretion, from time to time. All individual Assessments shall be collected in such manner as the Board of Directors shall determine.

8.7 Special Assessments for Non-Compliance: In addition to all other remedies provided in this Declaration, the Board of Directors, in its sole discretion, may levy a Special Assessment or reasonable fine against an Owner for failure of the Owner, his family, guests, invitees, or employees, to comply with any provision in this Declaration or the Articles, By-Laws, rules and regulations or traffic regulations of the Association, provided that the following procedures are followed:

8.7.1 Notice. The Association shall notify the Owner of the infraction or infractions. Included in the Notice shall be the date and the time of the next Board of Directors Meeting at which the Owner shall present testimony as to why the Special Assessment should not be imposed. A fine or suspension may not be imposed until an owner has been provided at least 14 days notice.

8.7.2 Hearing. The non-compliance shall be presented to the Board of Directors at the time and place provided in the Notice, at which meeting a hearing shall be conducted for purposes of obtaining testimony as to the levying of a Special Assessment in the event that it is determined that a violation has in fact occurred. Written decision of the Board of Directors shall be submitted to the Owner no later than ten (10) days after the hearing.

8.7.3 Amount of Special Assessment. The Board of Directors may impose the following Special Assessments against the Owner in the event a violation is found.

8.7.3.1 First Non-Compliance for Violation: A Special Assessment in an amount not in excess of \$100.00.

8.7.3.2 Second Non-Compliance for Violation: A Special Assessment in an amount not in excess of \$500.00.

8.7.3.3 Third and Subsequent Non-Compliance Violation or violations which are of a Continuing Nature: A fine in an amount not in excess of \$1,000.00.

8.7.4 Due Date of Special Assessment. A Special Assessment as provided in this Article shall be due and owing not later than Thirty (30) days after the written decision as provided in Section 8.7.2 above.

8.8 Effect of Non-Payment to Assessment. All notices of Assessments from the Association to the Members shall designate when the assessment is due and payable. If an Assessment is not paid on the date when due, it shall then become delinquent and shall bear interest at the maximum rate allowed by law (and in the absence of such law, at such interest rate as the Board of Directors of the Association may decide from time to time) from the date when due until paid. Once an assessment becomes delinquent, in addition to any other fees that may be set forth herein, repayment thereof shall also include a late fee of \$25.00 (Twenty Five) dollars for each 30 day period in which the assessment remains delinquent. The Assessment, together with interest thereon and the costs of collection thereof, including attorneys' fees shall be a continuing lien against the Lot owned by the Member against whom the assessment is made and shall also be the continuing personal obligation of the Owner thereof and such personal obligation shall pass to a successor in title to a Lot until such time as the Assessment is paid as provided for herein. The Association shall also record a claim of lien in the Public Records of the County setting forth the amount of the unpaid assessment, the rate of interest due thereon and the cost of the collection thereof. If any Assessment or any installment thereof shall not be paid within Thirty (30) days following the due date, the Association may declare the entire unpaid Assessment immediately due and payable. The Association may at any time thereafter bring an action to foreclose the lien against the Lot and/or Owner assessed in the manner in which mortgages on real property are foreclosed and a suit on the personal obligation of the

Owner. A suit to collect unpaid Assessments may be prosecuted by the Association without waiving the lien securing such unpaid Assessments, costs, and attorneys' fees. There shall be added to the amount of the Assessment the cost of such action, including attorneys' fees, and in the event a judgment is obtained, such judgment shall include interest on the Assessment as above provided and costs, including attorneys' fees, incurred by the Association. Any successor in title to a Lot shall be held to constructive notice of the records of the Association to determine the existence of any delinquency in the payment of Assessments.

8.9 Additional Assessments. Any charges or costs which may be levied against the Lots by any government entity, including, without limitation, trash collection charges which may be levied by Palm Beach County. Such charges or costs shall be the sole responsibility of the Owners of the Lots and are not included in the Assessments.

8.10 Certificate of Assessments. The Association shall prepare a roster of the Members, their respective Lots and Assessments applicable thereto, which shall be kept in the office of the Association or at the Office of the appointed management company, and shall be opened to inspection by all Members at reasonable business hours. At the request of an Owner, the Board of Directors shall prepare a Certificate of Assessments signed by an officer of the Association, or an agent or management company, if one exists, setting forth whether the Owner's Assessments have been paid and the amount which is due as of the date of the Certificate. As to parties without knowledge or error who rely thereon, such Certificate shall be presumptive evidence of payment or partial payment of any Assessment therein stated as having been paid or partially paid. The Association and/or Management Company may charge a reasonable fee for providing said Certificate.

8.11 Subordination of Lien to Mortgage. Regardless of the effective date of the Lien of any Assessments made by the Association, such Assessment lien shall be subordinate and inferior to the lien of the mortgage of any Mortgagee. Such subordination shall, however, apply only to the Assessments which have become due and payable prior to a final sale or transfer of a mortgaged Lot pursuant to a decree of foreclosure or in any other proceeding or conveyance in lieu of foreclosure of the mortgage. No such sale or other transfer shall relieve any Lot from liability for any Assessment becoming due thereafter, nor from the lien of any such subsequent Assessment. Any delinquent

Assessments which are eliminated against a Lot pursuant to a sale or transfer in connection with the foreclosure of a mortgage, or any proceeding or deed in lieu of foreclosure, may be reallocated and assessed to all Owners as a Common Expense. The written opinion of the Association that the Assessment lien is subordinate to a mortgage lien shall determine any question of subordination.

8.12 Payments by Declarant. Notwithstanding any provision that may be contained to the contrary in this instrument, for so long as Declarant is the owner of any Lot, the Declarant shall not be liable for Assessments against such Lot, provided that Declarant funds any deficit in operating expenses in excess of assessments billed and initial capital contribution collected from the Association. Declarant may at any time commence paying such assessments as to Lots that it owns and thereby automatically terminate its obligation to fund subsequent deficits in the operating expenses of the Association. In any event, any funding of Association deficits shall be treated as loans from the Declarant to be repaid by the Association at a market rate of interest.

8.13 Exempt Property. The following property shall be permanently exempt from the payment of all Assessments by the Association:

8.13.1 All property dedicated or reserved to or owned by the Association.

8.13.2 All property dedicated to or owned by the water management district, water control district or other party responsible for maintenance of the water management system within the subdivision.

8.13.3 Any portion of the Property dedicated to the County.

8.13.4 Any portion of the Property exempted from ad valorem taxation by the laws of the State of Florida.

8.13.5 Any Unimproved Lots.

8.14 Initial Capital Contribution and Other Payments Due at Closing. In addition to all of the foregoing Assessments, Owners shall also be required to pay, at the time of the closing of their Lots, a sum equal to two (2) months general Assessments, assessed against a Lot by the Association, which sums shall be paid to the Association as an initial contribution to the working capital of the Association. This initial contribution shall not relieve Owner of Owner's responsibility to pay all prepaid monthly installments of the general Assessments assessed against Owner's Lot, as well as all subsequent Assessments. The contribution is a one-time

contribution to be made by the initial purchasers of Lots from Declarant. All capital contributions received by the Association shall be for the use and benefit of the Association and the Owner's. Notwithstanding the foregoing, the Declarant, for so long as it controls the Board of Directors, shall have the right to use the Initial Capital Contributions to pay for any ordinary expenses and purposes of the Association. Regular maintenance/assessments may also be required to be pre-paid at closing by initial purchasers in Declarant's sole discretion.

ARTICLE 9 **MAINTENANCE**

9.1 RESPONSIBILITY OF ASSOCIATION.

- (a) The Association shall have the perpetual responsibility for maintaining, repairing and operating the Common Areas, except as set forth below. The Common Area includes but are not limited to the off site entrance monument, signage, entrance landscaping, any pumps operating the Common Area irrigation, Common Area landscaping and irrigation, security gate, cabana, pool, "tot lot", (2) lakes, the water feature(s), the street lights, (unless operated and/or maintained by Florida Power and Light Company) curbs, sidewalks, and all Streets and private roadways dedicated or reserved to the Association on the Plat. Common Areas also include but are not limited to all landscape easements located within the Subdivision, any other walls, berms, landscape buffers and park areas constructed for the Subdivision. The South Florida Water Management District shall not be liable or responsible for maintaining any of the aforesaid Common Areas including but not limited to the two (2) lakes, all pumps, and any water features(s).

Maintenance and operation within the meaning of this sub paragraph shall include but not be limited to mowing, irrigating, trimming, edging, painting, fertilizing, cleaning, spraying and necessary repairs. The Association may do such other things and make such other actions as may reasonably be necessary to promote the health, safety and welfare of its members.

- (b) Surface Water Management: The surface water management system, located on the

Common Areas for the Property shall be perpetually operated and maintained by the Association, and/or any applicable governmental agency in accordance with all permits and approvals issued by any controlling governmental authority. Furthermore, the surface water management system shall not be interfered with, changed or altered, except pursuant to permits and with the prior approval issued by the controlling governmental authority. Furthermore, the surface water management system shall not be interfered with, changed or altered, except pursuant to permits and with the prior approval issued by the controlling governmental authority.

(c) Utility Services. The Association shall maintain all utility services not owned by any governmental authority or utility company, except for utility services located within any Lot, which serve only the Lot.

(d) Other Property. The Association shall have the right to maintain such other areas within the Subdivision as the Board determines from time to time is in the best interest of the Owners, and the cost of any such maintenance shall be a Common Expense.

(e) The Association shall provide basic cable television service to each Improved Lot.

