

BY-LAWS

GLENEAGLES GREEN HOME OWNERS ASSOCIATION, INC.

OKALOOSA COUNTY (BK 3272 PG 4591-4612)

AS AMENDED DECEMBER 2004

**ARTICLE I
ASSOCIATION**

Section 1.1 Classes of Membership and Voting. The Association shall have two classes of voting membership.

(a) Class A. Class A members shall be all Owners, with the exception of the Declarant while Declarant is a Class B member, and shall be entitled to one vote for each Unit owned. When more than one person or entity holds an interest in any Unit, the vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

(b) Class B. The Class B member shall be the Declarant and its designated successors and assigns and shall be entitled to three (3) votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership when Declarant or its designated successor or assigns no longer is the record Owner of a Unit or June 20, 1988, whichever occurs first.

Section 1.2 Association. Gleneagles Green Home Owners Association Inc. (the "Association") shall be a nonprofit corporation.

Section 1.3 Definitions. The terms defined in the Declaration of Covenants, Conditions and Restrictions of Gleneagles Green shall have the same meaning when used in these By-Laws, unless the context requires otherwise.

**ARTICLE II
MEETINGS OF THE OWNERS**

Section 2.1 Place of Meetings. Meetings of the Owners may be held at any place as set forth in the notice thereof or in the event of a meeting held pursuant to waiver of notice, as may be set forth in the waiver.

Section 2.2 Annual Meetings. The annual meeting of Owners shall be held in the first two weeks of November beginning in 2004 on the day and at the time as shall be determined by the Board of Directors for the purpose of electing persons to the Board of Directors and transacting any and all business that may properly come before the meeting.

Section 2.3 Substitute Annual Meeting. If the annual meeting is not held as designated in Section 2.2, any business, including the election of directors, which might properly have been acted upon at the meeting may be acted upon at any subsequent Owners' meeting held pursuant to these By-Laws.

Section 2.4 Special Meetings. Special meetings of the Owners may be called at any time by the president, the board of directors, or by the Owners having fifty percent (50%) or more of all the votes in the Association.

Section 2.5 Notice of Meetings. Unless waived as contemplated in Sections 2.10 and 7.8 or by attendance at the meeting, either in person or by proxy, notice of each Owners' meeting stating the place, time and purpose of the meeting shall be delivered not less than twenty-one (21) days in the case of the annual meeting and seven (7) days in the case of any other meeting before the meeting, either personally or by mail, by or at the direction of the president or secretary or other person calling the meeting, to each Owner of record at such address or addresses as any of them may have designated, or, if no other address has been so designated, at the address of their respective Lots.

Section 2.6 Quorum. A quorum shall be deemed present throughout any meeting of the Owners until adjourned if Owners, in person or by proxy, entitled to cast more than one-third of the votes in the Association are present at the beginning of such meeting. A majority of the votes cast at a duly constituted meeting, in person or by proxy, shall be binding on all Owners.

Section 2.7 Proxies. The vote of any Owner may be cast pursuant to a proxy or proxies duly executed by or on behalf of all the Owners of a Unit. No such proxy shall be revocable except by written notice delivered to the Association by the Owners or by any of such person.

Section 2.8 Presiding Officer. The president, or in his absence, the vice-president, shall serve as a chairman of every Owners' meeting. The chairman shall appoint such persons as he deems required to assist with the meeting.

Section 2.9 Adjournments. Any meetings of the Owners, whether or not a quorum is present, may be adjourned by the holders of a majority of the votes represented at the meeting to reconvene at a specific time and place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is represented or present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 2.10 Action of Owners Without a Meeting. Any action which may be taken at a meeting of the Owners may be taken without a meeting if a written approval and consent, setting forth the action authorized, shall be signed by each of the Owners entitled to vote on the date on which the last such Owner signs such approval and consent and upon the filing of such approval and consent with the officer of the Association having custody of its books and records. Such approval and consent so filed shall have the same effect as a unanimous vote of the Owners at a special meeting called for the purpose of considering the action authorized.

