

BY-LAWS
OF
LUCERNE LAKES GOLF COLONY COMMUNITY ASSOCIATION, INC.
A FLORIDA CORPORATION NOT FOR PROFIT

ARTICLE I

GENERAL PLAN

Section 1. Name. The name of the Corporation is LUCERNE LAKES GOLF COLONY COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association."

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the residential development known as Lucerne Lakes Golf Colony ("Project"), located in Palm Beach County, Florida, and described as the "Project" in these By-Laws and in the Declaration of Covenants, Restrictions and Easements ("Declaration") to which these By-Laws are attached.

Section 3. Personal Application. All present and future Owners and their tenants, future tenants, guests and invitees that might use the facilities of the Project in any manner, are subject to the regulations set forth in these By-Laws and in the Declaration.

The mere acquisition, rental or occupancy of any Unit in the Project signify that these By-Laws are accepted, ratified, and will be complied with.

Terms used herein shall have the meanings ascribed to them in the Declaration, unless the context indicates otherwise.

ARTICLE II

MEMBERSHIP, VOTING RIGHTS, QUORUM, PROXIES

Section 1. Membership in the Association Shall be Limited to Owners. Transfer of Unit ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee as provided in the Declaration.

Section 2. Voting Rights. The Association shall have two (2) classes of voting Membership, as follows:

Class A. Class A Members shall originally be all Owners with the exception of Declarant ~~for~~ so long as there exists a Class B Membership. Class A Members shall be entitled to one (1) vote for each Unit which is subject to assessment, as further provided in the Declaration. Declarant shall become a Class A Member with regard to Units owned by Declarant upon conversion of Declarant's Class B Membership as provided below.

Class B. Class B Member shall be Declarant. The Class B Member shall be entitled to six (6) votes for each Unit owned by Declarant which is subject to assessment, plus six (6) votes for each unbuilt but planned Unit (i.e., the difference between the 448 Units presently planned for the Project less the number of constructed Units in respect of which there has been issued a Certificate of Occupancy or other official authorization permitting occupancy); provided

that the Class B Membership shall cease and be converted to Class A Membership upon the first to occur of either of the following events:

- (1) Thirty (30) days after Declarant elects to terminate Class B Membership; or
- (2) On December 31, 1989.

A majority of the members' votes present in person or by proxy at a duly constituted meeting shall decide any question unless the Declaration, By-Laws or Articles provide otherwise, in which event the voting percentage required in the said Declaration, By-Laws or Articles shall control.

Section 3. Quorum. Unless otherwise provided in these By-Laws, the presence in person or by proxy of a majority of the Members' total votes shall constitute a quorum. If, however, such Quorum shall not be present, the President or in his absence, the Vice President; or in his absence, any other appropriate officer or director, may adjourn the meeting to a time within fifteen (15) days thereof at the place to be announced at the meeting by the person adjourning same and a notice of such new meeting ("New Meeting") to be posted upon the Common Properties at least forty-eight (48) hours in advance of the meeting. The meeting shall continue to be adjourned in this manner until a quorum shall be present. Notwithstanding anything contained herein to the contrary, at such New Meeting(s) (if additional meetings are necessary in order to obtain the reduced quorum as hereinafter provided), the presence in person or representation by written proxy of the Members holding at least one-third (1/3) of the Members' total votes shall be requisite to and shall constitute a quorum at such New Meeting(s); it being intended that in the event a majority quorum is not obtained at any meeting of the Members, that the quorum requirement be reduced for the purposes of the New Meeting(s). At such New Meeting(s), if necessary, at which a quorum (at least one-third (1/3) of the Members' total votes present in person or represented by proxy) exists, any business may be transacted which might have been transacted at the meeting originally called.

Section 4. Proxies. Votes may be cast in person or by proxy. All proxies shall be in writing and signed by the person entitled to vote (as set forth below in Section 5) and shall be filed with the Secretary prior to the meeting in which they are to be used and shall be valid only for the particular meeting designated therein and any lawfully adjourned meeting thereof. Where a Unit is owned jointly by a husband and wife, and if they have not designated one of them as a voting member, a proxy must be signed by both husband and wife where a third person is designated. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which the proxy was given.

