

The term "replacement value" means one hundred (100%) percent of the then current replacement cost, exclusive of land, foundation, items of personal property and other items normally excluded from such coverage. Upon the written request of any Owner within a Building mailed by certified mail, return receipt requested, the requested Owner shall provide written proof of insurance to the requesting Owner by certified mail, return receipt requested.

ARTICLE XV MORTGAGEE PROTECTION CLAUSE

The following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Declaration, these added shall control):

A. Each institutional first mortgagee holding a mortgage encumbering any Residential Unit, at his written request, is entitled to written notification from the Association of any default by the Owner of such Residential Unit in the performance of such Owner's obligations under this Declaration, the Articles of Incorporation of the Association or the By-Laws of the Association, which default is not cured within thirty (30) days after the Association learns of such default and to written notification of the recording of a Claim of Lien pursuant to Article VII.

B. Unless at least 66-2/3 % of such mortgagees (based upon one vote for each such mortgage owned), and at least 66-2/3% of the votes of Members of the Association, have given their prior written approval, neither the Association nor the Owners shall:

1. by act or omission seek to sell or transfer the Common Properties and the Improvements thereon which are owned by the Association (the granting of easements for utilities or for other such purposes consistent with the intended use of such property by the Association or the Declarant or the transfer of the Common Properties or any portion thereof to another not for profit association of the Owners in accordance with the Articles of Incorporation of the Association or dedication of such property to the public or condominium ownership shall not be deemed a transfer within the meaning of this clause);

2. fail to maintain fire and extended insurance on insurable portions of the Common Properties as provided herein; or

3. use hazard insurance proceeds for losses to any Common Properties for other than the repair, replacement or reconstruction of such Improvements (except as contemplated herein).

C. Such mortgagees shall have the right to examine the books and records of the Association during normal business hours.

D. All such mortgagees who have registered their names with the Association, and as long as it owns a mortgage on any Residential Unit shall be given (1) thirty (30) days written notice prior to the effective date of any proposed, material amendment to this Declaration or the Articles of Incorporation or By-Laws of the Association and prior to the effective date of any termination of any agreement for professional management of the Common Properties hereafter entered into, if any, following a decision of the Owners to assume self-management of the Common Properties; and (2) immediate notice following any damage to the Common Properties whenever the cost of reconstruction exceeds One Hundred Thousand Dollars (\$100,000.00), and as soon as the Board learns of any threatened condemnation proceeding or proposed acquisition or any portion of the Common Properties.

E. Such mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any portion of the Common Properties and may pay any

overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property, and such mortgagees making such payments shall be owed immediate reimbursement therefore from the Association and the appropriate Owners.

ARTICLE XVI

ENCROACHMENTS AND EASEMENTS

16.1 Encroachments. When the wall, window, roof or any other part of a Residential Unit (hereinafter called "overhang"), as initially constructed by the Declarant encroaches beyond the property line of an adjoining Residential Unit, the ownership and responsibility for the maintenance of said wall, window, roof or overhang encroaching upon said adjoining Residential Unit's property line shall be that of the Owner of the Residential Unit to which said wall, window, roof or other overhang is a part. In order to maintain, repair, replace or reconstruct (hereinafter, collectively, "maintenance"), the said wall, window, roof or other overhang, the Owner of the Residential Unit of which said wall, window, roof or other overhang and, if applicable, the Association, is a part shall have the following easements:

A. An easement through, over and upon the Residential Unit adjoining it for the purpose of maintaining the structural integrity and aesthetic appearance of the wall, window, roof or other overhang which easement shall only be used at a time convenient to the Owner of the adjacent Residential Unit; and

B. An easement into the airspace of the adjoining Owner's property for the purpose of permitting the encroachment of the aforementioned wall, window, roof or other overhang, as initially constructed by the Declarant.

16.2 Party Walls. Each wall built as part of the initial construction by the Declarant of the Residential Units upon the Lot and place on the property line dividing individual Residential Units shall constitute a party wall and each adjoining Owner shall own that portion of the party wall which has been erected upon his Lot, with a cross-easement for support and maintenance in the remaining portion of the party wall. For the purpose of maintaining structural integrity to common party walls, the costs for such maintenance and repairs thereto shall be shared equally by the Owners of the adjoining Residential Units making use of the common party wall. In the event of damage or destruction of the common party wall from any cause whatsoever, other than the negligence or willful misconduct of either Owner thereto, the Owners shall, at their joint expense, repair or reconstruct the common party wall and each Owner shall have the right to full use of said common party wall so repaired or rebuilt. If either Owner's negligence or willful misconduct causes damage or destruction of said wall, the Owner guilty of such negligence or willful misconduct shall pay the entire cost of such repair or reconstruction. If one of the Owners refuses to pay his share, or all of such costs in the case of negligence or willful misconduct, the other Owner shall have the right to have such common party wall repaired or reconstructed and shall be entitled to a lien on the premises of the Owner so failing to pay for the amount of such defaulting Owner's reasonable share of the repair or reconstruction costs.

16.3 Common Roof. Certain Residential Units may be erected initially by the Declarant with a Common Roof. In the event of damage or destruction of the Common Roof from any cause whatsoever, other than the negligence or willful misconduct of either Owner thereto, each Owner making use of the Common Roof shall promptly proceed to make necessary repairs to restore the roof, and the cost of such repairs shall be borne in relation to each Owner's usage of the Common Roof. In the event the Owners are unable to agree on the manner of making the repairs or the allocation of the costs thereof, the Owners hereby authorize the Association to repair or reconstruct the Common Roof and allocate the costs between the respective Owners. If any Owner's negligence or willful misconduct causes damage or destruction of said Common Roof, the Owner guilty of such negligence or willful misconduct shall be assessed by the Association for the entire cost of such repair or reconstruction. Each Owner for whom the Association repairs or reconstructs the Owner's interest in the Common Roof assigns all insurance proceeds payable

under any insurance policy to the extent such proceeds cover the Owner's loss in the Common Roof. To the extent possible and permitted by the insurer, the Association shall be included as an additional insured under the Owner's insurance policy.

16.4 Easements In General. If any grant of any easement in this Declaration would otherwise fail by virtue of the nonexistence of the grantee thereof as of the date of this Declaration, then the Association automatically shall be deemed to be the attorney-in-fact for such grantee to hold the interest created by such grant of easement until such grantee shall come into existence, at which time the interest created by such grant of easement automatically shall become vested in such grantee. The Common Properties shall be subject to a perpetual non-exclusive easement in favor of each Lot which shall be appurtenant to and shall pass with title to each Lot for use by the Owner, his immediate family, guests and invitees, for all proper and normal purposes including ingress and egress. The Common Properties also shall be subject to such a perpetual non-exclusive easement in favor of Owner and Declarant and their respective agents, employees, invitees, successors and assigns.

16.5 Easements for Public and Private Utility Facilities, Drainage and Access. It being understood that at the time of the recording of this Declaration the exact location of utility facilities, drainage facilities and ingress and egress roadways, and appurtenant equipment within The Hammock have not yet been determined, Declarant hereby reserves for itself, its successors and assigns, such perpetual easements as are necessary and required over, under, upon and/or through the Property for ingress, egress and access to and the installation construction, operation, alteration, expansion, repair, replacement and maintenance of utilities, cable television, drainage facilities and roadways for ingress and egress. This reservation hereby grants to the utility entities and the Declarant (so long as Declarant is constructing, repairing or relocating utilities and facilities appurtenant thereto in aid of construction of the property) the right of ingress, egress and access to and the right to construct install, operate, alter, expand, replace and maintain such utilities, cable television, drainage facilities and roadways for ingress and egress within any part of the Property, provided, however, use of such easements and improvements shall not unreasonably interfere with the use of the Property for the purposes intended for the Residential Units. In order to accomplish the foregoing, each portion of the Property shall have an easement in common with all other portions thereof to use, maintain, repair, alter or replace all pipes, wires, ducts, vents, cables, conduits, utility lines, sanitary sewers, storm drains, water lines, manholes, liftstations, pumping stations and similar or related facilities located within the Property and serving such portion or portions. Each portion of the Project shall be subject to an easement in favor of all other portions thereof to use, maintain, repair, alter and replace the pipes, wires, ducts, vents, cables, conduits, utility lines sanitary sewers, storm drains, water lines, manholes, liftstations, pumping stations and other similar or related facilities located in such portion of the Property and serving other portions thereof. Independent of the foregoing rights, Declarant, its successors or assigns, and Association are hereby granted the additional right to grant such additional easements or relocate existing easements throughout the Property as Declarant or Association may deem necessary and desirable provided that such additional easements or relocation of easements do not unreasonably interfere in the use of the Property for the purposes so intended, and further provided that in the event of a conflict in decisions between Declarant and Association, the Declarant's decision shall control until such time as all Residential Units have been constructed and transferred by Declarant to third-party Owners.