ARTICLE III THE BOARD OF DIRECTORS

Section 3.1 General Powers. The Board of Directors shall have the power and authority to manage the affairs of the Association. In addition, the Board of Directors shall have all the powers vested in it pursuant to common law, Chapter 617, et. seq. Florida Statutes, together with the powers granted to it

pursuant to the Declaration, the Articles of Incorporation, and these By-Laws, subject to such approval of the Owner as expressly reserved in such documents.

Notwithstanding these powers, the Board of Directors shall not expend, nor contractually obligate the Association for the expenditure of any sum in excess of Ten Thousand Dollars (\$10,000) for any single project unless said project has been fully funded in the current annual budget of the Association, or the prior written approval of more than 50% of the members has been obtained.

Section 3.2 Number, Election and Term of Office. The number of directors of the Association shall be not less than three (3) nor more than nine (9), the exact number to be fixed by this resolution at seven (7). Except as provided in Section 3.4, the Board shall be elected by the affirmative vote of a majority of the votes cast at the annual meeting. Each director, except in the case of death, resignation, retirement, disqualification, or removal, shall serve for a term of two (2) years and until his successor shall have been elected and qualified. Directors must be Class A members of the Association. Only one member of a Unit household may be eligible to serve as a member of the Board of Directors of the Association.

Section 3.3 Removal. Any director may be removed from office with or without cause by the affirmative vote of the holders of a majority of the votes in the Association. Removal action may be taken at any Owners' meeting with respect to which notice of such purpose has been given, and a removed director's successor may be elected at the same meeting to serve the unexpired term.

Section 3.4 Vacancies. A vacancy occurring in the board of directors, except by reason of removal of a director, may be filled for the unexpired term, and until the Owners shall have elected a successor, by affirmative vote of a majority of the directors remaining in office though less than a quorum of the board of directors.

Section 3.5 Compensation. Directors shall not receive compensation for their services as directors. A director may serve the Association in a capacity other than that of director and receive compensation, as determined by the board of directors, for services rendered in that other capacity.

Section 3.6 Committees of the Board of Directors. The board of directors by resolution adopted by a majority of the full board of managers may designate from among its members an executive committee and one or more other committees. Except as prohibited by law, each committee shall have the authority set forth in the resolution establishing said committee.

ARTICLE IV MEETINGS OF THE BOARD OF DIRECTORS

Section 4.1 Regular Meetings. Regular meetings of the board of directors shall be held immediately after the annual meeting of Owners or any meeting held in lieu thereof. In addition, the board of directors may schedule other meetings to occur at regular intervals throughout the year.

Section 4.2 Special Meetings. Special Meetings of the board of directors may be called by or at the request of the president, or in his absence by the secretary of the Association, or by any two directors in office at that time.

Section 4.3 Place of Meetings. Directors may hold their meetings at any place within or without the State of Florida as the board of directors may from time to time establish for regular meetings or as is

set forth in the notice of special meetings or, in the event of a meeting held pursuant to waiver of notice, as may be set forth in the waiver.

Section 4.4 Notice of Meetings. No notice shall be required for any regular scheduled meeting of the directors of the Association. Unless waived as contemplated in Sections 4.7 and 7.8, the president or secretary of the Association or any director thereof shall give notice to each director of each special meeting stating the time, place and purpose of the meeting. Such notice shall be given by mailing a notice of the meeting at least five (5) days before the date of the meeting, or by telephone, telex, telegram, cablegram or personal delivery at least three (3) days before the date of the meeting. Notice shall be deemed to have been given by telegram or cablegram at the time notice is filed with the transmitting agency. Attendance by a director at a meeting shall constitute waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called.

Section 4.5 Quorum. A quorum shall be deemed present throughout any meeting of the board of directors if persons entitled to cast one-half of the votes in that body are present at the beginning of the meeting.

