

EXHIBIT E
BY LAWS OF CONDOMINIUM ASSOCIATION

Doc# 1691648
Bk# 2357 Pg# 242

BY-LAWS
OF
RAILWAY CONDOMINIUM
ASSOCIATION, INC.

ARTICLE I: IDENTITY

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A. Scope.

These By-Laws shall apply to Railway Condominium Association, Inc. ("the Association"), a corporation not for profit under the laws of the State of Florida, organized for the purpose of administering that certain condominium located in Monroe County, Florida, and known as Railway Condominium ("the Condominium"). These By-Laws expressly are subject to the terms, provisions, conditions and authorizations contained in the Articles of Incorporation and in the Declaration of Condominium ("the Declaration"). All of the terms used in these By-Laws shall have the same definitions and meanings as those set forth in the Declaration, unless herein provided to the contrary, or unless the context otherwise requires. Whenever the context so permits, the singular shall include the plural, the plural shall include the singular and the use of any gender shall be deemed to include all genders.

B. Compliance.

Each present and future owner and tenant, guest, licensee, servant, agent, employee and any other person who shall be permitted to use the facilities of the Condominium or a unit shall comply strictly with these By-Laws and the Rules and Regulations issued by the Association and with the covenants, conditions and restrictions set forth in the Declaration and the deed to the unit. Ownership, rental or occupancy of any unit conclusively shall be deemed to mean that the owner, tenant or occupant has accepted and ratified these By-Laws and the Rules and Regulations of the Association and will comply with them. Failure to comply with any of the same shall be grounds for a civil action to recover sums due for damages or injunctive relief, or both, maintainable by the Association on behalf of the unit owners.

C. Principal Office.

The principal office of the Association shall be 201 Front Street, Suite 224, Key West, Florida 33040, or at such other place as may be subsequently designated by the Board of Administration. All books and records of the Association shall be kept at its principal office.

D. Seal.

The seal of the Association shall bear the name of the Association, the word "Florida," the words "Corporation Not for Profit," and the year of incorporation. An impression of the Seal is as follows:

E. Fiscal Year.

The fiscal year of the Association shall be the calendar year.

ARTICLE II: MEMBERS

A. In General.

The requirements and procedures for admission, voting and termination of membership set forth in the Articles of Incorporation are incorporated herein by reference.

B. Voting.

1. Number of Votes. In any meeting of members, the members shall be entitled to cast one voting interest ("vote") for each unit owned. The vote of a unit shall not be divisible. Should two (2) or more units be used by a single owner as one (1) dwelling unit, by combining the same in a manner approved by the Board or as otherwise provided in the Declaration such use shall not in any manner affect or destroy the separateness of such units for voting purposes.

2. Majority Vote. The acts approved by a majority of the votes at a meeting at which a quorum shall be present, shall be binding upon all members for all purposes except where otherwise provided by law, the Declaration, the Articles or these By-Laws. The terms "majority of the members" or "majority of the Voting Interests" shall mean those members having more than fifty percent (50%) of the total authorized votes of all members voting at any meeting of the members at which a quorum shall be present.

3. Designation of Voting Member. If a unit is owned by more than one person, or is under lease, the person entitled to cast the vote for the unit shall be designated by a Voting Certificate signed by all of the record owners of that unit according to the roster of members and filed with the Secretary of the Association. If a unit is owned by a corporation, the person entitled to cast the vote for the unit shall be designated by a Voting Certificate signed by the president or vice president and attested by the secretary or assistant secretary of the corporation and filed with the secretary of the Association. The person so designated to cast the vote of the unit shall be known as the "voting member." If such a Voting Certificate is not on file with the secretary for a unit owned by more than one person or one business entity, the vote of the unit concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the unit, except to such unit as owned by a husband and wife. Such Voting Certificate shall be valid until revoked or superseded by a subsequent Voting Certificate, or until a change in the ownership of the unit concerned.

A husband and wife owning a unit jointly shall have the following options:

- a. They may designate a voting member.
- b. If they do not designate a voting member and both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.
- c. If they do not designate a voting member and only one is present at a meeting, the spouse who is present may cast the unit vote without establishing the concurrence of the absent spouse.
- d. If both spouses are present at a meeting and concur, either one may cast the unit vote.

4. Quorum. Members holding the voting interests for at least fifty-one percent (51%) of the units shall constitute a quorum.

5. Proxies. Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. No proxy shall be valid for a period longer 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 member executing it. A proxy must be written, signed by the voting member generating the proxy and filed with the secretary before the appointed time of the meeting. Limited proxies must be used for the following: votes taken to waive or reduce reserves; votes to waive financial statement requirements; votes to amend the declaration, articles of incorporation or bylaws; and for any other matter for which Chapter 718, F.S. requires or permits a vote of the unit owners. General proxies may be used for other matters for which limited proxies are not required, and may also be used in voting for nonsubstantive changes. General proxies may also be used for the purpose of obtaining a quorum. Proxies shall in no event be used in electing the board of administration, either in general elections or elections to fill vacancies caused by recall, resignation, or otherwise, unless otherwise permitted by the Condominium Act.

C. Meetings.

1. Annual Meetings. The annual meetings of the members shall be held on the second Tuesday of February of each year or on the date as determined by the Board from time to time, provided that there shall be an annual meeting every calendar year and not later than thirteen (13) months after the last preceding annual meeting. The purpose of the meeting shall be to elect Administrators and to transact any other business which properly comes before the meeting.

2. Special Meetings. Special meetings of the members shall be held whenever called by the president or by a majority of the Board or as provided in paragraphs II(c)(3) and III(f), below. A special meeting must be called by the president if a majority of the members file a written request with the secretary. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting.