16.6 Easements of Support. Whenever any structure included in the Common Properties adjoins any structure included in any other portion of the Property, each said structure shall have and be subject to an easement of support and necessity in favor of the other structure.

16.7 Easements for Maintenance. Easements are hereby reserved in favor of the Association under, upon, across, through and over all portions of The Hammock for the purpose, as deemed necessary by the Association for preserving and maintaining the land, Residential Units, and carrying out its responsibilities under this Declaration; provided, however, that all such activity shall be undertaken in a manner so as to minimize interference with any Owner's use of his property. Where any land, including any Improvement thereon, ("the Servient Estate") shall abut an adjacent lot line ("the Dominant Estate"),

then the Owner of the Dominant Estate shall have an easement over the Servient Estate, which easement shall only be to extent necessary and in any event not to exceed four (4) feet wide contiguous to the interior property line running from the front to the rear property line of the Servient Estate for the following purposes:

A. For painting (where permitted), repairing and otherwise maintaining each wall of the Residential Unit in such Dominant Estate abutting the aforesaid property line.

B. For support in and to all structural members, footings and foundations of any Improvements on the Dominant Estate; provided, however, that nothing herein shall be construed as requiring the Owner of the Servient Estate to erect (or permit erection of) columns, load bearing walls or other structures on the Servient Estate for support of the Improvements on the Dominant Estate.

C. For entry upon and ingress and egress through the Servient Estate with persons, materials and equipment to the extent reasonably necessary in the performance of maintenance, repair, replacement of any of the Improvements on the Dominant Estate.

D. For overhanging troughs, gutters and downspouts and the discharge therefrom of rainwater and subsequent flow thereof over the easement area.

16.8 Easements for Improvements. If, for any reason:

A. Any Improvements are built or exist upon any portion of the Land or Residential Units; or

B. Any other similar situation shall hereafter or heretofore exist as a result of:

1. Construction by Declarant of any Improvement;

2. Settling or shifting of any Improvement; or

3. Any repair or restoration of any Improvement after damage by fire or other casualty or taking by condemnation or eminent domain proceedings;

then, in any such event, an easement shall exist for such Improvements and for the maintenance of same so long as the said Improvements shall exist.

16.9 Easement for Pedestrians and Vehicles. In addition to the general easements for use of the Common Properties reserved herein there shall be, and the Declarant hereby reserves and covenants for itself and all Owners within The Hammock that each and every Owner, and Declarant and their respective licensees, invitees, grantees, successors and assigns as permitted by Association, shall have, a non-exclusive easement appurtenant for pedestrian and vehicular traffic over, through and across all pedestrian and vehicular access ways within the Common Properties, subject to the parking provisions of this Declaration. Association and any Member which is required to join in the grant of any such easement shall be obligated to execute any such instrument as may be requested of it from time to time to effect such grant of easement.

16.10 Easements for Public and Private Utility Uses. In addition to the foregoing easements affecting the Common Properties, there shall be, and Declarant hereby grants perpetual easements for public, Federal, State, County, City and private utility and other services, including, but not limited to, the right of the police to enter upon, pass over and across any part of the Common Properties for the purpose of enforcing the law or maintaining security, and the right of all lawful emergency vehicles, equipment and persons in connection therewith to enter upon, pass over and across all portions of the property to service the Declarant, Owners, residents and all Improvements and the right of all public and private utility companies to install, construct, operate, alter, expand, repair, replace and maintain their equipment and

facilities in areas designated for such purposes. Independent of the foregoing rights, Declarant, its successors or assigns, and Association are hereby granted the additional right to grant such additional easements or relocate existing easements throughout the Property as Declarant or Association may deem necessary and desirable provided that such additional easements or relocation of easements do not unreasonably interfere in the use of the Property for the purposes so intended, and further provided that in the event of a conflict in decisions between Declarant and Association, the Declarant's decision shall control until such time as all Residential Units have been constructed and transferred by Declarant to third-party Owners.

16.11 Easements for Access, Repair and Maintenance. Declarant reserves unto itself, and its successors and assigns, perpetual non-exclusive easements of ingress and egress over and across the access ways existing from time to time in The Hammock, and perpetual non-exclusive easements to enter upon, over, under or through all portions of the Property for the purpose of maintaining, repairing and replacing the Residential Units, Improvements of Lots owned by Declarant and the Common Properties which easements shall be for the use of Declarant, Association (and its and their respective successors and assigns), Owners, and their respective lessees, employees, agents, invitees and licensees. Declarant hereby expressly retains the right to grant easements and rights to the public through, over, under and upon the Common Properties and other property within The Hammock and to grant easements and rights to such municipal and governmental authorities as required from time to time, including, without limitation, water management agencies.

16.12 Emergency Access. The Association shall have the right, privilege and license to enter upon any Residential Unit and upon and across the Common Properties for the purpose of effecting any emergency repairs to that same Residential Unit or to any other Residential Unit and/or exterior portion of any improvements thereon and/or to any Common Properties and to do such other maintenance and repairs as shall be reasonable necessary for the proper maintenance and repairs as shall be reasonably necessary for the proper maintenance of the same Residential Unit or of any other Residential Unit or of the Common Properties abutting such Residential Unit.

16.13 Easements for Management Companies and Service Providers. Easements are hereby reserved in favor of the Management Company (including any successor management company approved by the Association) and service providers for Rental Agreement Participants under, upon, across, through and over all portions of the Common Properties (including, without limitation, Management Company personnel or contractors performing services for the benefit of the Association, Owners, their guests and invitees and such others afforded access to Residential Units pursuant to this Declaration) for the limited purpose, as deemed reasonably necessary by the Association for performing the services under the rental program and carrying out their respective responsibilities under the Rental Agreements (or similar rental program agreements with any successor management company); provided, however, that all such activity shall be undertaken in a manner so as to minimize interference with any Owner's use of his property or the Common Properties.

16.14 Mortgagee Easements. There is hereby created an easement in favor of each Institutional Mortgagee or an agent of any Institutional Mortgagee for ingress and egress over, across and upon the Common Properties to a Residential Unit which shall then be encumbered by the lien of the mortgage, as well as to the Common Properties. The Association shall be deemed the agent for all future Institutional Mortgagees for the purpose of the creation of this easement.

16.15 Easement for Construction and Sales. Declarant (and its agents, realtors, salespersons, employees, contractors, subcontractors and suppliers) shall have an easement of ingress and egress over, under and across the Common Properties for construction purposes and to erect maintain, repair and replace, from time to time, signs on the Common Properties for the purposes of advertising and sale and/or lease of Residential Units or Lots and for the operation of any permitted enterprise within The Hammock. In the event of such construction, portions of the Common Properties may be shut off from general access and use, and noise, dust and other disturbances will be likely. All Owners hereby agree that

such disturbances have been accepted by them and they waive any and all claims or objections as a result of or in relation to such disturbances. No liability shall be assumed by Declarant by reason of the foregoing.