Section 4.6 Vote Required for Action. Except as otherwise provided in this section or By-Law, the act of a majority of the directors present at a meeting at which a quorum is present at the time shall be the act of the board of directors.

Section 4.7 Action by Directors Without a Meeting. Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting if a written consent thereto shall be signed by all the directors and such written consent is filed with the minutes of the proceedings of the board. Such consent shall have the same force and effect as a unanimous vote of the board of directors.

Section 4.8 Adjournments A meeting of the board of directors, whether or not a quorum is present, may be adjourned by a majority of the directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting which was adjourned. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

ARTICLE V OFFICERS

Section 5.1 Number. The executive officers of the Association shall consist of a president, one or more vice-presidents as determined or designated by the board of directors, a secretary and a treasurer. The board of directors shall from time to time create and establish the duties of such officers and elect such other officers or assistant officers as it deems necessary for the efficient management of the Association, but the Association shall not be required to have at any time any officers other than a president, secretary and treasurer. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 5.2 Election and Term. All executive officers shall be elected by the board of directors and shall serve at the will of the board of directors and until their successors have been elected and have qualified

or until their earlier death, resignation, removal, retirement or disqualification. The officers need not be Owners.

Section 5.3 Compensation. The compensation of all executive officers of the Association shall be fixed by the board of directors.

Section 5.4 Removal. Any officer or agent elected by the board of directors may be removed by the board of directors at any meeting with respect to which notice of such purpose has been given to the members thereof.

Section 5.5 President. The president shall be the chief executive officer of the Association and shall have the general supervision of the business of the Association. He shall see that all orders and resolutions of the board of directors are carried into effect. The president shall perform such other duties as may from time to time be delegated to him by the board of directors. The president shall be elected from among the board of directors and preside over the meetings of the board of directors.

Section 5.6 Vice-Presidents. The vice-president shall, in the absence or disability of the president, or at the direction of the president, perform the duties and exercise the powers of the president. If the corporation has more than one vice-president, the one designated by the board of directors shall act in lieu of the president. Vice-presidents shall perform whatever duties and have whatever powers the board of directors may from time to time assign.

Section 5.7 Secretary. The secretary shall keep accurate records of the minutes of all meetings of Owners, board of directors. He shall have authority to give all notices required by law or these By-Laws. He shall be custodian of the association books, records, contracts and other documents. The secretary may sign such instruments as may require his signature. The secretary shall perform whatever additional duties and have whatever additional powers the board of directors may from time to time assign him or incident to the office of secretary.

Section 5.8 Treasurer. The treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse the same under the direction of the board of directors. The treasurer shall keep the financial records and books of account and shall make such reports of the same to the board of directors and president upon request. The treasurer shall perform all duties as may be assigned to him from time to time by the board of directors or incident to the office of treasurer. All work orders for maintenance of exterior areas must have the approval of the appropriate committee chairman to initiate the work order. All work orders involving over \$500.00 will require Board approval. The Treasurer will insure that all financial instruments payable on the accounts of the Association will be signed and countersigned by two (2) Board Members in good standing.

Section 5.9 Assistant Secretary and Assistant Treasurer. The assistant secretary and assistant treasurer shall, in the absence or disability of the secretary or the treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the board of directors. Specifically, the assistant secretary may attest the signature of any officers of the Association.

ARTICLE VI ASSESSMENTS

Section 6.1 Annual Assessments. Prior to the beginning of each fiscal year the board of directors shall prepare an estimated budget for the next fiscal year. The assessment shall be a lien against each Unit as provided in the Declaration. The assessment shall be due from each Owner in advance and be payable either quarterly or monthly, as the board of directors shall determine. The board of directors may amend the annual assessment if they determine it to be insufficient. If the board of directors fails to make an annual assessment the Owners shall pay the amount of the payments for the previous annual assessment.

Section 6.2 Special Assessments. The board of directors may impose such special assessments in the amount and provide for the time of payment as it may determine.