Section 5. Vote Distribution. All Class A Members shall be entitled to one (1) vote for each Unit in which they hold the interest required for membership. When more than one person holds such interest or interests in any Unit ("co-owner"), all such co-owners shall be members and may attend any meetings of the Association, but only one such co-owner shall be entitled to exercise the vote to which the Unit is entitled. Such co-owners may from time to time designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Unit shall be exercised, if at all, as a Unit. Where no voting co-owner is designated or if such designation had been

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revoked, the vote for such Unit shall be exercised as the majority of the co-owners of the Unit mutually agree. Unless the Board receives a written objection from a co-owner, it shall be presumed that the corresponding voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for any Unit where the majority of the co-owners cannot agree to said vote or other action. The non-voting co-owner or co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly-owned Unit and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or in the By-Laws of the Association, shall be deemed to be binding on all Owners, their successors and assigns. Said voting rights shall be subject to the restrictions and limitations provided in this Declaration and in the Articles and these By-Laws. If a Unit is owned by a corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association.

ARTICLE III

MEETING OF THE MEMBERSHIP

Section 1. Place. All meetings of the Membership shall be held at such place and at such time as shall be designated by the Board and stated in the notice of the meeting.

Section 2. Notices. It shall be the duty of the Secretary to mail or deliver a notice of each annual or special meeting, stating the time and place thereof to each Owner appearing upon the records of the Association at least ten (10) but not more than sixty (60) days prior to such meeting. Notice of any annual or special meeting shall state the purpose thereof and said meeting shall be confined to the matters stated in said notice. All notices shall be mailed to or served at the address of the Owner as it appears on the books of the Association.

Section 3. Annual Meeting. The Annual Meeting for the purpose of electing Directors and transacting any other business authorized to be transacted by the Members shall be held once in each calendar year at such time and on such date in each calendar year as the Board of Directors shall determine. At the annual meeting the Members shall elect by plurality vote (cumulative voting prohibited), a Board and shall transact such other business as may properly be brought before the meeting.

Section 4. Special Meeting. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by Statute, may be called by the President, and shall be called by the President or Secretary at the request in writing of a majority of the Board, or at the request in writing of voting Members representing twenty-five (25%) percent of the Members' total votes, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the matters stated in the notice thereof.

Section 5. Waiver and Consent. Whenever the vote of members at a meeting is required or permitted by any provision of these By-Laws to be taken in connection with any action of the Association; the meeting and vote of members may be dispensed with if Members holding not less than three-fourths (3/4ths) of the voting power of the Association shall consent in writing to

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such action being taken; however, notice of such action shall be given to all Members unless all Members approve such action.

Section 6. Adjourned Meeting. If any meeting of Members cannot be organized because a quorum of voting Members is not present, either in person or by proxy, the meeting may be adjourned from time to time until a quorum is present.

ARTICLE IV

DIRECTORS

Section 1. Number, Term and Qualifications. The affairs of the Association shall be governed by a Board composed of not less than five (5) nor more than nine (9) persons, as is determined from time to time by the Members. All Officers of a Corporate Owner shall be deemed to be Members so as to qualify as a Director herein. As long as there is a Class B Member, said Member shall have the exclusive right and power to designate and select all Directors who shall serve until termination of the Class B Membership, resignation of the Class B Member, or removal and replacement of the Director. The term of each Director's service elected by the Membership (and not designated by the Class B Member) shall extend until the next Annual Meeting of the Members, and thereafter, until his successor is duly elected and qualified, or until he is removed in the manner provided in Section 3 below. All Directors shall be Members; provided, however, that all Director(s) that the Class B Member is entitled to elect or designate need not be Members. Notwithstanding the provisions of the first sentence in this Section, the Class B Member shall be entitled to determine from time to time the number of the Directors that will govern the affairs of the Association until such time as the Class B Member is no longer entitled to elect or designate Directors or a Director.

Section 2. First Board of Directors.

(a) The first Board of Directors who shall hold office and serve until their successors have been designated or elected and qualified, shall consist of the following:

Carl Palmisciano
Steven I. Engel
Luis Clark

(b) The organizational meeting of a newly elected Board shall be held within ten (10) days of their election, at such place and time as shall be fixed by the Chairman of the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, provided a quorum shall be present.