16.16 Extent of Easements. The rights and easements created hereby shall be subject to the all rights and easements retained in the Master Declaration. The rights and easements of enjoyment of the Common Properties created hereby shall be subject to the following:

A. The right of the Association reasonably to limit the number of guests and invitees of Owners using the Common Properties;

B. The right of the Association to suspend the rights and easements of enjoyment of any member during any time which any assessment remains unpaid, and for a period not to exceed sixty (60) days, for any infraction of its Rules and Regulations, it being understood that any suspension for either non-payment of any assessment or breach of any Rules and Regulations of the Association shall not constitute a waiver or discharge of the Owner's obligation to pay the assessment; provided, however, that the Association shall not suspend the right to use any roadways belonging to the Association; and provided, further, that the Association shall not suspend any rights and easements reserved herein by Owner or Declarant;

C. The right of the Association to place any reasonable restrictions upon the use of any roadways owned by the Association including but not limited to, the maximum and minimum speeds of vehicles using said roadways, and other traffic and parking regulations; and

D. The right of the title holder to give, dedicate or sell all or any portion of the Common Properties to any public agency, authority, or utility or private concern for such purposes and subject to such conditions as may be determined by such title holder.

ARTICLE XVII GENERAL PROVISIONS

17.1 Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Residential Unit or other portion of The Hammock shall be conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference hereto is contained herein, whether or not any referenced hereto is contained in the instrument by which such person acquired an interest in such Residential Unit or other property within The Hammock.

17.2 Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the Land and Residential Units in The Hammock and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration shall be recorded ("the Initial Term"), after which time said covenants shall be extended automatically for successive periods of ten (10) years, unless this Declaration shall be terminated at the end of the Initial Term or prior to a successive ten (10) year period with the consent of not less than seventy five (75%) percent of the Owners, in which event an instrument to this effect shall be recorded in the Public Records of Monroe County, Florida, subject, however, to Declarant's rights as set forth in this Declaration.

17.3 Amendments. This Declaration may be amended by Declarant unilaterally from time to time and at any time and without the joinder of any Owner: (a) to accomplish any of the purposes or objectives set forth in this Declaration; and/or (b) to correct any scrivener's errors. This Declaration also may be amended with the written consent of not less than sixty-seven percent (67%) of the Owners and the approval by Institutional Lenders holding at least sixty-seven percent (67%) of the mortgages on Residential Units in The Hammock; provided, however, that no amendment shall be enforceable against

Declarant so long as Declarant owns any Lot or Residential Unit within The Hammock, unless Declarant has consented in writing to such amendment. No amendment shall materially and adversely affect any provision granting easements or permitting encroachments or any provision concerning Institutional Lenders without a majority consent of all Institutional Lenders then having mortgages on Lots, or Residential Units. Each amendment shall be recorded in the Public Records of Monroe County, Florida.

17.4 Covenants Running with the Land. Anything herein to the contrary notwithstanding, the covenants, conditions, restrictions and easements of this Declaration shall be covenants running with the land. If any provision or application of this Declaration would prevent this Declaration from running with the land as aforesaid, such provision and/or application shall be judicially modified, if possible, to reflect the intent of such provision or application and then shall be enforced in a manner allowing the covenants, conditions, restrictions and easements to so run with the land. In the event that any such provision and/or application cannot be so modified, such provision and/or application shall be unenforceable and considered null and void in order that the paramount goal of the covenants, conditions, restrictions and easements hereof running with the land shall be achieved.

17.5 Enforcement: No Waiver. Any Owner, including the Declarant, and the Association shall have the right to enforce the provisions of this Declaration by any proceeding at law or in equity against any person(s) or entity(ies) as follows:

A. For violating or attempting to violate any covenant or restriction, either to restrain such violation, to recover damages or to enforce performance and against the applicable Lot and/or Residential Unit to enforce any lien created herein;

B. The result of every act or omission whereby any of the covenants contained in this Declaration or the By-Laws are violated in whole or in part is hereby declared to be and does constitute a nuisance, and every remedy allowed by law or equity with respect to nuisances either public or private shall be applicable and may be exercised by Declarant, Association or Owners;

C. Remedies herein provided for breach of the covenants contained in this Declaration or the By-Laws shall be deemed cumulative, and none of such remedies shall be deemed exclusive;

D. The failure by Declarant, the Association or any Owner to enforce the provisions of this Declaration shall in no event be deemed a waiver of the right to do so thereafter;

E. Where litigation shall occur to enforce said provisions or to recover damages or to enforce any lien created herein, the prevailing party in such litigation shall be entitled to recover court costs and reasonable attorney's fees, including court costs and reasonable attorney's fees in any appellate proceeding; and

F. A breach of the covenants, conditions or restrictions contained in this Declaration or in the By-Laws shall not affect or impair the lien or charge of any mortgage made in good faith and for value on any Lot or Residential Unit; provided, however, that any subsequent Owner of such Lot or Residential Unit shall be bound by said covenants, whether such Owner's title was acquired by foreclosure sale or otherwise.

17.6 Severability. Invalidation of any portion of this Declaration by judgment, court order or statute shall in no way affect any other provisions which shall remain in full force and effect.

17.7 Gender and Plurals. The use in this Declaration of the male gender shall include the female and neuter, and the use of the singular shall include the plural and vice versa, as the context requires.

17.8 Notices. Any notice required to be sent hereunder shall be deemed to have been properly sent when delivered or mailed, postage prepaid, to the last known address of the Owner or other addressee on the records of the Association at the time of such mailing.

17.9 Limitation on Authority. The Association is specifically prohibited from, nor shall it assess or expend any funds for, representing Members in matters such as governmental issues involving land use/zoning or permitting; business matters such as the rental of Residential Units or dealings with the Management Company; or any claims against or collective dealings with Declarant.

IN WITNESS WHEREOF, the undersigned have executed this Declaration on this _____ of December, 2002.

CORAL HAMMOCK, LLC,
A Florida Limited Liability Company

By: _____
DEREK PARKER, President

By: _____
EVERETT ATWELL, Secretary

BYLAWS OF
CORAL HAMMOCK
HOMEOWNER'S ASSOCIATION, INC.

A Homeowner's Association Pursuant to Chapter 720 of the Florida Statutes

WHEN RECORDED PLEASE RETURN To:
ROBERT HIGHSMITH, ESQ.
FELDMAN, KOENIG & HIGHSMITH, P.A.
3158 NORTHSIDE DRIVE
KEY WEST, FL 33040

ARTICLE I. PLAN OF OWNERSHIP

1.01. Formation. Coral Hammock, a Vacation Home Development, located at 5510 U.S. Highway One, Key West, Monroe County, Florida, ("Coral Hammock") was created by the recording of the "Declaration of Protective Covenants, Restrictions and Easements of Coral Hammock, a Vacation Home Development" (the "Declaration") in Official Records Book _____ at Page _____ et. seq., of the Public Records of Monroe County, State of Florida. Pursuant to the Declaration and Chapter 720 of the Florida Statutes, the Developers of Coral Hammock have caused to be formed the Coral Hammock Homeowner's Association, Inc., a Florida Not for Profit Corporation (the "Association").

1.02. Applicability to Property. The provisions of these Bylaws are applicable to Coral Hammock, which term includes the land, the buildings, and all other improvements on it, all easements, rights, and appurtenances belonging to them, and all other property, real, personal or mixed, intended for use in connection with them.

1.03. Applicability to Persons. All present and future owners, lessees, and mortgagees, together with their employees and any other person who use the facilities of Coral Hammock in any manner shall be subject to these Bylaws, the Declaration, the Deeds to the Units, and the Articles of Incorporation.

1.04. Acceptance. The acquisition or acceptance of possession of any Unit in Coral Hammock shall be sufficient to signify acceptance and ratification of the provisions of the instruments enumerated in Section 1.03 and an agreement to comply with the same.