(f) The Association shall be responsible for maintaining the lawns and trees on each Lot. However, the Owner shall be responsible for maintaining any landscaping installed by an Owner, i.e., flowers on the Lot. The Association shall maintain the sprinkler irrigation system for the Townhouses. Furthermore, no landscaping whatsoever may be installed by an Owner on a Lot without the prior approval of the Architectural Control Committee as set forth in Article 4 herein. Any landscaping installed by an Owner after Owner has obtained said approval shall be perpetually maintained by Owner. Any consequential damages to the Owner's landscaping or property while the irrigation system is not operating for any reason is the sole responsibility of the Owner at all times.

(g) In the event an Owner fails to properly maintain any property that the Owner is required to maintain, the Association shall have the right to make any repairs or replacements as it deems necessary. In such event, the Association shall have the right to individually assess the Owner involved for all costs incurred in making such repairs or replacements as proved for herein.

9.2 RESPONSIBILITY OF LOT OWNER.

(a) Exterior Building Maintenance. The Association shall maintain the exterior of all Townhouse buildings. Such maintenance shall include, but is not limited to pressure cleaning of the roofs and painting of the exterior. The Owner of each Townhouse shall maintain the yard area, landscaping, and all other parts of the exterior lot not stated herein as being maintained by the Association.

(b) Other Maintenance The Owner shall have the responsibility for the care and maintenance of his private driveway so that the driveway is kept free from excessive oil and grease stains and deposits.

(i) No Owner shall interfere in any way with the walls, fences and landscaping which serve as a buffer between the Subdivision and the adjoining properties, lakes and roadways. No trees or hedges shall be removed from the landscape buffers or planting strips or park area.

(c) Negligence. An Owner shall be liable and shall be assessed by the Association for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness.

(d) Responsibility of an Owner for Occupants, Tenants, Guests and Invitees.
Each Owner shall be responsible for, indemnify and hold the Association harmless for any and all acts and omissions, whether negligent or willful, or any person residing in his Improved Lot, and for all guests and invitees of the Owner or any such resident, and in the event the acts or omissions of any of the foregoing shall result in any damage to the Common Areas, or any liability to the Association, the Owner shall be assessed for same as in the case of any other assessment. Furthermore, any violation of any of the provisions of this Declaration, of the Articles, or the By-Laws, by any resident of any Improved Lot, any guests or invitee of an Owner or an resident of an Improved Lot, shall also be deemed a violation by the Owner and shall subject the Owner to the same liability as if violation was that of the Owner.

(e) Right of Association to Evict Tenants, Occupants, Guests and Invitees. With respect to any person present in any Improved Lot or any portion of the Subdivision other than an Owner and the members of his immediate family permanently residing with him in the Improved Lot, if such person shall materially violate any provisions of this Declaration, the Articles, or the By-Laws, or shall create

a nuisance or an unreasonable and continuous source of annoyance to the residents by person or pet of the Subdivision, or shall willfully damage or destroy any Common Area or personal property of the Association, than upon written notice by the Association, such person shall be required to immediately leave the Subject Property and if such person does not do so, the Association is authorized to commence an action to compel the person to leave the Subject Property and, where necessary, to enjoin such person from returning. The expense of any such action, including attorneys' fees, may be assessed against such person as was present on the Subject Property, and the Association may collect each assessment and have a lien for same as elsewhere provided. The foregoing shall not be deemed to limit, modify, or affect any other rights or remedies available to the Association, or any rights or remedies the Association may have with respect to similar actions by an Owner or a member of his immediate family residing with him in the Improved Lot.

(f) Further responsibilities of Owners are set forth elsewhere in this Declaration.

ARTICLE 10 COMMON WALLS

- 10.1 Every person who shall accept or receive any instrument of conveyance of a Townhouse, and every owner, by acceptance of title to his/her Townhouse, covenants and agrees that the Townhouse and the Multifamily Dwelling shall be used, held, maintained and conveyed solely in accordance with the covenants, reservations, easements, and lien rights regarding same as set forth in this Declaration, and particularly each Owner of a Townhouse shall be deemed to have accepted the following Common Wall terms set forth herein.
- 10.2 Each wall which is built as part of the original construction of the Townhouse upon the properties and forming a Common Wall or boundary between the two Townhouses shall constitute a Common Wall, and to the extent not inconsistent with the provisions of this Article 10, then general rules of law regarding Common Walls, and of liability for property damage due to negligent or willful acts or omissions shall apply thereto.
- 10.3 The parties owning the Townhouses divided by the Common Wall shall have the right to use it jointly. The term "use" shall and does include normal interior usage such as paneling,

plastering, painting, decorating, erection of tangent walls and shelving, but prohibits any form of alteration which would cause an aperture, hole conduit, break or other displacement of the original concrete blocks and/or other materials forming said wall.

- 10.4 In the event repairs or reconstruction shall be necessary, all necessary entries on the adjacent parcel by an adjacent property owner and/or its agents shall not be deemed a trespass so long as the repairs and reconstruction shall be done in a workmanlike manner, and prior consent is given to enter on adjacent property to effect necessary repairs and reconstruction.
- 10.5 Each party, his heirs, assigns or successors, shall continuously maintain insurance which insures the walls against all perils to the extent of the full value thereof.
- 10.6 Each party, his heirs, assigns and successors, shall have the full right to use the Common Wall for the support of beams and structural materials or in any other lawful manner not prohibited hereby; provided however, that such use shall not injure, impair the strength of or endanger the wall, foundation or other portion of the building or the premises of the other party, and shall not impair or endanger the Common Wall benefits and support to which the adjoining building is entitled. All further use shall be subject to the terms of this Article.
- 10.7 This Article shall be deemed to apply to the existing Common Wall and all replacement walls.

ARTICLE 11 NUISANCES AND REMOVAL THEREOF

All Improved Lots and the Common Areas shall be kept free from nuisances, noxious conditions and in a clean and tidy condition and free of conditions offensive to the eye and/or ear or permitting foul or obnoxious odors, and all structures and improvements built on such Improved Lots, including the Common Area and appurtenances thereto, shall be kept in good condition, repair and appearance by the Owners of each Improved Lot and by the Association for the Common Areas. No Improved Lot shall be used in such manner as to cause noise which will disturb the peace, quiet, comfort or serenity of the occupants of surrounding properties and such activity may be enjoined by the Declarant, the Association or the Owners of any Improved Lot. Assessments and/or fines may also

be levied as set forth herein.

ARTICLE 12
SETBACK RESTRICTIONS
OTHER RESTRICTIONS

Subject to the exceptions mentioned hereinabove, no building or any part thereof, may project beyond the setback lines, as set forth in the prevailing zoning regulations, or Plat of COCONUT KEY.

ARTICLE 13
CANALS AND LAKES

All waterfront Lots are not permitted to construct docks or any other structures which abut the canals or lakes which are located on or within the boundaries of the Subdivision.

ARTICLE 14
BUDGET AND SPECIAL ASSESSMENTS

The annual budget of the Association shall be prepared by the Association and circulated to the Association members at least thirty (30) days prior to its adoption.

The amount of the initial assessment against each Improved Lot described herein shall be determined in accordance with an estimated budget to be proposed by the Association. Said assessment in the amount determined as above shall be payable in advance on or before the first day of each month of each and every month thereafter, which amount is subject to change by the Association from time to time as said Association may deem necessary to carry out its responsibilities and services as set forth herein. The Association shall have the right to impose upon the Owner a reasonable penalty for late payment of the monthly assessment in accordance with Section 8.8 The assessment in effect at the time of the conveyance of any Improved Lot from Declarant to a purchaser thereof shall be paid by the Purchaser to the Association at the time of closing pro rata for

the balance of the month in which closing takes place or if Declarant determines for the balance of that calendar quarter and/or for the next quarter as well.

Declarant in partial consideration of its conveying to the Association the Common Areas, shall not be subject to the foregoing assessment for any Lot or Improved Lot owned by Declarant.

Each Owner agrees to pay to the Association all court costs and reasonable attorneys' fees incurred by the Association in enforcing the provisions hereof against such Owner.

- (a) Special Assessment for Repairs, etc. In order to assure that the Association will be maintained as a community of high standards, quality and beauty, each owner is required to maintain the exterior of the Lot Owner's home and yard area in such a manner as to prevent the same from falling into a state of disrepair, excepting therefrom any maintenance obligation the Association has undertaken for Townhomes pursuant to Section 9.2. If, in the opinion of the majority of the Association, the Lot Owner has failed to maintain the home as provided herein, the Association shall mail to said Lot Owner written notice of hearing as provided in Article 8, Section 8.7.1 and 8.7.2 to the property address or the last known address of the Lot Owner. Failure of the Lot owner to correct the violation(s) within twenty (20) days of mailing of a notice from the Association that the Association has determined the Owner to be in violation of said provisions shall give the Declarant, its successors or assigns or the Association, the right, but not the obligation, to enter upon the premises and correct the violation, or contract to have the necessary repairs or maintenance done. The Declarant, its successors or assigns or the Association, shall have the further right to assess the Lot Owner for the full cost of any services performed pursuant to this paragraph. For the purpose of enforcing the provisions of this section, an entry upon the premises of a Lot by Declarant, the Association or by designated contractors or agents, shall not be deemed to be a trespass or an invasion of privacy.

ARTICLE 15
INSURANCE

Insurance, other than title insurance, that shall be carried on the Common Area shall be governed by the following provisions.

15.1 Authority to Purchase: Named Insured. All insurance policies upon the Common Area shall be purchased by the Association and shall be placed in a single agency or company, if possible. The named insured shall be the Association for itself and as agent for the Members without naming them as agent for Mortgagees. Provisions shall be made for the issuance of Mortgagee endorsements and memoranda of insurance to any such Mortgagees. The Policies shall provide that payment by the insurer for losses shall be made to the Association for the benefit of the Members and Mortgagees, as their interests may appear. The Owners of each Lot shall purchase insurance on their individual Lots, which Lots shall be insured at their maximum insurable replacement costs; provided, however, all other variables of insurance coverage on the respective Lots may be as each Owner deems appropriate. The insurance policies to be obtained by each Owner shall include but not be limited to hazard, flood, personal property and liability.