Section 3. Removal of Directors. Any one or more of the Directors may be recalled and removed from office, with or without cause, by the affirmative vote (or agreement in writing) of the voting Members holding a majority of the voting power of the Association, and a successor may then and there be elected to fill the vacancy thus created. Should the membership fail to elect said successor, the Board may fill the vacancy in the manner provided in Section 4 below. A special meeting of the members to recall a Director or Directors may be called by twenty-five (25%) percent of the Members giving notice of the meeting as required for a special meeting of members and the notice shall state the purpose of the meeting. Notwithstanding any of the foregoing to the contrary, any Director designated by the Class B Member may only be removed with or without cause by

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the Class B Member and such vacancy shall be filled by the designation of a successor Director by the Class B Member,

Section 4. Vacancies on Directorate. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, shall choose a successor or successors who shall hold office for the balance of the unexpired term in respect to which such vacancy occurred. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board.

Section 5. Disqualification and Resignation of Directors. Any Director may resign at any time by sending a written notice of such resignation to the office of the Association, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. Commencing with the organizational meeting of a Board newly elected by the Membership (and not designated by the Class B Member) following an annual meeting of the Members, more than three (3) consecutive absences from regular meetings of the Board, shall automatically constitute a resignation effective when such resignation is accepted by the Board. The transfer of title of all Unit(s) owned by a Director elected by the Members (and not designated by the Class B Member) shall automatically constitute a resignation, effective when such resignation is accepted by the Board. No Member shall continue to serve on the Board should he be more than thirty (30) days delinquent in the payment of an assessment, and said delinquency shall automatically constitute a resignation effective when such resignation is accepted by the Board. Except for Directors designated by or elected by the Class B Members, all Directors must reside in the Project at least nine (9) months a year.

Section 6. Regular Meetings. The Board may (but shall not be obligated to) establish a schedule of regular meetings to be held at such time and place as the Board may designate. Notice of such regular meetings shall, nevertheless, be given to each Director personally or by mail, telephone or telegraph at least five (5) days prior to the day named for the meeting.

Section 7. Special Meetings. Special meetings of the Board may be called by the President and, in his absence, by the Vice-President or by a majority of the members of the Board by giving five (5) days' notice in writing to all of the members of the Board of the time and place of said meeting except in an emergency. All notices of special meetings shall state the purpose of the meeting.

Section 8. Directors' Waiver of Notice. Before, at, or after any meeting of the Board of Directors, any Director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at such meetings at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority

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of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice.

Section 10. Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Declaration, the Articles, or these By-Laws, directed to be exercised and done by Owners. These powers shall specifically include, but shall not be limited to, the following:

(a) To select, appoint, and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles, the Declaration and these By-Laws; to fix their compensation and to require from them security for faithful service when deemed admissible by the Board.

(b) To conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations which are consistent with law, the Articles, the Declaration and these By-Laws.

(c) To change the principal business office of the Association from one location to another within Palm Beach County; to designate any place within said County for holding any annual or special meeting or meetings of Members consistent with the provisions of Article III, Section 1 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best, provided that such seal shall at all times comply with the provisions of law.

(d) To borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

(e) To fix and levy from time to time Common Assessments, Special Assessments, and Reconstruction Assessments upon the Owners, as provided in the Declaration; to fix and levy from time to time in any fiscal year Capital Improvement Assessments applicable to that year only for capital improvements; to determine and fix the due date for the payment of such assessments, and the date upon which the same shall become delinquent; provided, however, that such assessments shall be fixed and levied only to provide for the payment of the expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for the payment of expenses for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of such property or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Association for the general benefit and welfare of its Members, in accordance with the provisions of the Declaration. The Board is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide, or cause to be

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provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its Members. The funds collected by the Board from the Owners, attributable for replacement reserves, for maintenance, recurring less frequently than annually, and for capital improvements, shall not be commingled with other assessments collected from the Owners. Disbursements from such trust reserve fund shall be made only in accordance with the provisions of the Declaration. Such Common Assessments, Reconstruction Assessments, Special Assessments and Capital Improvement Assessments shall be fixed in accordance with the provisions of the Declaration. Should any Owner fail to pay such Assessments before delinquency, the Board in its discretion is authorized to enforce the payment of such delinquent assessments as provided in the Declaration.

(f) To enforce the provisions of the Declaration covering the Properties, these By-Laws or other agreements of the Association.

(g) To contract for and pay fire, casualty, errors and omissions, blanket liability, malicious mischief, vandalism, liquor liability and other insurance, insuring the Owners, the Association, the Board of Directors and other interested parties, in accordance with the provisions of the Declaration, covering and protecting against such damages or injuries as the Board deems advisable, which may include without limitation medical expenses or persons injured on the Common Properties, and to bond the agents and employees of any management body if deemed advisable by the Board. The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on behalf of the Association.