1.05. Office. The offices of the Association shall be located at 5510 U.S. Highway One, Key West, Monroe County, Florida.

ARTICLE II. OWNERS

2.01. Membership. The affairs of Unit owners of Coral Hammock shall be administered and managed by an Association of owners organized as a Florida corporation not for profit, having the name CORAL HAMMOCK HOMEOWNER'S ASSOCIATION, INC., and referred to elsewhere in these Bylaws as the "Association." The Owner of each Coral Hammock Unit shall be a member of the Coral Hammock Homeowner's Association, Inc. In the case where a unit is owned by joint owners, a

partnership, a corporation, a trust or another legal entity, such entity shall designate one person who is a co-owner, partner, stockholder, trustee or beneficiary of the entity to serve as the representative member of the entity in the Association.

2.02. Annual Meeting. The members of the Association shall hold an Annual Meeting on the date, at the place, and at the time as determined by the Board of Directors. There shall be an annual meeting every calendar year, and, to the extent possible, no later than twelve (12) months after the last preceding annual meeting. The purpose of the meeting shall be, except as provided herein to the contrary, to elect Directors and to transact any other business authorized to be transacted by the members, or as stated in the notice of the meeting, sent to Unit owners in advance thereof.

2.03. Special Meetings. The President may, and shall if directed by resolution of the Board of Directors or by petition signed and presented to the Secretary by owners owning a total of at least twenty-five percent (25%) of the common interests, call a special meeting of the members of the Association. The notice of any special meeting shall state the time and place of the meeting and its purpose. No business shall be transacted at a special meeting other than that stated in the notice unless the owners of at least eighty percent (80%) of the common interests shall have consented.

2.04. Place of Meetings. Meetings of owners shall be conducted at the principal offices of the Association, or at such other suitable place convenient to the owners as may be designated by the Board of Directors.

2.05. Notice of Meetings. It shall be the duty of the Secretary to mail to each Unit Owner a notice of each annual or special meeting, stating the purpose, time and place of the meeting to each owner at least fourteen (14) days prior to such meeting. The mailing of the notice in the manner stated in this Section shall be considered notice served. Notice of any meeting at which assessments against owners are to be considered for any reason shall specifically state that assessments will be considered and the nature of any such assessments.

2.06. Quorum. At all meetings of Association members, thirty percent (30%) of the voting interests in the Association shall constitute a quorum to transact business. If a quorum is present at a

meeting, the vote of those owners holding a majority of the votes who are present or represented shall be binding on all owners for all purposes.

2.07. Voting and Proxies. The owner of each Unit, or some person appointed by such owner to act as proxy for him, shall be entitled to cast the vote appurtenant to such Unit at all meetings. No one person may hold more than five (5) proxies. Voting shall be on a numerical basis. Each Unit owner shall be entitled to one (1) vote for each Unit owned by him or it.

Any proxy given shall be effective only for the specific meeting for which originally given and any lawful adjournments of it. In no event shall any proxy be valid for more than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the owner executing it. A proxy must be written, signed by the voting member generating the proxy, must state the time, date and place of the meeting for which it is given, and must be filed with the Secretary before the appointed time of the meeting, or before the meeting is adjourned.

2.08. Minutes. The Secretary shall take minutes at all meetings, and he shall make copies of them available for inspection at the offices of the Association at all reasonable times by owners and members of the Board of Directors.

2.09. Title to Coral Hammock Units. Title to Coral Hammock Units may be acquired and held in the name of an individual, in the names of two or more persons as joint tenants, tenants in common, or any other joint estate recognized under Florida law, or in the name of a corporation, a partnership or a fiduciary. When ownership of a Unit is vested in more than one person, or in a partnership, all of the persons or partners shall designate one of them to vote at the meetings of owners. When ownership of a Unit is vested in a corporation, the corporation shall designate one of its officers to vote at the meetings of its owners. The designation of a representative shall be made in writing when the Unit is acquired and filed with the Secretary of the Board. Any change in designation must be in writing and delivered to the Secretary prior to taking effect.

ARTICLE III. BOARD OF DIRECTORS

3.01. The Association and Board of Directors. All power and authority of the Association shall be exercised through its Board of Directors.

3.02. Composition of Board of Directors. Members of the Board of Directors shall be elected by the owners in accordance with the following procedures:

3.02.1. Membership. The affairs of the Association shall be managed by a Board of not less than three (3) nor more than seven (7) Directors. The exact number of Directors shall be determined from time to time upon majority vote of the membership. All directors shall be Unit Owners, or, in the case of partnership Unit owners, shall be partners in such partnerships, or in the case of corporate Unit Owners, shall be directors or officers of such corporation, or in the case of fiduciary Unit Owners, shall be the fiduciaries or the directors or officers a corporate fiduciary. No director shall continue to serve on the Board after he ceases to be a Unit owner or an interested party in a Unit owned as specified in the preceding sentence.

3.02.2. Election of Directors. Election of Directors shall be conducted in the following manner:

(a) Election of Directors shall be held at the annual Unit Owners' meeting.

(b) Not less than thirty (30) days before a scheduled election, the Association shall mail or deliver, whether by separate Association mailing or included in another Association mailing or delivery, including regularly published newsletters, to each Unit Owner entitled to vote, a first notice of the date of the election.

(c) The election shall be decided by a plurality of those votes cast. There shall be no quorum requirement; however, at least twenty percent (20%) of the eligible voters must cast a ballot in order to have a valid election of members of the Board of Directors. No Unit Owner shall permit any other person to vote his or her ballot and any such ballot and any improperly cast ballot shall be deemed invalid. This regular election shall occur on the date of the annual meeting. Newly elected Directors shall take office immediately upon the adjournment of the annual and election meetings.

(d) Notwithstanding the foregoing, an election and balloting are not required unless more candidates are nominated than vacancies exist on the Board to be filled. In that event, the Association shall announce the new Directors at the annual meeting, and all candidates take office as Directors immediately following the adjournment of the annual meeting.

(e) In the event that the membership fills vacancies after recall of a board member, then the election of directors to fill the vacancy shall be governed by the procedures set forth in the applicable administrative rules.

(f) The election shall be by written, secret ballot and by plurality of votes cast. Each person voting shall be entitled to cast his votes for each of as many nominees as there are vacancies to be filled.

3.03. Powers and Duties. The Board of Directors 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, by the Declaration, or by these Bylaws prohibited or directed to be exercised and done by the Owners. The powers and duties to be exercised by the Board of Directors shall include, without limitation, the following:

(a) The maintenance, repair, replacement, cleaning, and sanitation of the common elements;

(b) The determination, assessment, and collection of funds for common expense and payment of such expenses as set forth in Article V below;

(c) The adoption, distribution, amendment, and enforcement of regulations governing the use and operation of Coral Hammock and the use of the common elements, subject to the power of owners to change any such regulations by such a majority as the Declaration may prescribe;

(d) The procurement and maintenance of insurance as hereinafter provided;

(e) The maintenance of accounting records, in accordance with law and generally accepted accounting principles, which records shall be made available for inspection by owners and mortgagees at all reasonable times;

(f) The authorization and prosecution, in the name of the Association, of any and all actions and proceedings deemed necessary or appropriate in furtherance of the interest of the Association generally, including suits to foreclose liens for nonpayment of assessments or to recover money judgments for unpaid assessments;

(g) The making of any and all contracts deemed necessary or appropriate furtherance of the interest of owners generally;

(h) The employment of personnel deemed necessary or appropriate for the maintenance and operation of the property and the common elements;

(i) The establishment of bank accounts in the name of the Association, and the designation of signatories for drawing on such accounts;

(j) The purchase, lease, or acquisition in the name of the Board of Directors or designee, corporate or otherwise, on behalf of the owners of all Units offered for sale, lease, surrender by their owners to the Board of Directors;