Section 6.3 Rate of Assessment. All assessments shall be levied against the Owners as provided in Article IV of the Declaration.

Section 6.4 Late Payment of Assessments. Penalties for late payment of assessments shall be calculated as of the first of each month as follows: a \$5.00 fee will be assessed to those accounts overdue thirty (30) days or more; a \$25.00 fee will be assessed to those accounts overdue sixty (60) days or more and each month thereafter, plus interest at the rate of 18% per annum from the due date of such sums. For payments in arrears over ninety (90) days, the Association will initiate legal action for collection of assessments at the expense of the delinquent owner. Said penalties when assessed become a part of your permanent assessments due and will stay on your account and continue to accrue penalty and interest until paid.

Section 6.5 Intended Use of Assessments. All assessments levied against the owners as provided in Article IV of the Declaration, if specifically designated for a purpose will not be diverted from that purpose unless specifically authorized by the affirmative vote of a majority of the votes cast at a duly called owners meeting.

ARTICLE VII MISCELLANEOUS

Section 7.1 Fiscal Year. The board of directors is authorized to fix the fiscal year of the corporation and to change the same from time to time as it deems appropriate.

Section 7.2 Inspection of Books and Records. Owners and their mortgagees, if applicable, may inspect the records of receipts and expenditures of the board of directors upon reasonable notice and during normal business hours. Any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

Section 7.3 Delegation of Powers and Duties of the Board of Directors. The board of directors may engage the services of a manager or managing agent, or both; and delegate all of its powers and duties to such manager or managing agent, or both; provided the delegation of such powers and duties shall not relieve the board of directors of its responsibility under the Declaration.

Section 7.4 Personnel. The board of directors may designate and remove personnel necessary to carry out the provisions of these By-Laws and the Declaration.

Section 7.5 Rules and Regulations. The board of directors may adopt and amend, from time to time, administrative rules and regulations governing the operation and use of the Common Area.

Section 7.6 Amendment of By-Laws. The By-Laws may be amended by a majority of the votes cast at a duly constituted meeting for such purpose or by written consent of Owners holding a majority of the votes in the Association. Implementation and compliance with the By-Law amendment will commence at the time of the vote.

Section 7.7 Indemnification. The Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the By-Laws of the Association, and the declarant against all contractual and other liabilities to others arising out of contracts made by, or other acts of, such directors, Declarant, officers, committee members or on behalf of the Owners, or arising out of their status as directors, Declarant, officers, committee members of unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, board, committee member or Declarant may be involved by virtue of such persons being or having been such director, officer, committee member or Declarant; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such director, officer, committee member or Declarant, or (b) any matter settled or compromised, unless in the opinion of independent counsel selected by or in a manner determined by the board, there is not reasonable ground for such persons being adjudged liable for gross negligence or fraud in the performance of his duties as such director, officer, committee member or Declarant.

Expenses incurred in defending a civil or criminal action, suite 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 person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that such person or entity is entitled to be indemnified by the Association as authorized herein.

The Association and the board of directors shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations hereunder provided, however, that the liability of any Owner arising out of any contract made by or other acts of the directors, member of such committees or Declarant, or out of the aforesaid indemnity in favor of the directors, officers, members of such committees or declarant, shall be limited to his share of the assessment. Every agreement made by the directors, board, officers, members of such committees, or Declarant, as the case may be, are acting only as agent for the Owners and shall have no personal liability thereunder, and that each Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his share of the assessment. The indemnification provided herein shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement vote of members of the Association or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be Declarant, a director, an officer of the Association or a member of such committee, and shall inure to the benefit of

the heirs, executors, administrators, personal representatives, successors and assigns of such person or entity.

Section 7.8 Waiver. Whenever any notice is required to be given to any Owners or directors by law or by these By-Laws or the Declaration, a waiver thereof in writing signed by the directors or Owner entitled to such notice or by the proxy of such Owner, whether before or after the meeting to which the waiver pertains, shall be deemed equivalent thereto.