(h) To contract for and pay maintenance, gardening utilities, materials and supplies, and services relating to the Common Properties and to employ personnel necessary for the operation of the Common Properties, including legal and accounting services, and to contract for and pay for improvements to Common Properties.

(i) To contract for the management of the Common Properties and to delegate to such contractor such powers and duties of the Board as the Board may deem appropriate in the circumstances, except those which may be required by the Declaration and these By-Laws to have approval of the Board or of the Owners; to contract for the management or operation of portions of the Common Properties susceptible to separate concessions for the purpose of providing services to the Owners. The Board shall not interfere with the management obligations imposed upon any Management Company unless the Company providing management fails to properly fulfill and carry out its obligations in a manner that serves the best interests of the Owners.

(j) To delegate its powers according to law and to adopt these By-Laws.

(k) To grant easements where necessary for utilities and sewer facilities over the Common Properties to serve the Project.

(l) To adopt such Rules and Regulations as the Board may deem necessary for the management of the Common Properties, which Rules and Regulations shall become effective and binding after (1) they are adopted by a majority

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of the Board at a meeting called for that purpose, or by the written consent of such number of directors attached to a copy of the Rules and Regulations of the Association, and (2) they are posted in a conspicuous place in the Common Properties. Such Rules and Regulations may concern, without limitation, use of the Common Properties; signs, parking restrictions, minimum standards of property maintenance consistent with the Declaration and the procedures of the Architectural Committee; and any other matter within the jurisdiction of the Association as provided in the Declaration; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles and these By-Laws.

(m) To review all complaints, grievances or claims of violations of the Declaration, Exhibits thereto, and rules and regulations promulgated by the Board, and to assess fines and establish a uniform procedure for determining whether such violations occurred and whether fines should be assessed. Such procedure may be set forth in the rules and regulations promulgated by the Board of Directors and as set forth in Article VII hereof.

(n) To select a managing agent to manage the Common Properties and perform such duties and services as the Board shall authorize.

(o) To exercise all powers specifically set forth in the Declaration, the Articles, in these By-Laws, and all powers incidental thereto.

ARTICLE V

OFFICERS

Section 1. Elective Officers. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board. One person may not hold more than one of the aforementioned offices, except one person may be both Secretary and Treasurer. The President and Vice-President shall be members of the Board. The Board may elect Assistant Secretaries and Assistant Treasurers and such other Officers as the Board deems necessary.

Section 2. Election. The Officers of the Association designated in Section 1 above shall be elected annually by the Board at the organizational meeting of each new Board.

Section 3. Term. The Officers of the Association shall hold office until their successors are chosen and qualify in their stead. Any Officer elected or appointed by the Board may be removed at any time, with or without cause, by the Board provided, however, that no Officer shall be removed except by the affirmative vote for removal by a majority of the whole Board (e.g., if the Board of Directors is composed of five persons, then three of said Directors must vote for removal). If the office of any Officer becomes vacant for any reason, the vacancy shall be filled by the Board.

Section 4. The President. He shall be the chief executive officer of the Association; he shall preside at all meetings of the Members and of the Board. He shall have executive powers and general supervision over the affairs of the Association and other officers. He shall sign all written contracts to perform all of the duties incident to his office and which may be delegated to him from time to time by the Board.

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Section 5. The Vice-President. He shall perform all of the duties of the President in his absence and such other duties as may be required of him from time to time by the Board.

Section 6. The Secretary. He shall issue notices of all Board meetings and all meetings of Members; he shall attend and keep the Minutes of same; he shall have charge of all of the Association's books, records and papers, except those kept by the Treasurer. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 7. The Treasurer.

(a) He shall have custody of the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association in such depositories as may be designated from time to time by the Board.

(b) He shall disburse the funds of the Association as may be ordered by the Board in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board at the regular meetings of the Board, or whenever they may require it, an account of all of his transactions as the Treasurer and of the financial condition of the Association.

(c) He shall collect the assessments and shall promptly report the status of collections and of all delinquencies to the Board.

(d) He shall give status reports to potential transferees on which reports the transferees may rely.

(e) The Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent.

(f) Notwithstanding any of the foregoing, the collection of assessments and keeping of certain financial records may be delegated to a management company.

ARTICLE VI

FINANCES AND ASSESSMENTS

Section 1. Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board from time to time upon resolutions approved by the Board, and shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Association as may be designated by the Board. Obligations of the Association shall be signed by at least two (2) officers of the Association.