(k) The purchase of Units at foreclosure or other judicial sale in the name of the Board of Directors or its designee, corporate or otherwise, on behalf of all owners;

(l) The sale, lease, sublease or mortgaging of Units acquired by the Board Directors or its designee, corporate or otherwise, on behalf of all owners;

(m) The organizing of corporations to act as designees of the Board of Directors acquiring title to or leasing Units on behalf of all owners;

(n) The making of contracts for repairs of and additions and improvements to the property, and for repairs to and restoration of the property in accordance with the provisions of these Bylaws and the Declaration, in the event of damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(o) The acquisition or making of contracts for the acquisition of leasehold, freehold or other possessory or use interest in lands and facilities, which are intended to provide for the benefit of the owners. If such an acquisition is authorized by a supplement to these Bylaws, duly recorded, the expense of replacing the property so acquired shall be treated as a limited common expense and shall be assessed against such owners as have consented to assume the same in proportion to their respective interests in the common elements, or in such other proportion as they may have unanimously consented to;

(p) The employment of a managing agent or manager at such reasonable compensation and to perform such duties as the Board of Directors may authorize; provided that the Board of Directors shall not delegate to any such managing agent or manager any of the powers enumerated in Subsections 2.03(c), 2.03(g), 2.03(k), 2.03(1) and 2.03(m) of this Section, nor may it have the power to determine and assess common charges as provided in Subsection 2.03(b) of this section; and

(q) The appointment of the members of the Architectural Control Committee as provided under the Declaration.

3.04. Terms of Office. The terms of office of Board members shall be fixed as two (2) year terms. Board members shall hold office until their successors have been elected and conducted their first meeting. There shall be no limit on the number of terms a Board member may serve.

3.05. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a member by vote of the owners shall be filled by the affirmative vote of the majority of the remaining Board members, even though they may constitute less than a quorum, or by the sole remaining director. Each person so shall hold office until a successor is elected at the next annual meeting of owners.

3.06. Regular Meetings. Regular meetings shall occur at such times and places determined by the Board, except that the Board shall meet at least once each calendar year, and no more than twelve months shall elapse between each meeting of the Board. Notice of each regular meeting of the Board of Directors shall be given to each Board member personally, or by mail, telephone, or telegraph, at least fourteen (14) days prior to the date set for such meeting.

3.07. Meetings at which Assessments are Established. An assessment may not be levied at a Board meeting unless a written notice is mailed to each Unit owner thirty (30) days prior to such meeting. The notice of the meeting must include a statement that assessments will be considered and the nature of the assessments.

3.08. Meetings Open to Owners. All meetings of the Board of Directors shall be open to owners. Notice of each meeting will be posted at the Association office at least forty-eight (48) hours before the meeting, except in the case of emergency meetings.

3.09. Waiver of Notice. Any Board member may at any time waive notice of any meeting in writing, and any such written waiver shall be deemed equivalent to the giving of the notice required by these Bylaws. Attendance of any Board meeting by a member shall constitute a waiver by him of notice of the time and place thereof. If all Board members are present at any meeting of the Board, no notice shall be required, and any business may be transacted at any such meeting.

3.10. Quorum of Directors. At all meetings of the Board of Directors, a majority of the board shall constitute a quorum for the transaction of business, and the acts of a majority of members present at a meeting at which a quorum is present shall constitute the acts of the Board. If at any meeting of the board of Directors there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting where a quorum is present, any business, which might have been transacted at the meeting as originally called, may be transacted without further notice.

3.11. Minutes. Minutes shall be taken at all meetings of the Board of Directors. Copies of the minutes shall be available for inspection by owners and Board members at the offices of the Association at all reasonable times. The Association shall retain these minutes for a period of not less than seven (7) years.

3.12. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association having access to Association funds give adequate fidelity bonds. The premiums on such bonds shall be a common expense of the Association.

3.13. Compensation. No member of the Board of Directors shall receive compensation for acting as such. Nothing in these Bylaws shall be construed to preclude any Board member from serving the Association or the Board in any other capacity and receiving compensation therefor.

3.14. Liability of Board Members. Members of the Board of Directors shall not be liable to owners for mistakes in judgment, for negligence, or otherwise, other than for their own willful misconduct or bad faith. Nor shall members of the Board be personally liable with respect to any contract entered by them on behalf of the Association, and owners shall indemnify the Board and each member of it for all liability to third parties arising out of contracts made by the Board for the Association. Such indemnification shall not extend to any contract made in bad faith or contrary to the Declaration or these Bylaws. The liability of each owner arising out of any contract made by the Board of Directors or out of indemnification of the members of the Board shall be in the same proportion of the total liability that the liability of such owner for payment of the common expenses bears to the total liabilities of all the owners or such common expenses.

ARTICLE IV. OFFICERS

4.01. Designation. 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 and from the Board of Directors. The Board of Directors may appoint one or more of the owners as an Assistant Vice President, an Assistant Treasurer, an Assistant Secretary, and such other officers as it in its judgment may deem necessary.

4.02. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at its annual meeting, and shall hold office at the pleasure of the Board.

4.03. Removal of Officers. On the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, with or without cause, and his successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for that purpose.

4.04. President. The President shall be the chief executive officer for the Association. He shall preside at all meetings of the Board of Directors and of owners. He shall have all general powers and duties that are incident to the office of President of a Florida corporation not for profit including, without limitation, the power to appoint committees from among the owners from time to time, as he may deem appropriate, in order to assist in conducting the affairs of the Association.

4.05. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as the Board of Directors may give him from time to time.

4.06. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of owners. He shall have charge of such books and papers as the Board of Directors may determine, and shall, in general, perform all the duties incident to the office of Secretary of a Florida corporation not for profit.

4.07. Treasurer. The Treasurer shall have responsibility for the funds and securities of the Association, for keeping full and accurate accounts showing all receipts and disbursements, and for the preparation of all necessary financial statements. He shall be responsible for the deposit of all depositories as the Board may designate from time to time, and shall in general perform all duties incident to the office of Treasurer of a Florida corporation not for profit.

4.08. Compensation. No officer shall receive any compensation from the Association for acting as such, provided that nothing in this Section shall be construed to preclude any officer from serving the Association, in any other capacity, and receiving compensation for his services.

ARTICLE V. OPERATION OF ASSOCIATION PROPERTY

5.01. Annual Budget. Each year the Board of Directors shall prepare a proposed budget of common expenses for the Association. This budget shall include projections of common expenses, common revenues, including those from sources other than assessments, the amount of common charges required to meet any excess of the former over the latter, and an allocation and assessment of such common charges to each owner in proportion to his liability for those common charges as prescribed by the Declaration. As used in these Bylaws "common expenses" or "common charges" shall be defined as expenses or charges for which owners are proportionately liable and without limitation, shall include the following:

- (a) All expenses of administration, maintenance, repair, and replacement of the common elements;
- (b) Insurance premiums on all policies of insurance obtained by the Board of Directors, managing agent, or manager, as the case may be, pursuant to Sections 5.16 and 5.17;
- (c) Working capital reserve;
- (d) General operating reserve;
- (e) Repair and replacement reserve;
- (f) Reserve for deficits accrued in prior years;
- (g) Reserve for acquisition or lease of Units whose owners have elected to sell or lease the same, or which become available at foreclosure or other judicial sale;
- (h) Utility rates for water and gas, and related sewer rents;
- (i) Utility rates for electricity serving the common elements, which shall be separately metered;
- (j) All other and further amounts that the owners may agree upon or that the Board of Directors may deem necessary or appropriate for the operation, administration or maintenance of the Association and Coral Hammock;
- (k) Ad valorem property taxes that are levied directly against the Association rather than to the Unit Owners; and
- (l) All other and further amounts designated as common expenses by the Declaration, by these Bylaws, or by law.