15.2 Coverage

15.2.1 Casualty Insurance All insurable improvements on the Common Area shall be insured for fire and extended coverage perils, excluding foundation and excavation costs, at their maximum insurable replacement cost and all personal property owned by the Association shall be insured for its full insurable value, all as determined annually by the Board of Directors of the Association. The casualty insurance policy must provide for at least ten (10) days written notice to the Association before the insurer can cancel or substantially modify the policy.

15.2.2 Public Liability Insurance The Association shall obtain public liability and property damage insurance covering all of the Common Area, and insuring the Association, the Members and Mortgagees as their interests may appear in such amounts and providing such coverage as the Board of Directors of the Association may determine

from time to time; including without limitation, coverage for bodily injury and property damage resulting from operation, maintenance or use of the Common Area and any legal liability arising in connection with employment contracts to which the Association is a party provided that the minimum amount of coverage shall be \$500,000.00 each person and \$1,000,000.00 each incident. The liability insurance shall include, but not be limited to, hired and non-owned automobile coverage. The liability policy must provide for at least ten (10) days written notice to the Association before the insurer can cancel or substantially modify the policy.

15.2.3 Workmen's Compensation Insurance The Association shall obtain Workmen's Compensation Insurance in order to meet the requirements of law, if necessary.

15.2.4 Flood Insurance The Association shall obtain flood insurance if required to meet the requirements of federal, state or local law.

15.2.5 Other Insurance The Board of Directors of the Association shall obtain such other insurance as it shall determine from time to time to be desirable.

15.2.6 Subrogation Waiver If available, the Association shall obtain policies which provide that the insurer waives its right to subrogation as to any claim against Members, the Association and their respective servants, agents and guests.

15.3 Premiums The cost of insurance premiums and other incidental expenses incurred by the Association in administering and carrying out any of the provisions of this Article shall be a Common Expense.

15.4 Shares of Proceeds The Association shall not be liable for the sufficiency of policies nor the failure to collect any insurance proceeds. The duty of the Association shall be to receive such proceeds as are paid and to hold the proceeds in trust for the purposes elsewhere stated herein for the benefit of Members and Mortgagees in the following shares, which shares need not be set forth on the records of the Association.

15.4.2 Common Area Proceeds on account of damage to Common Area shall be an equal undivided share for each Member.

15.4.3 Mortgages In the event a Mortgage endorsement has been issued regarding an Improvement, the share of the Owner shall be held in trust for the Mortgagee

and the Owner as their interests may appear; provided, however, that no Mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged Improvement shall be reconstructed or repaired, nor any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distribution of such proceeds made to the Owner and Mortgagee pursuant to the provisions of this Declaration.

15.5 Distribution of Proceeds Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the Members in the following manner:

15.5.2 Reconstruction or Repair If the damage for which proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost of such, as hereinafter provided. Any proceeds which remain after defraying such costs shall be distributed to the members and Mortgagees as their interests may appear.

15.5.3 Failure to Reconstruct or Repair If it is determined in the manner hereinafter provided that the damage for which proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the Member and Mortgagees as their interests may appear. There shall be no distribution of remaining proceeds until all debris, remains and residue have been cleared and removed and the damaged area had been properly landscaped. In the event of loss or damage to personal or real property belonging to the Association and should the Board of Directors of the Association determine not to replace such personal or real property as may be lost or damaged, the proceeds shall be distributed to the Members and Mortgagees as their interests may appear.

15.6 Association's Power to Compromise Claims The Board of Directors of the Association is hereby irrevocably appointed agent for each Member and for each Mortgagee or other lien holder, for the purpose of compromising and settling all claims arising under insurance policies purchased by the Association and to execute and deliver releases therefore upon payment of claims.

ARTICLE 16**RECONSTRUCTION OR REPAIR AFTER CASUALTY**

- 16.1 Determination to Reconstruct or Repair If any part of the Property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:
- 16.1.1 Common Area If the damaged improvement is part of the Common Area, the damaged Improvement shall be reconstructed or repaired unless it is determined by the Members of the Association that it shall not be reconstructed or repaired.
- 16.1.2 Lot If the damaged property is improved on Lots, the damaged improvement shall be reconstructed or repaired unless all affected Owners and Mortgagees, the Association and the Architectural Control Committee agree that the damaged Improvements shall not be reconstructed or repaired.
- 16.2 Plans and Specifications Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvements; or, if none, then according to plans and specifications approved by the Board of Directors of the Association and the Architectural Control Committee.
- 16.3 Estimates of Costs Immediately after a determination is made to rebuild, replace or repair damage to property for which the Association has the responsibility of construction, replacement or repair, the Association shall obtain reliable and detailed estimates for the cost to rebuild, replace or repair. Such costs may include professional fees and premiums for such bonds as the Board of Directors may require.
- 16.4 Special Assessments Unless the damage was caused by the gross negligence or willful act of a Member, in which case such Member shall be liable, the amount by which an award of insurance proceeds is reduced on account of a deductible clause in an insurance policy shall be assessed equally against all Members as a Special Assessment. If the proceeds of such special Assessment and of the insurance are not sufficient to defray the estimated costs of reconstruction, replacement and repair by the Association or if at any time during reconstruction, replacement and repair, or upon completion of the costs of reconstruction,

replacement and repair are insufficient, special Assessments shall be made against the Members in sufficient amounts to provide funds for the payment of such costs.

16.5 Construction Funds The funds for the payment of costs of reconstruction, replacement and repair after casualty, which shall consist of proceeds of insurance held by the Association and funds collected by the Association from special Assessments against Members, shall be distributed in payment of such costs in the following manner:

16.5.1 Association The proceeds of insurance collected on account of a casualty, and the total special Assessments made by the Association in order to provide funds for payment of reconstruction, replacement and repair, shall constitute a construction fund which shall be held by the Association and thereafter disbursed in payment of the costs of reconstruction, replacement and repair in the following manner and order.

16.5.2 Association – Lesser Damage If the amount of the estimated costs of reconstruction, replacement and repair that is the responsibility of the Association is less than Twenty-Five Thousand Dollars (\$25,000.00), the construction fund shall be disbursed in payment of such costs upon the order of the Association.

16.5.3 Association – Major Damage If the amount of the estimated costs of reconstruction, replacement and repair that is the responsibility of the Association is Twenty-Five Thousand Dollars (\$25,000.00) or more, then construction funds held by the Association shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association, and upon approval by an architect or general contractor qualified to practice in Florida and employed by the Association to supervise the work.

16.5.4 Surplus It shall be presumed that the first monies disbursed in payment of costs of reconstruction, replacement and repair, shall be from insurance proceeds. If there is a balance in the construction fund after payment of all costs of the reconstruction, replacement and repair for which the fund is established, such balance shall be distributed equally to the Members. Any distribution will be made within one-year and may be an offset to the next years budget amount.

ARTICLE 17**COVENANTS IN FAVOR OF INSTITUTIONAL LENDERS**

In order to induce Institutional Lenders, as herein defined, to make individual mortgage loans upon Lots, the Association's right to assess a Lot, or to impress a lien upon a Lot, the title to which has been acquired by an Institutional Lender as a result of foreclosure or deed in lieu of foreclosure, shall be abated with respect to that portion of the assessment relating to the operation and maintenance of the Common Area so long as said Institutional Lender retains said title. Upon disposal in any manner of a Lot acquired by an Institutional Lender by foreclosure or deed in lieu of foreclosure, or when such Lot is under Lease, the Association's right to make full assessments, including assessments relating to the operation and maintenance of the Common Areas, against such Lots and its right to impress a lien thereon shall be fully restored (except that no such assessment or lien shall be for the purposes of defraying the cost of any work or services with respect to the operation or maintenance of the Common Areas undertaken by the Association during the period of time or prior to the time title to said Lot was held by an Institutional Lender) and the Association's duties and obligations with respect to said Lot shall be restored.

ARTICLE 18**NOTICES****A. NOTICE TO DECLARANT OR ASSOCIATION:**

Notice to the Declarant or Association or requests for approval of plans, specifications and locations of buildings or signs shall be in writing and delivered or mailed to the Declarant or Association at its principal place of business as shown by the records of the Secretary of State of Florida.

B. NOTICE TO UNIT OWNER

Notice to any Owner of a violation of any of these restrictions shall be in writing and shall be sufficient when delivered or mailed, postage prepaid, to the Owner at the address shown on the records of the Declarant or Association.

ARTICLE 19
CONVEYANCE OF COMMON AREAS

The Declarant shall convey its full right, title and interest in and unto the Common Areas to the Association in the manner and time as set forth hereinabove.

ARTICLE 20
SELECTION AND APPOINTMENT OF INITIAL
BOARD OF DIRECTORS

The Declarant hereby reserves the right to select and appoint the members of the initial Board of Directors of the Association. The DECLARANT shall select and appoint the members of the initial Board of Directors prior to the turnover as set forth hereinabove.

ARTICLE 21
NON-LIABILITY OF THE DECLARANT

The Declarant herein shall not in any way or manner be held liable or responsible for any assessments, fees, costs or expenses or subject to any liens except as herein provided.

ARTICLE 22
INDEMNIFICATION OF DIRECTORS, OFFICERS AND COMMITTEE MEMBERS

Every Director, Officer and Committee Member of the Association shall be indemnified by the Association against all expenses and liability, including attorneys' fees, incurred by or imposed upon him in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a Director, Officer or Committee Member whether or not he is a Director, Officer or Committee Member at the time such expenses are incurred, except in such cases where the Director, Officer or Committee Member is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided however, that in the event of any claim for reimbursement or indemnification the indemnification herein shall apply only if the

Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Officer, Director or Committee Member may be entitled.