Section 2. Fidelity Bonds. The Treasurer and all Officers who are authorized to sign checks, and all Officers and employees of the Association, and any contractor handling or responsible for Association funds, shall be bonded in such amount as may be determined by the Board. The premiums on such Bonds shall be paid by the Association. The Bond shall be in an amount at least equal the monies an individual handles or has control of via a signatory or a bank account or other depository account.

Section 3. Calendar Year. The fiscal year of the Association shall be on a calendar year basis. The Board is

authorized to change to a fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America at such time as the Board deems it advisable. Notwithstanding the foregoing, the Board may not change to a fiscal year for the Association, as hereinbefore provided, without the approval of the Class B Member.

ARTICLE VII

COMPLIANCE AND DEFAULT

Section 1. Violations. In the event of a violation (other than the non-payment of an Assessment) by the any Owner, his Tenant or their respective families, guests, invitees, agents, or employees in any of the provisions of the Declaration, the Articles or these By-Laws, the Board, in addition to any other remedies that may be available, shall at its option, have the following elections with respect to any such violation(s):

(a) An action to recover damages on behalf of the Association or on behalf of the other Owners; or

(b) An action to enforce performance on the part of the Owner; or person creating or causing such violation or noncompliance; or

(c) An action for such equitable relief as may be desired or necessary under the circumstances, including injunctive relief; or

(d) A fine or penalty as set forth in Section 2 of this Article VII.

Any Owner liable for such violation or noncompliance shall reimburse the Association for reasonable attorney's fees (including trial and all appellate levels) incurred by it in bringing such action. Any violations which are deemed by the Board to be a hazard to public health may be corrected immediately as an emergency matter by the Association and the cost thereof shall be charged to the Owner as a specific item, which shall be a lien against said Unit with the same force and effect as if the charge were a part of the common expenses.

Section 2. Fines or Penalties. In addition to all other remedies that may be otherwise available to the Association, in the sole discretion of the Board, a fine or fines may be imposed upon a Unit Owner for failure of an Owner, his family, guests, invitees, agents, employees, tenants (or their family, guests, invitees, agents or employees) or any occupant of a Unit or to comply with (or any of such person or persons has violated) any covenant, restriction, rule or regulation, or other matter contained in the Declaration, in the Articles, these By-Laws, or the Rules and Regulations promulgated by the Board, as any of the same are now constituted or as they may be amended from time to time, provided the following procedures are followed:

(a) Notice: The Association shall notify the Unit Owner of the infraction or infractions. Included in the notice shall be a date the Unit Owner shall be permitted an opportunity to present reasons why the penalty or penalties should not be imposed. The Notice shall be deemed given when mailed or hand delivered to the Unit owned by such Owner or mailed to such other address as requested by such Owner in writing.

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(b) Hearing: Noncompliance shall be presented to the Board after which the Owner may make a presentation as to why the penalty or penalties should not be imposed. Any interested Owner shall be permitted to address the Board with respect to such matter.

(c) Penalties: The Board may, in its sole discretion, impose fines as follows (which shall be considered Assessments solely against such Owner and his Unit), if it determines that the alleged noncompliance or violation has occurred:

(1) First Noncompliance or Violation: A fine not in excess of \$50.00.

(2) Second Noncompliance or Violation: A fine not in excess of \$150.00.

(3) Third and Subsequent Noncompliance or Violation(s) which are of a Continuing Nature: A fine not in excess of \$500.00 (or a fine not in excess of \$500.00 per month, in the event of noncompliance or violation which is of a continuing nature).

(d) Payment of Penalties: Fines shall be paid not later than thirty (30) days after the imposition or assessment of the penalty.

(e) Collection of Fines: Fines shall be treated as an Assessment subject to the provisions for collection of Assessments.

(f) Application of Penalties: All monies received from fines shall be allocated as directed by the Board.

Section 3. Negligence or Carelessness of Owner, Etc.

All Owners shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance company of rights of subrogation. The expense for any maintenance, repair or replacement required, as provided in this Section, shall be charged to said Owner as a specific item, which shall be a lien against said Unit with the same force and effect as if the charge were a part of the assessments.

Section 4. Costs and Attorney's Fees. In any proceeding arising because of an alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees, including costs and reasonable attorney's fees on appeal (as well as trial), as may be determined by the Court.

Section 5. No Waiver of Rights. The failure of the Association or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, Articles, these By-Laws or Rules and Regulations, shall not constitute a waiver of the right of the Association or Owner to enforce such right, provision, covenant or condition in the future.