5.02. Budget Approval. A copy of the proposed budget will be mailed to each owner not less than thirty (30) days prior to the meeting at which the budget will be considered by the Board, together with a notice of the time and place of that meeting. A final budget of common expenses will be adopted by the Board at such meeting, subject to the rights of the owners provided by law in the case of any budget requiring an assessment in any amount exceeding one hundred fifteen (115) percent of the assessments for the preceding year. Each owner will be advised in writing of the amount payable by him during the following year. The meeting shall be open to the owners. If the adopted budget requires an assessment of the owners in any fiscal or calendar year exceeding one hundred fifteen (115) percent of the assessments for the preceding year, the Board upon written application of ten (10) percent of the owners to the Board shall convene a special meeting of the owners within thirty (30) days, upon not fewer than ten (10) days written notice to each owner. At the special meeting, the owners shall consider and enact a budget. The adoption of the budget shall require a vote of a majority of all votes entitled to be cast. The Board of Directors may propose a budget to the owners at a meeting of members or in writing, and if the budget is approved by them at the meeting or by a majority of all of them in writing, the budget shall be adopted.

5.03. Assessment of Common Expenses. Upon final approval of the budget, each Unit owner will be assessed a share of the total Common Expenses in proportion to such Unit owner's ownership percentage of the common properties of Coral Hammock.

5.04. Collection of Assessments. The Board of Directors shall, by suitable written notice, assess common charges in advance against owners at monthly intervals during each year. Each such assessment shall cover the succeeding month. If any installment remains unpaid for more than ten (10) days from the date due, the Board shall take appropriate action to collect it.

5.05. Common Surplus. If in any taxable year the net income of the Association from assessments and all sources other than casualty insurance proceeds and other nonrecurring items exceeds the sum of (a) total common expenses for which payment has been made or liability incurred with the taxable year, and (b) reasonable reserves for common expenses and other liabilities in the succeeding taxable year as may be determined by the Board of Directors, such excess shall be retained and added to the capital reserves of the Association.

5.06. Liability for Assessments. All owners are obligated to pay the common charges assessed by the Board of Directors at the intervals stated in these Bylaws, except for the Developer acting pursuant to the authority of Florida Statute 720.308. No owner may be relieved of liability for any assessment for common charges by waiver of the use or enjoyment of any of the common elements or by abandonment of

his Unit. No owner shall be liable for any assessment of common charges or for the sale, transfer, or other conveyance by him of such Unit carried out in accordance with Section 7.03 of these Bylaws. Moreover, any owner of a Unit which is free and clear of all liens and encumbrances other than a first mortgage and the statutory lien for unpaid common charges may, subject to the requirements of these Bylaws, convey it to the Association or its designee, corporate or otherwise, as grantee for all other owners, and such conveyance shall relieve the owner of liability for any common charges assessed thereafter. Upon the voluntary conveyance of any Unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments of the latter for his share of common expenses up to the time of the conveyance. The grantor shall be liable over to the grantee for any amounts paid by the latter. Any such grantee or any mortgagee shall be entitled to a certificate from the Board of Directors or the managing agent or manager, as the case may be, stating the amount of unpaid assessments pertaining to such Unit within ten (10) days after he shall have requested it. In that event, any person other than the grantor shall be entitled to act in reliance on such certificate and shall not be liable for any amounts exceeding the amount stated in it. A mortgagee or other purchaser of a Unit at a foreclosure sale shall be liable for nonpayment of any common charges as set forth in the Declaration.

5.07. Default in Payment of Common Charges. In the event an owner does not pay to the Board of Directors the common charges assessed to his Unit within ten (10) days of the date payment is due, such owner shall be deemed in default, and shall be obligated to pay interest at the highest legal rate on such common charges from the due date, together with all expenses, including reasonable attorneys' fees, incurred by the Board of Directors in any proceeding brought to collect the same, and the Board of Directors shall be empowered to declare and foreclose a lien for nonpayment of such charges.

5.08. Foreclosure of Liens for Unpaid Common Charges. It shall be the right and duty of the Board of Directors to recover unpaid common charges, together with interest on them and expenses of any action, including reasonable attorneys' fees, to recover such charges from any owner, or by foreclosure of any lien on any Unit in respect to which he has defaulted. Any unpaid common expenses remaining uncollectable for more than thirty (30) days after such foreclosure sale may be assessed by the Board of Directors as common expenses to be collected from all owners, including the purchaser who acquires title at the sale, his successors and assigns. The Board, acting for all owners, shall have the power to bid on and purchase any Unit offered for sale at a foreclosure sale, and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same. An action to recover a money judgment for unpaid common charges shall

be maintainable without foreclosing or waiving the lien securing the charges, and an action to foreclose shall lie notwithstanding that an action to recover a money judgment may be pending.

5.09. Maintenance and Repair. Every owner shall promptly perform all maintenance and repair work within his own unit, which if omitted, would affect any common element, any portion of the property belonging to other owners, or the Association as a whole. Every owner shall be responsible for all damages and liabilities that any failure to repair or maintain may engender. All maintenance, repairs, and replacements to the common elements, whether located inside or outside individual units shall be the responsibility of the Board of Directors and shall be charged to all alike as common expenses unless such maintenance, repairs, or replacements are necessitated by the negligence or misconduct of one or more individual owners, in which case they shall be the responsibility of, and shall be charged to such individual owners, who shall be answerable for them. Each owner shall be responsible for and reimburse the Association for any expenditures incurred in repairing or replacing any common element damaged through his fault.

5.10. Restrictions Upon the Uses of Units. The use of the units and common elements shall be subject to the restrictions imposed by the Declaration, these Bylaws, and Regulations to be promulgated and amended from time to time by the Board of Directors with the approval of a majority of the owners. Such restrictions shall include, without limitation, the following:

(a) Owners shall take extreme care to act in accordance with all the requirements of all applicable laws, rules and regulations relating to the use of real property promulgated by any division of government or government agency having jurisdiction.

(b) Throwing refuse outside the receptacles provided for that purpose shall be prohibited.

(c) No owner or lessee shall install wiring for any electrical or mechanical equipment of any description on the outside of the building or so as to protrude to the outside of the building other than as the Board of Directors may prescribe.

(d) Owners shall not do or cause to be done anything in their units that would endanger the structural soundness of any portion of Coral Hammock or impair any easement or right appurtenant to it or affect the common elements without the unanimous consent of all owners who might be affected.

(e) Owners shall not permit or suffer any condition or thing in their units that would increase the rate of fire insurance thereon or on the Coral Hammock as a whole.

(f) No immoral, improper, offensive, or unlawful uses shall be made of the Coral Hammock or any portion of it, and the owner of each Unit, at his own expense, shall comply with and fully satisfy all

city, county, state and federal laws, statutes, ordinances, regulations, orders or requirements affecting his Unit.

5.11. Rules and Regulations. The Board of Directors shall provide copies of all Regulations to each owner before the Regulations take effect.

5.12. Modifications by Owners. No owner shall make any structural addition or alteration to his unit without the prior written consent of the Board of Directors. The Board shall answer any request by any owner for approval of a proposed addition or alteration to his unit within thirty (30) days after receiving it, and its failure to do so within that interval shall constitute consent. Any application to any governmental authority for a permit to make any addition or alteration to any unit shall be reviewed prior to filing by the Board of Directors.

5.13. Right of Access to Units. The Association shall have, and through its manager, agent, or other person or persons authorized by the Board of Directors shall exercise, a right of access to each unit from time to time during reasonable hours in order to maintain, repair, or replace any common elements in them or accessible from them, or to make emergency repairs necessary to prevent damage to common elements or to any other unit or units, or to correct any condition in violation of any secured by any Unit. Requests for access shall be made in advance and shall be set for times convenient to the owner. Notwithstanding the preceding sentence, in the event of emergency, access shall be immediate, and shall operate regardless of whether the owner or his lessee is present.