ARTICLE 23
GENERAL PROVISIONS

- 23.1 Assignment All of the rights, powers, obligations, easements and estates reserved by or granted to Declarant or the Association may be assigned by Declarant or the Association, as the case may be. After such assignment, Declarant or the Association as the case may be, shall be relieved and released of all obligations with respect to such right, power, obligation, easement or estate.
- 23.2 Amendment This Declaration may be amended from time to time by recording among the Public Records of the County, an instrument executed by the President or a Vice President and attested to by the Secretary of the Association, indicating (if required pursuant to the terms hereof) that a meeting called for purposes of amendment was held and that the requisite number of Members formally approved the amendment, subject, however, to the following provisions.
- 23.2.1 Except as provided herein below, an amendment initiated by any party other than Declarant must obtain the approval of at least eighty percent (80%) of the votes of Members; provided that until such time as the Declarant relinquishes control of the Association, all amendments must include the joinder of Declarant.
- 23.2.2 Subject to the requirements of the Declaration, as long as Declarant owns any property within the Property, the Declarant shall have the absolute and unconditional right to alter, modify, supplement, change, revoke, rescind or cancel any or all of the provisions contained in this Declaration including, but not limited to provisions relating to the addition of property subject to this Declaration, use restrictions and Assessments, without the joinder and consent of the Owners, the Association or any other individual or entity and the foregoing parties hereby waive any right to consent to such changes. Such changes may affect the entire property or

only specific portions of the Property, but shall be subject to applicable government approvals. Further, the Declarant may amend this Declaration at any time for the purpose of subjecting additional real property within the Subdivision to this Declaration, without the joinder and consent of any other Owners, the Association, Mortgagees or any party.

23.2.3 In addition to other government approvals which may be required, any amendment to this Declaration which would affect the surface water management system, including the water management portions of the Common Area, must have the prior approval of the South Florida Water Management District.

23.2.4 No portion of any plat of the Property containing open space may be vacated in whole or in part unless the entire plat is vacated; provided, however, that portions of a plat containing open space may be vacated if the effect of such violation would not reduce the total open space within the Property below the requirements of the City zoning code.

23.2.5 Any duly adopted amendment to this Declaration shall run with and bind the Property for the same period and to the same extent as do the covenants and restrictions set forth herein.

23.3 Duration All of the covenants, restrictions and other provisions of this Declaration shall run with and bind the Property for a term of fifty (50) years from the date of recordation of this Declaration after which time they shall be automatically extended for successive periods of ten (10) years each, unless an instrument executed by at least eighty percent (80%) of the votes of the Members then existing and by all Mortgagees, has been recorded agreeing to change or terminate these covenants and restrictions.

23.4 Covenants Running with the Property The agreements, covenants, conditions, restrictions, Assessments, liens and other provisions contained herein shall constitute a servitude upon the Property and each portion thereof, shall run with the Property, shall be binding upon the Owners of any portion thereof and shall inure to the benefit of Declarant, the Association and the Owners of Lots within the Property.

23.5 Enforcement Enforcement of the covenants, restrictions, conditions, obligations, reservations, rights, powers, Assessments, liens and other provisions contained herein shall be by a proceeding at law or in equity against any person or entities violating or attempting to violate same and against the Property subject hereto to enforce any lien created by this Declaration.

In the event that Declarant and the Association fail to enforce the terms of the Declaration then any Member may do so. The failure or refusal of Declarant, the Association or any Member to enforce any of the provisions of this Declaration shall in no event be deemed to constitute a waiver of the right to do so thereafter.

23.6 Declarant's Rights For so long as Declarant owns or has any used rights to any property subject to this Declaration, Declarant shall have the right to transact any business necessary to consummate sales of property throughout the Subdivision, including, but not limited to the right to maintain office(s) on the Property, in location(s) to be selected by Declarant, to have employees in such offices, to construct and maintain sales agency offices on the Property and such other structures or appurtenances which are necessary or desirable for the development or sale of property throughout the Subdivision, including without limitation, sales models and parking lots, to post and display a sign or signs on any Lots owned by Declarant or on the Common Area; and to use the Common Area and to show Lots. Sales office signs and all other structures and appurtenances pertaining to the sale or development of property within the Subdivision shall not be considered Common Area and shall remain the property of the Declarant.

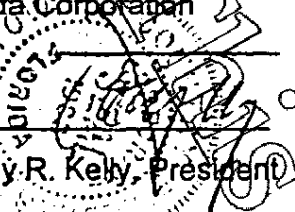
23.7 Notices Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly given when mailed, postage paid, to the last known address of the person who appears as an Owner on the records of the Association as of the time of such mailing. Notices to Mortgagees shall be deemed to have been properly given when mailed postage prepaid, to the last known address of the Mortgagee on the records of the Association at the time of such mailing. Each Owner shall notify the Association of all mortgages encumbering a Lot and any transfer thereof, the amount of such mortgages and the recording information for the mortgages. The holder of a mortgage encumbering a Lot may notify the Association of existence of such mortgage and upon receipt of that notice, the Association shall register in its records all pertinent information pertaining to the mortgage. The Association shall not be liable to any party for failure to obtain from any Owner information regarding a mortgage encumbering a Lot or for failure to provide any party with notice of such information.

- 23.8 Plats. In addition to this Declaration, the Property shall be subject to the additional covenants, restrictions, reservations and other terms and provisions set forth in the dedication or shown on the Plat of the Property, which is recorded or to be recorded in the public records of Palm Beach County.
- 23.9 Non-Condominium
- 23.09.1 The Association is not intended to be a condominium association and is not being created in accordance with Florida Statutes, Chapter 718, in existence as of the date of recording this Declaration.
- 23.09.2 The Common Area is not intended to be condominium property under Florida Statute, Chapter 718, in existence as of the date of recording this Declaration and is not part of the common elements of any condominium.
- 23.10 Gender and Number The use of the singular herein shall include the plural and the use of any gender shall include all genders.
- 23.11 Caption The captions used in this Declaration and the exhibits annexed hereto are inserted solely as a matter of convenience and shall not be relied upon or used in construing the text of this Declaration or any exhibits hereto.
- 23.12 Severability Invalidity of any one of the covenants or restrictions contained herein by judgment or court order shall in no way affect any other provisions hereof, which shall remain in full force and effect.
- 23.13 Effective Date This Declaration shall become effective upon its recordation in the Public Records of Palm Beach County, Florida.

IN WITNESS WHEREOF, Town & Country Builders, Inc., a Florida Corporation, has caused this instrument to be executed in its Corporate name by its duly authorized officers, and its corporate seal to be affixed this 15th day of August, 2001.

Town & Country Builders, Inc.,

a Florida Corporation

By: 
Timothy R. Kelly, President

STATE OF FLORIDA)

COUNTY OF PALM BEACH)

BEFORE ME, personally appeared Timothy R. Kelly, to me well known to be the individual described in and who executed the foregoing instrument as President of Town & Country Builders, Inc., a Florida Corporation, and that he acknowledged to and before me that he executed such instrument as such President of said Corporation and that said instrument is the free act and deed of said Corporation.

WITNESS my hand and official seal this 15th day of August, 2001.


Notary Public, State of Florida

My Commission Expires:

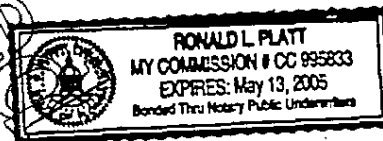


EXHIBIT A

All of the Plat of COCONUT KEY, according to the Plat thereof, as recorded in Plat Book 91, Page 26 of the Public Records of Palm Beach County, Florida.

This is not a certified copy

FILED

ARTICLES OF INCORPORATION
OF
COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC.
A FLORIDA CORPORATION
NOT-FOR-PROFIT

2001 FEB 12 PM 2:25

SECRETARY OF STATE
TALLAHASSEE FLORIDA

THE UNDERSIGNED incorporator, for the purpose of forming a corporation not-for-profit pursuant to the laws of the State of Florida, Florida Statutes, Chapter 617, hereby adopts the following Articles of Incorporation.

PREAMBLE

TOWN & COUNTRY BUILDERS, INC., a Florida Corporation ("DECLARANT") owns certain property in Palm Beach County, Florida, (the "SUBJECT PROPERTY"), and intends to execute and record a Declaration of Covenants and Restrictions of COCONUT KEY (the "DECLARATION"), which will affect the SUBJECT PROPERTY. This Association is being formed as the Association to administer the DECLARATION and to perform the duties and exercise the powers pursuant of the DECLARATION, as and when the DECLARATION is recorded in the Public Records of Palm Beach County, Florida, with these Articles of Incorporation attached as an exhibit. All of the definitions contained in the DECLARATION shall apply to these Articles of Incorporation, and to the By-Laws of the Association.

ARTICLE I - NAME

The name of the corporation is COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC., a Florida Corporation Not-For-Profit, hereinafter referred to as the "ASSOCIATION".

ARTICLE II - PURPOSE

The purpose for which the ASSOCIATION is organized are as follows:

1. To operate as a corporation not-for-profit pursuant to Chapter 617 of the Florida Statutes;
2. To enforce and exercise the duties of the ASSOCIATION as provided in the DECLARATION; and
3. To promote the health, safety, welfare, comfort and social and economic benefit for the members of the ASSOCIATION.