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Section 6. Election of Remedies. All rights, remedies and privileges granted to the Association shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available.

ARTICLE VIII

AMENDMENTS TO BY-LAWS

These By-Laws and the Declaration may be amended by the Association in a duly constituted meeting of the Members for such purpose. No amendment (except as may be otherwise provided) to these By-Laws shall take effect unless approved by the Class B Member (so long as Class B Membership exists) and at least a majority of a quorum of Class A Members present, in person or by proxy, at a duly constituted regular or special meeting of the Members. No amendment may be adopted which adversely affects the rights of a holder of an institutional First Mortgage of record made in good faith and for value on a Unit without the prior written consent of such Mortgagee, and this sentence may not be amended without such prior written approval. The term "institutional First Mortgage" as used herein shall mean a Mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state agency.

ARTICLE IX

CONFLICTING PROVISIONS

In case any of these By-Laws conflict with any provisions of the laws of the State of Florida, such conflicting By-Laws shall be null and void upon final court determination to such effect, but all other By-Laws shall remain in full force and effect. In case of any conflict between the Articles and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE X

INDEMNIFICATION

The Association shall indemnify every Director and every Officer, his heirs, executors and administrators, against all loss, cost and expense reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or Officer of the Association, including reasonable counsel fees to be approved by the Association, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

ARTICLE XI

LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of membership in the Association shall not relieve or release any such former Owner or Member from any liability or obligations incurred under or in any way connected with the Association during the period of such ownership and membership, or impair any rights or remedies which the Association

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may have against such former Owner and Member arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto.

ARTICLE XII

LIMITATION OF LIABILITY

Notwithstanding the duty of the Association to maintain and repair parts of the Common Properties, the Association shall not be liable for injury or damage caused by a latent condition in the property, nor for injury or damage caused by the elements or by Owners or persons.

ARTICLE XIII

PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Declaration or these By-Laws.

ARTICLE XIV

LIENS

Section 1. Protection of Property. All liens against a Unit, other than for permitted mortgages, taxes or special assessments, shall be satisfied or otherwise removed within thirty (30) days of the date the lien attaches. All taxes and special assessments upon a Unit shall be paid before becoming delinquent or by law, whichever is sooner.

Section 2. Notice of Lien. An Owner shall give notice to the Association of every lien upon his Unit, other than for permitted mortgages, taxes and special assessments within five (5) days after the attaching of the lien.

Section 3. Notice of Suit. Owners shall give notice to the Association of every suit or other proceeding which will or may affect title to his Unit or any part of the Project, such notice to be given within five (5) days after the Owner receives notice thereof.

Section 4. Failure to comply with this Article concerning liens will not affect the validity of any judicial sale.

Section 5. Permitted Mortgage Register. The Association may maintain a register of all permitted mortgages, and at the request of a mortgagee, the Association shall forward copies of all notices for unpaid assessments or violations served upon a Owner to said mortgagee. If a register is maintained, the Association may make such charge as it deems appropriate against the applicable Unit for supplying the information provided herein.

ARTICLE XV

RULES AND REGULATIONS

Section 1. The Board may from time to time adopt or amend previously adopted administrative Rules and Regulations governing the details of the operation, use, maintenance, management and control of the Common Properties or other portions of the Projects and any facilities or services the Association makes available to the Owners. A copy of the Rules and Regulations adopted from time to time as herein provided shall, from time to

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time, be posted in a conspicuous place and/or copies of same shall be made available for review and inspection by each Owner.

Section 2. Conflict: In the event of any conflict between the Rules and Regulations adopted, or from time to time amended, and the Declaration, Articles or By-Laws, the Declaration, Articles or By-Laws, as the case may be, shall prevail.

ARTICLE XVI

PROVISO

The invalidity or unenforceability of any provision or portion of the Declaration, Articles, these By-Laws or Rules and Regulations shall not affect the remainder thereof and the remainder of said Documents shall be deemed valid. Wherever the masculine form of pronoun is used it shall be deemed to mean the masculine, feminine or neuter, and the singular shall include the plural and vice versa where the content so requires.

APPROVED AND DECLARED as the By-Laws of the Association named below.

DATED this _____ day of _____, 1982.

LUCERNE LAKES GOLF COLONY
COMMUNITY ASSOCIATION, INC.

By: _____ (SEAL)
Carl Palmisicano,
President

Attest: _____ (SEAL)
Luis Clark, Secretary

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