5.14. Use of Common Elements. Owners shall not place or cause to be placed in the walkways or other common elements any furniture, fixtures, displays or objects of any description without the written consent of the Board.

5.15. Modifications by Board of Directors. Any additions, repairs or alteration in or to the common elements costing less than the balance in an Association contingency fund or capital reserve account may be made by the Board of Directors without approval of owners or mortgagees, and the costs shall be deemed to be common expenses. Whenever in the judgment of the Board of Directors the common elements require additions, repairs or alterations costing in excess of the amount in any contingency fund or capital reserve account, the making of such additions, repairs and alterations shall require approval by the owners of a majority of the Units. After such approval has been obtained, the Board shall proceed with the additions, repairs or alteration, the costs of which shall be deemed common expenses.

5.16. Repair or Reconstruction. In the event of any damage to or destruction of any improvements on the Association property or any portion of it, or any of the common elements or any portions of them required by the Declaration, these Bylaws, or by law to be insured by the Association, such improvements including common elements and individual units, but excluding furniture, decoration, ornaments and equipment installed or placed in them by owners, shall be promptly repaired and restored by the Board of Directors using the proceeds of such insurance. If such proceeds are inadequate to cover the cost of such repair and restoration, owners shall be assessed on an equitable basis according to the benefit derived by them from such repair and restoration. If the proceeds of such insurance shall be inadequate by a substantial amount to cover the estimated cost of repair and restoration of an essential improvement or common element, or if such damage shall constitute the substantially total destruction of the Association property or of one or more buildings comprising it, or if those owners entitled to exercise seventy-five (75) percent or more of the total voting powers of those owners directly affected by such damage or destruction shall determine not to repair or restore the property, the Board of Directors shall realize the salvage value of the portion of the Association property damaged or destroyed, by sale or otherwise, and shall collect the proceeds of any insurance. Thereupon the net proceeds of such sale or other disposition of the property, together with removal of all debris and the restoration of the land to level grade, if appropriate, shall be considered one fund and shall be divided among owners directly affected by such damage or destruction in proportion to their undivided ownership interests in the common elements. Any liens or encumbrances on any affected Unit shall be relegated to the interest of its owner in the fund.

5.17. Fire, Flood and Extended Coverage Insurance. The Board of Directors or the managing agent or manager, as the case may be, shall obtain and maintain in effect insurance for the loss of the common properties by fire and other casualties normally covered under broad-form fire and extended coverage insurance as written in Florida. The insurance shall cover all common elements, all structural portions of the Association property, but it shall not cover furniture, fixtures, decoration, equipment or the like installed or placed therein by owners. The insurance shall be written for an amount satisfactory to mortgagees holding first mortgages on the common properties, but in any event not less than an amount which would cause the Association to become a co-insurer. The premiums for such insurance shall be a common expense defrayed by periodic assessments levied by the Board of Directors. Extended coverage shall include windstorm insurance and flood insurance, as well as law and ordinance coverage.

Each Unit owner shall be required to maintain their own policies of insurance covering damage or loss to their respective units by fire and other casualties normally covered under broad-form fire and extended coverage insurance as written in Florida. Extended coverage shall include windstorm insurance and flood insurance, as well as law and ordinance coverage. The amount of such coverage shall be the full insurable value of the unit. In the event the Unit owner fails to secure and maintain such coverage, the Association, may, but is not obligated to, secure and maintain such coverage of the unit. In the event such coverage is secured and maintained by the Association, all costs incurred, including an administrative fee of \$250.00, shall be assessed against the owner of the Unit as a Special Assessment.

5.18. Liability Insurance. The Board of Directors or the manager or managing agent, as the case may be, shall obtain and maintain in effect insurance from liability for personal injury or death, and for damage to property arising from accidents occurring within the common elements for amounts satisfactory to mortgagees holding first mortgages on one or more Units, as determined by the Board of Directors. The premiums for such insurance shall be a common expense.

5.19. Rights of Owners to Insure Units. Any insurance obtained or maintained by the Board of Directors, managing agent, or manager, as the case may be, shall not relieve owners of the obligation to obtain insurance for their respective units, customers and invitees.

5.20. Abatement of Violations. A violation of any provision of the Declaration, of the deed to any Unit, of these Bylaws, or of any Regulation promulgated hereunder shall empower the Board of Directors, acting for all owners, in addition to any other rights enumerated in these Bylaws, to enter any unit where such violation exists and remove at the expense of the defaulting owner any thing or condition constituting such violation, and the Board shall not be deemed guilty of trespass in so doing. In addition, such a violation shall empower the Board to sue for an injunction to abate the violation, for damages, or other appropriate legal remedies. In addition, the Board may, for any violation, (1) levy reasonable fines, not to exceed \$100.00 per violation, against any Unit owner or their tenant, invitee or guest, and/or (2) suspend, for a reasonable period of time, the rights of a Unit owner or their tenant, invitee or guest, or both, to use common areas and facilities.

5.21. Restricted Access to the Hammock. The Hammock shall be a gated community, and access thereto shall be limited to Unit owners and their tenants, and their guests and invitees.

ARTICLE VI. MORTGAGES

6.01. Notice of Mortgage. An owner who mortgages his Unit shall notify the manager, managing agent, or Secretary of the Association of the name and address of his mortgagee within thirty (30) days after he shall have executed it. The Secretary shall maintain such information in a registered titled "Mortgagees of Units."

6.02. Payment of Assessments. No owner shall be permitted to convey, mortgage, pledge, sell, or lease his Unit unless and until he shall have paid in full to the Board of Directors all unpaid charges assessed on it, and until he shall have satisfied all unpaid liens on it other than mortgage liens.

6.03. Notice of Unpaid Assessments. On being requested to do so, the Secretary of the Association shall advise the mortgagee of any Unit of any unpaid assessments due from its owner.

6.04. Notice of Default. Upon giving notice to an owner of a default, whether in payment of common charges otherwise, the Board of Directors shall send a copy of such notice to each holder of a mortgage secured by that Unit whose name and address appears in the register titled "Mortgagees of Units."

6.05. Inspection of Accounts. The owners and mortgagees of Units shall be permitted to inspect the books of account of the Association at reasonable times during business hours.

ARTICLE VII. SALES AND LEASES OF UNITS

7.01. Compliance with Article. An owner of a unit may sell or lease it or any interest in it in the manner prescribed by the Declaration and these Bylaws.

7.02. Severance of Ownership. Any sale of a unit must include the sale of the undivided interest in the common elements appurtenant to it, interest in any other Units the Board of Directors may have acquired or the proceeds from the sale or lease of any such Units, and the interest of the seller in any other assets of the Association, referred to elsewhere in these Bylaws as the "appurtenant interest". No part of the appurtenant interest of any Unit may be sold, transferred, or otherwise disposed of unless with the sale, transfer, or other disposition of the Unit to which such interest is appurtenant, or with the sale, transfer, or other disposition of such part of appurtenant interests of all Units. Any deed, mortgage, or other instrument purporting to affect a Unit or any appurtenant interest without including all such interests shall be deemed to include the interest so omitted, it being the intent of these Bylaws to prevent any severance of combined ownership of any Unit from the interest appurtenant to it.

7.03. Notice of Transaction. Upon the acceptance of any bona fide offer to any transaction which may cause an alteration in the use of his Unit within the meaning of the Declaration, an owner shall give the Board of Directors a written notice of the details of the proposed transaction, together with other information as the Board may reasonably request. The giving of such notice shall constitute a warranty and representation by the owner to the Board of Directors that he believes the offer to be bona fide in all respects, and intends to accept it.

7.04. Certificate of Compliance. Any owner who has complies with the requirements of Section 7.03, or for whom those requirements have been waived, shall be given a certificate to the effect upon requesting it. The Secretary of the Association shall promptly execute and acknowledge the certificate of termination or waiver, which shall then be binding on the Board of Directors and the owners in favor of all persons relying upon it in bona fide.