ARTICLE III – POWERS AND DUTIES

The ASSOCIATION shall have the following powers and duties:

1. All of the common law and statutory powers of a corporation not-for-profit under the laws of the State of Florida.
2. To administer, enforce, carry out and perform all of the acts, functions, rights and duties provided in, or contemplated by, the DECLARATION, including but not limited to the following:
 - (a) To own, purchase, sell, mortgage, encumber, lease, administer, manage, operate, maintain, improve, repair and to replace real and personal property
 - (b) To make and collect ASSESSMENTS against OWNERS of LOTS containing UNITS to defray the costs, expenses and losses incurred or to be incurred by the ASSOCIATION, and to use the proceeds thereof in the exercise of the ASSOCIATION'S powers and duties;
 - (c) To enforce the provisions of the DECLARATION, these ARTICLES, and the BY-LAWS;
 - (d) To make, establish and enforce reasonable rules and regulations governing the use of COMMON AREAS, LOTS, UNITS, and other property under the jurisdiction of the ASSOCIATION;
 - (e) To grant and modify easements, and to dedicate property owned by the ASSOCIATION to any public or quasi-public agency, authority or utility company for public, utility, drainage and cable television purposes;
 - (f) To borrow money for the purpose of carrying out the powers and duties of the ASSOCIATION;
 - (g) To exercise control over exterior alterations, additions, improvements or changes in accordance with the terms of the DECLARATION;
 - (h) To obtain insurance as provided by the DECLARATION; and

- (i) To employ personnel necessary to perform the obligations, service and duties required of or to be performed by the ASSOCIATION and for the proper operation of the properties for which the ASSOCIATION is responsible, or to contract with others for the performance of such obligations, services and/or duties.

ARTICLE IV – MEMBERS

1. The members of the ASSOCIATION shall consist of all of the record owners of LOTS. Membership shall be established as to each LOT upon the recording of the DECLARATION. Upon the transfer of ownership of fee title to, or the interest in, a LOT whether by conveyance devise, judicial desires, foreclosure or otherwise, and upon the recordation among the public records in the country in which the SUBJECT PROPERTY is located of the deed or other instrument establishing the acquisition and designating the LOT affected thereby, the new OWNER designated in such deed or other instrument shall there upon become a member of the ASSOCIATION, and the membership of the prior OWNER as to the LOT designated shall be terminated, provided, however, that the ASSOCIATION shall not have the responsibility or obligation of recognizing any such change in membership until it has been delivered a true copy of the applicable deed or other instrument, or is otherwise informed of the transfer of ownership of the LOT. Prior to the recording of the DECLARATION, the incorporator shall be the sole member of the ASSOCIATION.
2. The share of each member in the funds and assets of the ASSOCIATION, and the COMMON SURPLUS, and any membership in this ASSOCIATION, cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the LOT for which that membership is established.
3. In all matters upon which the membership shall be entitled to vote, there shall be only one vote for each LOT. In the event any LOT is owned by more than one person and/or by an entity, the vote for such LOT shall be cast in the manner provided by the BY-LAWS. Any person or entity owning more than one LOT shall be entitled to one vote for each LOT owned.
4. The BY-LAWS shall provide for an annual meeting of the members of the ASSOCIATION and shall make provisions for special meetings.

ARTICLE V – TERM OF EXISTENCE

The Association shall have perpetual existence.

ARTICLE VI – INCORPORATION

The name and street address of the incorporator is:

Timothy R. Kelly, President
C/O TOWN & COUNTRY BUILDERS, INC.
2295 Corporate Blvd., N.W.
Executive Court One, Suite 117
Boca Raton, Florida 33431

ARTICLE VII – DIRECTORS

1. The property, business and affairs of the ASSOCIATION shall be managed by a BOARD which shall consist of not less than three (3) directors, and which shall always be an odd number. The BY-LAWS may provide for a method of determining the number of directors from time to time. In the absence of a determination as to the number of directors, the BOARD shall consist of three (3) directors. Directors are not required to be members of the ASSOCIATION as long as the DECLARANT is in control of the Association.

2. ALL of the duties and powers of the ASSOCIATION existing under the DECLARATION, these ARTICLES and the BY-LAWS shall be exercised exclusively by the BOARD, its agents, contractors or employees, subject to approval by the members only when specifically required.

3. The DECLARANT shall have the right to appoint all of the Directors so long as the DECLARANT retains control of the Association pursuant to Section 2.6 of the DECLARATION, and thereafter, the DECLARANT shall have the right to appoint at least one (1) Director so long as the DECLARANT owns at least Five (5%) of the LOTS. The DECLARANT may waive its right to elect one or more Directors by written notice to the ASSOCIATION, and, thereafter, such directors shall be elected by the members. When the DECLARANT no longer owns any LOT within the PROPERTY, all of the Directors shall be elected by the members in the manner provided in the BY-LAWS.

4. Within sixty (60) days after the members other than the DECLARANT are entitled to elect Directors, the ASSOCIATION shall call, and give not less than thirty (30) days or more than forty (40) days notice of a meeting of members to elect the Directors which the members are then entitled to elect. The meeting may be called and the notice given by any OWNER if the ASSOCIATION fails to do so. Thereafter, the Directors which the members are entitled to elect shall be elected at the annual meeting of the members.

5. Directors may be removed and vacancies on the BOARD shall be filled in the manner provided by the BY-LAWS. However, any director appointed by the DECLARANT may only be removed by the DECLARANT, and any vacancy on the BOARD shall be appointed by the DECLARANT if, at the time such vacancy is to be filled, the DECLARANT is entitled to appoint the Directors.

6. The names and addresses of the initial Director, who shall hold office until their successors are appointed or elected, are as follows:

Timothy R. Kelly, Ronald L. Platt and Stephen B. Liller
C/O TOWN & COUNTRY BUILDERS, INC.
2295 Corporate Blvd. N.W.
Executive Court, Suite 117
Boca Raton, Florida 33431

ARTICLE VIII – OFFICERS

The officers of the ASSOCIATION shall be president, vice-president, secretary, treasurer and such other officers as the BOARD may from time to time resolution create. The officers shall serve at the pleasure of the BOARD, and the BY-LAWS may provide for the removal from office of officers, for filling vacancies, and for the duties of the officer. The names of the officers who shall serve until their successors are designated by the BOARD are as follows:

| | |
|------------|-------------------|
| President: | Timothy R. Kelly |
| Treasurer: | Stephen B. Liller |
| Secretary: | Ronald L. Platt |

All located at c/o TOWN & COUNTRY BUILDERS, INC.
2295 Corporate Blvd., N.W.
Executive Court, Suite 117
Boca Raton, Florida 33431

ARTICLES IX - INDEMNIFICATION

1. The ASSOCIATION shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or contemplated action, suit or proceeding, whether civil, administrative or investigative (other than an action by or in the right of the ASSOCIATION) by reason of the fact that he is or was a director, employee, officer or agent of the ASSOCIATION, against expenses (including attorneys' fees and appellate attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not apposed to, the best interest of the ASSOCIATION, and with respect to any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful, except, that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or willful misfeasance or malfeasance in the performance of his duty to the ASSOCIATION unless and only to the extent that the court in which the action or suit was brought shall determine, upon application, though despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, in and of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not apposed to, the best interest of the ASSOCIATION, and with respect to any original action or proceeding, that he has no reasonable cause to believe that his conduct was unlawful.

2. To the extent that a director, officer, employee or agent of the ASSOCIATION has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Paragraph 1 above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees and appellate attorneys' fees) actually and reasonably incurred by him in connection therewith.

3. Any indemnification under Paragraph 1 above (unless ordered by a court) shall be made by the ASSOCIATION only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is

proper under the circumstances because he has met the applicable standard of conduct set forth in Paragraph 1 above.

Such determination shall be made (a) by the BOARD by a majority vote of a quorum consisting of directors who were no parties to such action, suit or proceeding, or (b) if such quorum is not obtainable or, even if obtainable, if a quorum of the disinterested directors so directs, by independent legal counsel in written opinion, or (c) by approval of the members.

4. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the ASSOCIATION in advance of the final disposition of such action, suit or proceeding as authorized by the BOARD in the specific case upon receipt of an undertaking by or on behalf of the directors, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the ASSOCIATION as authorized herein.

4.01. Minutes. The minutes of all meetings of the members shall be kept in a book available for inspection by the members or their authorized representatives, and the directors, at any reasonable time. The ASSOCIATION shall retain these minutes for a period of not less than seven years.

4.02 Articles Without a Meeting. Any action required or permitted to be taken at any annual or special meeting of the members of the ASSOCIATION, 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 having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted. Within ten (10) days after obtaining such authorization by written consent, notice shall be given to those members who have not consented in writing. The notice shall fairly summarize the material features of the authorized action. If a LOT is owned by more than one person or by a corporation, the consent for such LOT need only be signed by one person who would be entitled to cast the vote for the LOT as a co-owner pursuant to Paragraph 3.03.02 of these BY-LAWS.

5. DIRECTORS.

5.01 Membership

5.01.1 The affairs of the ASSOCIATION shall be managed by a BOARD of less than three (3) nor more than nine (9) directors.

So long as the DECLARANT is entitled to appoint any director pursuant to the ARTICLES, the number of directors will be determined, and may be changed from time to time, by the DECLARANT by written notice to the BOARD. After the DECLARANT is no longer entitled to appoint any director, the number of directors may be changed at any meeting where the members are to elect any directors (i) by the then existing BOARD, if prior to such meeting of the members of the BOARD votes to change the number of directors and such change is indicated in the notice of the meeting sent to the members, or (ii) by the members at the meeting prior to the election of directors. If the members of directors on the BOARD is not changed, then the number of directors shall be the same as the number of the BOARD prior to each meeting (plus any unfilled vacancies created by the death, resignation or removal of a director). In any event, there shall always be an odd number of Directors.

5.02 Election of Directors by Members. Election of directors to be elected by the members of the ASSOCIATION shall be conducted by the following manner.

5.02.1 Within sixty (60) days after the members other than the DECLARANT are entitled to elect any Directors, as provided in the ARTICLES, or within sixty (60) days after the DECLARANT notifies the ASSOCIATION that it waives its right to appoint one or more Directors, the ASSOCIATION shall call, and give not less than thirty (30) days nor more than (40) days notice of a special meeting of the members to elect any directors the members are then entitled to elect, or to replace the appropriate number of directors previously appointed by the DECLARANT. Such special meeting may be mailed and the notice given by any member if the ASSOCIATION fails to do so. At such special meeting the members shall be required to elect any Directors which they are entitled to elect, and if they fail to do so any Directors appointed by the DECLARANT which would have been replaced by any directors elected by the members may resign without further liability or obligation to the ASSOCIATION.

In the event such a special meeting is called and held, at

the meeting the members may elect not to hold the next annual meeting of the members if such next annual meeting of the members would be less than four (4) months after the date of the special meeting, and upon such election the next annual meeting of the members shall not be held.

6. No Amendment to these ARTICLES shall be made which discriminates against any OWNER(S), or affects less than all of the OWNERS within the PROPERTY, without the written approval of all of the OWNERS so discriminated against or affected.
7. Upon the approval of an amendment to these ARTICLES, the articles of amendment shall be executed and delivered to the Department of State as provided by law, and a copy certified by the Department of State shall be recorded in the public records of the county in which the PROPERTY is located.

ARTICLE XIII

** SEE BELOW

ARTICLES XIV

INITIAL REGISTERED OFFICE ADDRESS AND NAME
OF REGISTERED AGENT

The Initial registered office of the ASSOCIATION shall be at 2295 Corporate Blvd., N.W., Executive Court One, Suite 117, Boca Raton, Florida, 33431. The initial registered agent of the ASSOCIATION at that address is Timothy R. Kelly, President.

WHEREFORE, the incorporation and the initial registered agent, have executed these ARTICLES on the 30th day of JANUARY, 2001.

COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC.

By: Timothy R. Kelly, President
Initial Registered Agent

ARTICLE XIII

MAILING ADDRESS-PRINCIPAL OFFICE OF CORPORATION

Coconut Key Property Owners Association, Inc.
Timothy R. Kelly, Pres.
c/o Town & Country Builders, Inc.
2295 Corporate Blvd., N.W.
Executive Court One, Suite 117
Boca Raton, FL 33431

STATE OF FLORIDA)

COUNTY OF PALM BEACH)

The foregoing instrument was acknowledged before me this 30th day of January, 2001 by Timothy R. Kelly, President of COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC., a Florida Corporation, on behalf of the Corporation as Incorporator.


NOTARY PUBLIC, STATE OF FLORIDA
My Commission Expires:

STATE OF FLORIDA
COUNTY OF PALM BEACH)



Ronald L. Platt
MY COMMISSION # CC617518 EXPIRES
May 13, 2001
BONDED THRU TROY FARM INSURANCE, INC.

The foregoing instrument was acknowledged before me this 30th day of January, 2001 by Timothy R. Kelly, President, as Initial Registered Agent.


NOTARY PUBLIC, STATE OF FLORIDA
My Commission Expires:



Ronald L. Platt
MY COMMISSION # CC617518 EXPIRES
May 13, 2001
BONDED THRU TROY FARM INSURANCE, INC.

HAVING BEEN NAMED TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE STATED CORPORATION, AT THE PLACE DESIGNATED IN THE ARTICLES, I HEREBY AGREE TO ACT IN THIS CAPACITY, AND I FURTHER AGREE TO COMPLY WITH THE PROVISIONS OF ALL STATUTES RELATIVE TO THE PROPER PERFORMANCE OF MY DUTIES.

SIGNATURE: 
Timothy R. Kelly, President

DATE: January 30, 2001

FILED
2001 FEB 12 PM 2:25
SECRETARY OF STATE
TALLAHASSEE FLORIDA

BY-LAWS

OF

COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC.

A not-for-Profit Corporation Under
The Laws of the State of Florida

ARTICLE I
IDENTIFY

Section 1. The name of this corporation is COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Corporation" or "Association".

Section 2. The initial principal office of the Corporation is 2295 Corporate Blvd., N.W. Executive Court One, Suite 117, Boca Raton, Florida 33431.

Section 3. The seal of the Association shall bear the name of the Association, the word "Florida", the words "Corporation Not-for-Profit" and the year of incorporation.

Section 4. All terms used herein which are defined in that certain Declaration of Covenants and Restrictions for COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC. as it may be amended from time to time (the "Declaration"), shall have the same meaning herein as therein.

ARTICLE II
PURPOSES

The Association is organized to serve as the instrumentality of Owners in the Property for the purpose of controlling and regulating use of the amenities therein; of promoting, assisting the providing adequate and proper maintenance of the Property for the benefit of all Owners therein; the maintenance of the land and facilities; to exercise all powers and discharge all responsibilities granted to it as a corporation under the laws of the State of Florida, its Articles of Incorporation, these By-Laws and the Declaration; to acquire, hold, convey and otherwise deal with real and/or personal property in the Association's capacity as a homeowners association and to otherwise engage in such additional lawful activities for the benefit, use, and convenience and

enjoyment of its Members as it may deem proper.

ARTICLE III
DIRECTORS AND OFFICERS

Section 1. Directors

- A. The affairs of the Association shall be managed by a Board of Directors which shall consist of not less than three (3), nor more than five (5) members. The initial Board shall consist of the individuals named in the Articles of Incorporation of the Association, who shall serve until the earlier of the following events: The Turnover Meeting, replacement by the Developer or resignation by the board member.
- B. At the Turnover Meeting and at each annual meeting thereafter, the Board of Directors shall be elected by the members of the association.
- C. Directors shall be elected as follows: Prior to each annual meeting, the Board of Directors shall nominate one person for each vacancy to be filled at that annual meeting and each Board member shall be provided with a list of the nominations at least one (1) day prior to the annual meeting. Other nominations may be made from the floor. The election shall be by written ballot (unless dispensed with by unanimous consent) 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.
- D. There shall be no cumulative voting.
- E. The organizational meeting of the newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected and no further notice of the organizational meeting shall be necessary.
- F. No director shall receive or be entitled to any compensation for his services as director, but shall be entitled to reimbursement for all expenses incurred by him as such, if incurred upon the authorization of the Board.

- G. Until such time as Developer relinquishes control of the Association, no director or officer need be a Member of the Association. Thereafter, all directors and officers must be Members of the Association. No officer or director appointed by the Developer can be removed except by the Developer.

Section 2. Officers. The executive officers of the association shall be: President, Vice-President/Treasurer, Secretary, and such other officers as the Board of Directors may appoint. The officers named in the Articles of Incorporation shall serve until replaced by Developer, until their resignation or until the first regular meeting of the Board of Directors, whichever shall occur first. Officers elected at the first meeting of the Board shall hold office until the next annual meeting of the directors or until their successors shall have been appointed and shall qualify. So long as Developer retains the right of appointment of all members of the Board of Directors, no officer appointed by the Board shall serve the Association until such time as Developer approves the appointment. Upon the appointment of an officer by the Board of Directors, whether the appointment occurs at the annual meeting or otherwise, the Board shall forthwith submit the name of such newly appointed officer or officers, as the case may be, in writing to Developer. Developer shall approve or disapprove said officer or officers, within thirty (30) days after receipt of said name or names. In the event Developer fails to act within such time period, such failure shall be deemed approval by Developer.

Section 3. Resignation, Vacancy, Removal.

- A. Resignation: Any director or officer of the Association may resign at any time by instrument in writing. Resignations shall take effect at the time specified therein and if no time is specified, resignations shall take effect at the time of receipt by the President or Secretary of the Association. The acceptance of a resignation shall not be necessary to make it effective.
- B. Director Vacancy: When a vacancy occurs on the Board of Directors, the vacancy shall be filled by Developer until such time as Developer relinquishes control of the association. Subsequent to the Turnover Meeting, a vacancy

occurring on the Board of Directors shall be filled by the remaining members of the Board at their next meeting by the remaining members of the Board at their next meeting by electing a person who shall serve until the next annual meeting of Members. The Developer shall be entitled at any time, and from time to time, to remove or replace any director originally appointed by the Developer. The Developer may give or relinquish, in whole or in part, any or its right to appoint any one or more of the directors it is entitled to appoint.

- C. **Officer Vacancy:** When a vacancy occurs in an office for any reason before an officer's term has expired, the office shall be filled by the Board of Directors at its next meeting by electing a person to serve for the unexpired term or until a successor has been elected by the Board of Directors. No officer appointed hereunder shall serve the Association until such time its Developer has approved the appointment, in accordance with the procedures set forth hereinabove.
- D. **Status of Developer:** The Developer shall be deemed to be a Member of the Association from and after the date of the recordation of the Declaration in the public records of the County.
- E. **Removal:** Any officer may be removed with or without cause by a majority vote of the full Board of Directors at a meeting of Directors called at least in part for the purpose of considering such removal. Any officer or director may be removed with or without cause and, for any reason, upon a petition in writing by a majority of the Members of the Association approved at a meeting of Members called at least in part for this purpose, by a two-thirds (2/3) vote of the membership; provided, however, that removal by a vote of the membership shall not apply so long as Developer has the right to appoint all members of the Board of Directors. The petition calling for the removal of such officer or director shall set forth a time and place for the meeting of Members and notice shall be given to all Members of such meeting in the manner provided in these By-Laws for the giving of notice of special meetings. At any such meeting, the officer or director whose removal is sought shall be given the opportunity to be heard. In addition, during the period of time during which Developer

has or retains the right of appointment of all members of the Board of Directors, any officer or member of the Board of Directors may be removed with or without cause by Developer at its discretion.