7.05. Financing the Acquisition of Units by Association. The acquisition of Units by the Association may be financed from any acquisition reserve, working capital, or common charges in the hands of the Board of Directors. If such funds are inadequate, the Board of Directors may declare an assessment upon owners in proportion to their ownership of the common elements as a common charge. The Board of Directors is also authorized to borrow money to finance the acquisition of Units, but no lien or encumbrance on any property other than the Unit to be acquired may be used to secure such an obligation.

7.06. Expenses. The Association may charge a fee not exceeding fifty dollars (\$50.00) only for expenditures reasonably made in connection with the sale, lease or other transfer of any Unit. Notwithstanding the preceding sentence, no charge shall be imposed in connection with the extension of any lease.

7.07. Vacation Rentals. Unit owners are entitled to rent their units on a vacation rental basis, provided they comply with this Section, the remainder of the Bylaws and the Declaration. The Association, through the Board of Directors, shall contract with a rental management company to oversee and administer the vacation rental program. For a to be determined commission amount, the rental management company shall provide marketing, complete rental management, cleaning services, security and such other services as are necessary and appropriate for a vacation rental program. All unit owners desiring to offer vacation rentals (herein defined as rentals for periods of less than one month) at their Unit must do so through participation in the vacation rental program. Vacation rentals are permitted with a minimum occupancy period of three (3) nights.

ARTICLE VIII. EMINENT DOMAIN

8.01. Condemnation of Common Elements. If any portion of the common elements is taken, damaged, or destroyed by eminent domain, each owner shall be entitled to notice of such taking and to participate through the Association in the proceedings incident to it. Any damages shall be for the taking, injury, or destruction as a whole, and shall be collected by the Board of Directors. If the owners of seventy-five (75) percent or more of the Units duly and promptly approve the restoration of the common elements, the Board of Directors shall contract for such restoration, and shall disburse the proceeds of the awards in appropriate progress payments to contractors engaged in such restoration. If the award is insufficient to defray the entire expense of restoration, the excess of such expense over such proceeds shall be treated as a common expense. In the event that the owners of seventy-five (75) percent or more of the Units do not duly and promptly approve the restoration of the common elements, the net proceeds shall be divided by the Board of Directors among all owners in proportion to their respective proportionate shares in the common surplus as stated in the Declaration, satisfying any liens upon each Unit out of the share otherwise payable to its owner in their order of priority.

8.02. Condemnation of Units. If all or any portion of any Unit other than the interest in the common elements appurtenant to them shall be taken, damaged or destroyed by eminent domain, each owner so affected shall be entitled to notice of such taking and to participate directly in the proceedings incident to it. Any damages shall be payable directly to such owner or owners.

ARTICLE IX. RECORDS

The Board of Directors shall maintain detailed records of all their actions and those of the Association, including financial records and books of account of the Association, maintained in accordance with generally accepted accounting principles, and all records called for under Florida Statutes s. 720.303(4). Such records shall include a chronological record of all receipts and disbursements. A separate account shall also be maintained for each Unit containing, among other things, the amount of each assessment on such Unit, the date the assessment is due, amounts paid on it, and the balance remaining due. Such records shall be maintained at the Association's office, and shall be made available to any interested party upon request as provided under Florida Statutes s. 720.303(5). The Board of Directors shall, within sixty (60) days of the close of each fiscal year, prepare in an annual financial report as provided under Florida Statutes s. 720.303(7).

ARTICLE X. MISCELLANEOUS

10.01. Notices. All notices to be sent to the Board of Directors shall be sent by registered mail in care of the manager or managing agent, or if there is none, to the office of the Board, or such other address as the Board may designate from time to time. All notices to be sent to any owner shall be sent by registered or certified mail to the owner at the owner's Unit or at such other address as he may have designated in writing to the Board of Directors. All notices to the mortgagees of Units shall be sent by registered or certified mail to their respective addresses as maintained by the Secretary in the register titled "Mortgagees of Units". All notices shall be deemed to be given when mailed.

10.02. Mandatory Non-Binding Arbitration. In the event of any disputes or controversies between owners which affect the operation of the Association or the use of any property in it, but whose resolution does not lie within the legal authority confided to the Board of Directors by either Association Act, the Declaration, or these Bylaws, the owners affected shall submit any such disputes or controversies to non-binding arbitration. The parties shall use either a certified mediator or arbitrator who is certified by the circuit court administrator to arbitrate cases in the Circuit Court for Monroe County, Florida or an arbitrator from the American Arbitration Association panel for commercial property disputes.

10.03. Waiver. No restriction, condition, or obligation in these Bylaws shall be deemed to be abrogated or waived due to any failure to enforce it, regardless of the number of occurrences of failure to enforce.

10.04. Invalidity. If any portion of these Bylaws is invalidated, such invalidity shall in no way impede or affect the validity, enforceability, or effect of the remaining portions.

10.05. Captions. Captions are inserted in these Bylaws solely for the convenience and reference of the reader and shall not be taken in any way to limit or circumscribe the scope of any portion of these Bylaws.

ARTICLE XI. TRANSITION OF ASSOCIATION CONTROL

Notwithstanding anything contained herein to the contrary, Coral Hammock, LLC (the "Developer"), shall retain control of the Association by being entitled to elect a majority of the members of the Board of Directors until up to three months after the Developer has conveyed 49 Units in Coral Hammock to purchasers. So long as the Developer holds at least three Units of Coral Hammock for sale

in the ordinary course of business, the Developer shall be entitled to elect at least one member of the Board of Directors. At such time as other Unit owners are entitled to elect a majority of the members of the Board of Directors, the Developer shall deliver to the Association the documents set forth in Florida Statute s. 720.307. At all times which the Developer controls the Association, the Developer shall maintain all Association funds in a separate account, and shall not commingle such funds with the Developer's other funds.

ARTICLE XII. AMENDMENTS

These Bylaws may be amended or supplemented by affirmative vote of seventy-five (75) percent or more of the voting interests in the Association at a meeting of owners duly called for such purposes. Any such amendment shall be recorded in the Official Records of Monroe County, Florida. No Article or Section of these Bylaws shall be revised or amended solely by reference to its caption or Article or Section number. Proposed amendments to these Bylaws shall quote the entire passage to be amended, together with any language to be added by the amendment. The proposed amendment shall be presented by underlining all those portions to be added and lining through with hyphens all those to be deleted. If the proposed change is so extensive that the presentation of the proposed amendment in this manner would impede rather than augment an understanding of it, then a statement may be inserted immediately before it substantially to this effect: "Substantial rewording of Bylaws. See Article _____ Section _____ of the Bylaws for present wording." Nonmaterial errors or omissions in an amendment to the Bylaws shall not invalidate an otherwise duly promulgated amendment.

Notwithstanding the foregoing, an amendment may not affect vested rights unless the record owner of the affected parcel and all record owners of lines on the affected parcels join in the execution of the amendment.

ARTICLE XII. CONFLICTS

These Bylaws are intended to comply with the requirements of and are promulgated in accordance with Chapter 720 of the Florida Statutes, which govern Homeowner's Associations. To the extent that these Bylaws or any portions of them are so construed as to be inconsistent with the provisions

of Chapter 720 or the Declaration, Chapter 720 or the Declaration, as the case may be, shall be controlling.

Executed at Key West, Monroe County, Florida this ____ day of February, 2003.

President


Secretary

STATE OF FLORIDA)
COUNTY OF MONROE)

Before me this ____ day of _____, 2003, personally appeared _____ and _____, the President and Secretary respectively of CORAL HAMMOCK HOMEOWNER'S ASSOCIATION, INC., who are known to me personally to be the persons named above, and who executed the foregoing Bylaws, acknowledged before me that they executed the same in their capacity as such for the purposes stated.

Notary Public, State of Florida