Section 4. Indemnification of Directors, Officers and Committee Members

Every Director, Officer and Committee Member of the Association shall be indemnified by the Association against liability and expenses which he may incur by reason of his being or having been a Director, Officer or Committee Member of the Association, in accordance with the terms of the Articles of Incorporation of the Association (hereinafter referred to as the "Articles of Incorporation") and the Declaration.

ARTICLE IV

POWERS AND DUTIES OF THE ASSOCIATION AND THE EXERCISE THEREOF

The Association shall have all powers granted to it by common law, Florida Statutes, the Declaration, the Articles of Incorporation and these By-Laws, all of which shall be exercised by its Board of Directors unless the exercise thereof is otherwise restricted in the Declaration, these By-Laws or by law; the powers of the Association shall include, but not be limited to, the following:

1. All of the powers specifically provided for in the Declaration and in the Articles of Incorporation.
2. The power to levy and collect Assessments against Lots, as provided for in the Declaration.
3. The power to expend monies collected for the purpose of paying the Common Expenses of the Corporation.
4. The power to purchase equipment, supplies and material required for the maintenance, repair, replacement, operation and management of the Common Property and that portion of the Lots outside the Units.
5. The power to insure and keep insured the Buildings and Improvements of the Association and other improvements within the Property, as provided in the Declaration.
6. The power to employ the personnel required for the operation of the Association and the Common Property and that portion of the Lots outside the Units.
7. The power to pay utility bills for utilities serving the Common Property.
8. The power to contract for the management of the

Association and to delegate to its contractor as manager, all of the powers and duties of the Association, except those matters which must be approved by Members.

9. The power to make reasonable rules and regulations and Traffic Regulations and to amend them from time to time.
10. The power to improve the Common Property, subject to the limitations of the Declaration.
11. The power to enforce by any legal means the provisions of the Articles of Incorporation, the By-Laws, the Declaration and the rules and regulations and Traffic Regulations promulgated by the Association.
12. The power to collect delinquent Assessments by suit or otherwise to abate nuisances and enjoin or seek damages from Owners for violation of the provisions of the Declaration, the Articles of Incorporation, these By-Laws, the rules and regulations or the Traffic Regulations.
13. The power to pay all taxes and assessments which are liens against the Common Property.
14. The power to control and regulate the use of the Common Property by the Owners and to promote and assist adequate and proper maintenance of that property.
15. The power to borrow money and the power to select depositories for the Association's funds and to determine the manner of receiving, depositing and disbursing those funds and the form of check and the person or persons by whom the same shall be signed, when not signed as otherwise provided by these By-Laws.
16. The power to acquire real and personal property for the benefit and use of its Members and to dispose of the Property in accordance with the Declaration and the Articles of Incorporation.
17. The power to enter into a long term contract with any person, firm, corporation, or real estate management or maintenance agent of any nature or kind, to provide for the maintenance, operation, repair and upkeep of the Common Property, the Lake Easements, and of any facilities on lease to the Association or otherwise provided for the Member's usage and the power to enter into any long term cable television agreement. The contract may provide that the total operation of the managing agent, firm or corporation shall be at the cost of the Association as a Common Expense. The contract may further provide that the managing agent shall be paid from time to time a reasonable fee either stated as a

fixed fee or as a percentage of the total costs of maintenance, operation, repair and upkeep or of the total funds of the Association handled and managed by the managing or maintenance agent. Such fee, if any, shall be another of the management function costs to be borne by the Association, as a Common Expense, unless the contract provides to the contrary.

18. The power to establish additional officers and/or directors of this Association and to appoint all officers, except as otherwise provided herein.
19. The power to appoint such committees as the Board of Directors may deem appropriate.
20. The power to establish such reserve funds as may be required from time to time by the Board of Directors, in accordance with the provisions of the Declaration.
21. The power to bring suit and to litigate on behalf of the Association, the Members and the Owners' provided, however, that except as specifically set forth in this Paragraph 21, the Association shall not have the power to bring suit or to litigate on behalf of the Association, the Members or the Owners without the express prior written consent of at least eighty (80%) of the Owners. The foregoing restrictions shall not apply to suits or litigation on behalf of the Association to collect Assessments, enforce liens, bring injunctive actions or to otherwise enforce the Articles of Incorporation, the By-Laws, the Declaration, the rules and regulations or the Traffic Regulations promulgated by the Association, nor shall these restrictions apply to the Association's defense of any suits or litigation brought against the Association. The foregoing restrictions shall not apply while the Developer is in control of the Association.
22. The power to possess, employ and exercise all powers necessary to implement, enforce and carry into effect the powers above described, including the power to acquire, hold, convey and deal in real and personal property.

ARTICLE V DUTIES OF OFFICER

Section 1. President. The President shall be the Chief Executive Officer of the Association and shall:

- A. Act as presiding officer of the Board of Directors.
- B. Call special meetings of the Board of Directors.

- C. Sign, with the Secretary or Treasurer as the Board of Directors so requires, all checks, contracts, promissory notes, leases, deeds and other instruments on behalf of the Association, except those which the Board of Directors specifies may be signed by other persons.
- D. Perform all acts and duties usually required of a chief executive to insure that all orders and resolutions of the Board of Directors are carried out.
- E. Act as ex-officio member of all committees and render an annual report at the annual meeting of Members.

Section 2. Vice President. The Vice President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. The Vice President also shall assist the President generally and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

Section 3. Secretary. The Secretary shall have the following duties and responsibilities.

- A. Attend all regular and special meetings of the Members of the Association and of the Board of Directors and keep all records and minutes or proceedings thereof or cause the same to be done.
- B. Have custody of the corporate seal and affix the same when necessary or required.
- C. Attend to all correspondence on behalf of the Board of Directors, prepare and serve notice of meetings, keep membership books and receive all applications for membership.
- D. Perform such other duties as the Board of Directors may determine and on all occasions in the execution of his duties, act under the superintendence, control and direction of the Board of Directors.
- E. Have custody of the minute book of the meetings of the Board of Directors and Members and act as transfer agent of the corporate books.

Section 4. Treasurer. The Treasurer shall:

- A. Attend all meetings of the membership and of the Board of Directors.
- B. Receive such monies as shall be paid into his hands for the account of the Association and disburse funds as may be ordered by the Board of Directors, taking proper vouchers for such disbursements and be custodian of all

securities, contracts, leases and other important documents of the Association which he shall keep safely deposited.

- C. Supervise such monies as shall be paid into his hands for the account of the Association in books belonging to the Association and deliver such books to his successor. He shall prepare and distribute to all the members of the Board of Directors prior to each annual meeting and whenever else required, a summary of the financial transactions and condition of the Association from the preceding year. He shall make a full and accurate report on matters and business pertaining to this office to the Members at the annual meeting and make all reports required by law. He shall prepare the annual budget and present it to the Board of Directors for its consideration.
- D. The Treasurer may have the assistance of an accountant or auditor, who shall be employed by the Association as a Common Expense. In the event the Association enters into a management agreement, it shall be proper to delegate such of the Treasurer's functions to the management agent as is deemed appropriate by the Board of Directors.

Section 5. Vice President/Treasurer. The Vice President/Treasurer shall:

- A. Be prepared as one person/officer to conduct the aforesaid duties and responsibilities of both offices.

ARTICLE VI MEMBERSHIP AND VOTING

Section 1. Qualification for Membership. The qualifications for membership and the manner of admission to membership, and termination of such membership, shall be as follows: A person or entity shall automatically become a Member of the Association upon acquisition of fee simple title to any Lot, by filling a deed therefore in the public records of the County. Membership shall continue until such time as the Member transfers or conveys his interest of record or the interest is transferred or conveyed by operation of law, at which time membership, with respect to the Lot conveyed, shall automatically be conferred upon the transferee. Membership shall be appurtenant to any may not be separated from, ownership of property subject to the Declaration.

No person or entity holding an interest of any type or nature whatsoever in a Lot only as security for the performance of an obligation shall be a member of the Association. Developer, by including additional property within the imposition of the Declaration, may cause additional membership in the Association and may designate the ownership basis for such additional membership. The Developer shall be a Member of the Association from and after the date of recordation of the Declaration, which membership shall continue so long as Developer owns any Lot(s) within the Property.

Section 2.0 Voting. The Association shall have one (1) class of voting membership. Each Member, including Developer shall be entitled to one vote for each Lot in which they hold interest required for membership. Votes may be exercised or cast by a Member in person or by proxy. Proxies may be filed with the Secretary of the Association prior to the meeting. A proxy shall be valid and entitle the holder thereof to vote until the Secretary shall have received a written revocation of such proxy executed by the grantor of such proxy or until the death or legal incompetence of the grantor. When more than one (1) person holds such interest or interests in any Lot, all such persons shall be Members and the vote for such Lot shall be exercised as they among themselves shall determine but in no event shall more than one (1) vote be cast with respect to any such Lot. With respect to each Lot owned by other than a natural person or persons or with to each Lot owned by more than one person, the Owner(s) shall file with the Secretary of the Association a notice designating the name of an individual who shall be authorized to cast the vote of such Owner(s). In the absence of such designating, the Owner(s) shall not be entitled to vote on any matters coming before the membership, nor shall the presence of such Owner(s) at a meeting be considered in determining whether the quorum requirement has been met. If a Lot shall be owned by husband and wife as tenants by the entirety, no certificate need be filed with the Secretary naming the person authorized to cast votes for said Lot and either spouse, but not both, may vote in person or by proxy and be considered in determining whether the quorum requirement has been met at any meeting of the members, unless prior to such meeting, either spouse has notified the Secretary in writing that there is a disagreement as to who shall represent the Lot at the meeting, in which case the certificate requirements set forth above shall apply.

ARTICLE VII
MEETINGS

Section 1. Meetings of Members.

A. Place of Meetings: All meetings of the Association shall be held at the office of the Association or may be held at such time and place as shall be stated in the notice thereof.

B. Annual Meetings: Annual Members' meetings shall be held upon such date as shall be selected by the Board of Directors, in its discretion, in each calendar year subsequent to relinquishment of control of the Association by Developer. No meeting shall be held on a legal holiday. The meeting shall be held at such time as the Directors shall appoint from time to time. The purpose of such meeting shall be the election of Directors and the transaction of other business authorized to be transacted by Members. The order of business shall be as determined by the Board of Directors.

C. Special Meetings: Special meetings shall be held whenever called by the President or by a majority of the Board of Directors and must be called by the Secretary, upon receipt of a written request from Members of the Association holding a majority of the total votes of the membership. Business transacted at all special meetings shall be confined to the objects and actions to be taken as stated in the notice of the meeting.

D. Quorum: A quorum for the transaction of business at the annual meeting or any special meeting shall consist of a majority of the total votes of the membership, being present either in person or by proxy, but the Members present at any meeting although less than a quorum, may adjourn the meeting to a future date.

E. Voting Required to Make Decisions: When a quorum is present at any meeting, the vote of a majority of the Member's votes present in person or by proxy shall decide any question brought before the meeting, unless the Declaration, the Articles of Incorporation, these By-Laws or any applicable statute provides otherwise.

Section 2. Directors' Meetings.

A. Annual Meeting: The annual meeting of the Board of Directors shall be held immediately following the adjournment of the annual meeting of Members. The Board of Directors may establish a schedule of regular meetings to be held at such

place as the directors may designate. Regular meetings may be held without notice.

B. Special Meetings: Special meetings of the Board of Directors may be called by the President, upon notice to each Director to be delivered by telephone, mail or in person. Special meetings may also be called on written request of two (2) directors. All notices of special meetings shall state the purpose, time and place of the meeting.

C. 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 a majority of the Directors present at such meeting at which a quorum is present, shall be the acts of the Board of Directors except where approval by a greater number is required by the Declaration, the Articles of Incorporation or these By-Laws. At any meeting at which a quorum is not present, the presiding officer may adjourn the meeting from time to time and at any such adjourned meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice.

D. Joinder: The joinder of a Director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such Director for the purpose of determining a quorum.

E. Written Action: Any action required to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing setting forth the action so to be taken, signed by all of the Directors, is filed in the minutes of the proceedings of the Boards. Such consent shall have the same effect as a unanimous vote.

F. Presiding Officer: In the absence of the presiding officer, the Director present shall designate one of their number to preside.

G. Telephone Meeting: Any regular or special meeting of the Board of Directors may be held by telephone conference, at which each participating member can hear and be heard by all other participating members.

H. Order of Business: The order of business at Directors' meetings shall be as determined by the Board of Directors.

ARTICLE VIII
NOTICE OF MEMBERS' MEETINGS

Section 1. Annual Meeting. Written notice of the annual meeting of Members shall be served upon or mailed to each Member entitled to notice, at least ten (10) days, and no more than sixty (60) days, prior to the meeting. Such notice shall be hand delivered or mailed to each Member at its address as it appears on the books of the Associations. Proof of such mailing may be given by the affidavit of the person giving the notice.

Section 2. Special Meeting. Written notice of a special meeting of Members stating the time, place and object of such meeting shall be served upon or mailed to each Member at least two (2) days and no more than sixty (60) days, prior to such meeting.

Section 3. Waiver. Nothing herein is to be construed to prevent Members from waiving notice of meetings or acting by written agreement without meetings.

ARTICLE IX
PROCEDURE

Robert's Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and By-Laws of the Association or with the Statutes of the State of Florida.

ARTICLE X
ASSESSMENTS AND MANNER OF COLLECTION

The Board of Directors shall have the power to levy and enforce Assessments against Lots and Owners, as set forth in the Declaration.

ARTICLE XI
FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year; provided, however, that the Board of

Directors is authorized to change to a different fiscal year at such time as the Board deems it advisable.

Section 2. Depositories. The funds of the Association shall be deposited in such accounts as may be selected by the Board of Directors, including checking and savings accounts in one (1) or more banks and/or savings and loan associations, with an investment firm or firms, all in accordance with resolutions approved by the Board of Directors. Association funds shall be withdrawn only over the signature of the President or such other persons as the Board may authorize. The Board may require more than one (1) signature on checks and bank drafts. The funds shall be used only for corporate purposes.

Section 3. Reserve Accounts. The Association shall establish and maintain such reserve accounts as shall be required from time to time by the Board of Directors, in accordance with the provisions of the Declaration. Payments to the reserve account and other incidental expenses incurred by the association administering and carrying out any of the provisions of this Section 3 shall be a Common Expense.

Section 4. Fidelity Bonds. Fidelity bonds may be required by the Board of Directors from all officers and employees of the association and from any contractor, director of officer handling or responsible for Association Funds. The premiums for such bonds shall be paid by the Association as a Common Expense.

Section 5. Records. The Association shall maintain accounting records according to good practice which shall be open to inspection by Members at reasonable times. Such records shall include a record of receipts and expenditures and accounts for each Member, which accounts shall designate the name and address of the Member, the due dates and amount of each Assessment, the amounts paid upon the account and the balance due. A register for the names of all Mortgagees who have notified the Association of their liens and to which lien holder the Association will give notice of default if required, shall also be maintained.

Section 6. Annual Statement. The Board of Directors shall present annually to the Members a full and clear statement of the business and condition of the Association, as prepared by an independent accountant.

Section 7. Insurance. The Association shall procure, maintain and

keep in full force and effect, such insurance and may be required by the Declaration to protect the interests of the Association, the Members and the Mortgages.

Section 8. Expenses. The receipts and expenditures of the Association may be credited and charged to accounts as the Board of Directors may determine, in accordance with good accounting practices.

Section 9. Budget. The Board of Directors shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the Common Expenses and to provide and maintain funds for the accounts established by the Board of Directors, in accordance with good accounting practices.

ARTICLE XII RULES AND REGULATIONS AND TRAFFIC REGULATIONS

The Board of Directors may, from time to time, adopt rules and regulations governing the details of the operation and use of the Property and Traffic Regulations governing the use of the Streets, provided that the rules and regulations and Traffic Regulations shall be equally applicable to all Members and uniform in application and effect.

ARTICLE XIII VIOLATIONS AND DEFAULTS

In the event of a violation of any of the provisions of the Declaration, these By-Laws, the rules and regulations or Traffic Regulations adopted by the Association or the Articles of Incorporation, the Association shall have all rights and remedies provided by law, including without limitation (and such remedies shall be cumulative) the right to sue for damages, the right to impose a special Assessment for non-compliance, as provided in the Declaration, the right to injunctive relief and in the event of a failure to pay Assessments or to abide by the architectural restrictions in the Declaration and the Master Declaration the right to foreclose its lien as provided in the Declaration; and in every such proceeding, the Owner at fault shall be liable for court costs and the Association's attorneys' fees, including such cost and attorneys' fees on appeal. A suit to collect unpaid Assessments may be prosecuted by the Association without waiving the lien securing such unpaid Assessments, costs and attorney's fees.

ARTICLE XIV
AMENDMENT OF BY-LAWS

These By-Laws may be amended, altered or rescinded by a majority vote of the Board of Directors at any regular or special meeting; provided, however, that at no time shall the By-Laws conflict with the terms of the Declaration or the Articles of Incorporation. Any Member of the Association may propose an amendment to the board and the Board shall act upon such proposal at its next meeting. Until such time as Developer relinquishes control of the association, all amendments to these By-Laws shall be ineffective unless Developer shall have joined in and consented thereto in writing. Any attempt to amend, alter, modify or rescind contrary to these prohibitions shall be of no force or effect.

ARTICLE XV
DEVELOPER'S CONTROL

Anything contained herein to the contrary notwithstanding, the Developer shall have the right to retain control of the association until the earlier of the following events:

1. Three months after 90 percent of the Lots have been conveyed to the Owners.
2. Seven (7) years following the conveyance of the first Lot to a Lot Purchaser; 3. or such earlier time as is determined by Developer, in the Developer's sole discretion.

Prior to ninety (90) days after the happening of the earliest of the foregoing events, the association shall conduct the Turnover Meeting. So long as Developer retains control of the association, Developer shall have the right to appoint all members of the Board of Directors and to approve the appointment of all Officers of the association and no action of the membership of the Association shall be effective unless and until approved by the Developer.

ARTICLE XVI
VALIDITY

If any By-law, rule, or regulation shall be adjudged invalid, such fact shall not affect the validity of any other By-Law, rule or regulation.

ARTICLE XVII
CONSTRUCTION

These By-Laws and the Articles of Incorporation of the association shall be construed, in case of any ambiguity or lack of clarity, to be consistent with the provision of the Declaration. In the event of any conflict between the terms of the Declaration, the Articles of Incorporation or these By-Laws, the following order of priority shall apply: The Declaration, the Articles of Incorporation and the By-Laws.

The foregoing were adopted as the By-Laws of Coconut Key Property Owners Association, Inc., a not-for-profit corporation under the laws of the State of Florida, at the first meeting of the Board of directors on the 15th day of August 2001.

COCONUT KEY PROPERTY OWNERS ASSOCIATION, INC.

By: 

Timothy R. Kelly President

(CORPORATE SEAL)

Attest:



Ronald L. Platt, Secretary