3. Budget Meetings. Any meeting at which a proposed annual budget of the association will be considered by the board or unit owners shall be open to all unit owners. At least 14 days prior to such a meeting, the board shall hand deliver to each unit owner, or mail to each unit owner at the address last furnished to the association by the unit owner, a notice of such meeting and a copy of the proposed annual budget. An officer or manager of the association, or other person providing notice of such meeting, shall execute an affidavit evidencing compliance with such notice requirement, and such affidavit shall be filed among the official records of the association. If the board adopts in any fiscal year an annual budget which requires assessments against unit owners which exceed 115 percent of assessments for the preceding fiscal year, the board shall conduct a special meeting of the unit owners to consider a substitute budget if the board receives, within 21 days after adoption of the annual budget, a written request for a special meeting from at least 10 percent of all voting interests. The special meeting shall be conducted within 60 days after adoption of the annual budget. At least 14 days prior to such special meeting, the board shall hand deliver to each unit owner, or mail to each unit owner at the address last furnished to the association, a notice of the meeting. An officer or manager of the association, or other person providing notice of such meeting shall execute an affidavit evidencing compliance with this notice requirement, and such affidavit shall be filed among the official records of the association. Unit owners may consider and adopt a substitute budget at the special meeting. A substitute budget is adopted if approved by a majority of all voting interests unless the bylaws require adoption by a greater percentage of voting interests. If there is not a quorum at the special meeting or a substitute budget is not adopted, the annual budget previously adopted by the board shall take effect as scheduled. Any determination of whether assessments exceed 115 percent of assessments for the prior fiscal year shall exclude any authorized provision for reasonable reserves for repair or replacement of the condominium property, anticipated expenses of the association which the board does not expect to be incurred on a regular or annual basis, or assessments for betterments to the condominium property. If the developer controls the board, assessments shall not exceed 115 percent of assessments for the prior fiscal year unless approved by a majority of all voting interests.

4. Location of Meetings. All annual and special meetings shall be held at the principal office of the Association or at such other suitable and convenient place as may from time to time be fixed by the Board and designated in the notices of such meetings.

5. Notices of Meetings. Notices of meetings of members stating the time and place and the objects for which the meeting is called shall be given by the president or secretary. All notices shall be given to members in accordance with the requirements of F.S. 718.112, as amended from time to time. The secretary shall provide an affidavit, to be included in the Official Records of the Association, affirming that notices of meetings were mailed or hand-delivered as required herein to each unit owner at the address appearing on the roster. Any member may waive in writing notice of any specific meeting; such waiver, when filed in the records of the Association, shall be deemed equivalent to the receipt of such notice by such member. If any meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (whenever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration), the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

D. Conduct of Meetings.

1. The president, or in his absence, the vice president, shall preside at all meetings; in the absence of both of them, the presiding officer shall be the officer designated by the Board.

2. After calling the meeting to order, the order of business at annual meetings and, as far as practical, at other meetings shall be:

- a. Collection of election ballots as required by Rule 61B-1B-23.0021(10)(a) F.A.C., as amended from time to time;
- b. Election of chairman of the meeting;
- c. Calling of the roll and certifying of proxies;
- d. Proof of notice of the meeting or waiver of notice;
- e. Reading and disposal of any unapproved minutes;
- f. Reports of officers;

- g. Reports of committees;
- h. Appointment of inspectors of election;
- i. Determination of number of Administrators;
- j. Election of Administrators;
- k. Unfinished business;
- l. New business;
- m. Adjournment.

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E. Limitations of Membership.

Except as otherwise provided, membership in the Association shall be limited to the unit owners or co-owners. In the event that a member shall lease or permit another to occupy his unit, the tenant or occupant shall not vote in the affairs of the Association except as the member shall permit the tenant or occupant to exercise the proxy vote of the member. Every transfer of title to the member's unit, in accordance with the Declaration and the Condominium Act, shall include membership in the Association, and upon making such transfer, the previous owner's membership shall terminate automatically. Except as herein provided, membership in the Association may not be assigned or transferred and any attempted assignment or transfer thereof shall be void and of no effect.

ARTICLE III: BOARD OF ADMINISTRATION

A. Authority and Composition.

The affairs of the Association shall be governed by a Board of Administration consisting of three (3) persons; provided, however, at such time as the Developer turns control of the Association over to the Unit Owners there shall be five (5) directors. In order to be eligible for board membership, a person must meet the requirements set forth in the Declaration. Except for members of the Board eligible to be appointed by the Developer, all Board members must be owners of a Unit or an officer, director, partner or other designated person of a Unit owned by an entity other than a natural person. A person who has been convicted of any felony by any court of record in the United States and who has not had his or her right to vote restored pursuant to law in the jurisdiction of his or her residence is not eligible for board membership.

B. Representation.

When members other than Developer own fifteen percent (15%) or more of the units in the Condominium, such members shall be entitled to elect not fewer than one-third (1/3) of the persons on the Board of Administration. Unit owners shall be entitled to elect not fewer than a majority of the Administrators upon the occurrence of the first of the following events:

1. Three (3) years after fifty percent (50%) of the units that will be operated ultimately by the Association have been conveyed to purchasers;
2. Three (3) months after ninety percent (90%) of the units that will be operated ultimately by the Association have been conveyed to purchasers;
3. When all the units that will be operated ultimately by the Association have been completed, some of them have been conveyed to purchasers, and none of the others is being offered for sale by Developer in the ordinary course of business;
4. When some of the units have been conveyed to purchasers and none of the others is being constructed or offered for sale by Developer in the ordinary course of business; or
5. Seven years after recordation of the Declaration.

Developer shall have the right to elect a majority of the Administrators until the occurrence of any of the above events. Developer shall be entitled to elect at least one (1) Administrator as long as Developer holds for sale in the ordinary course of business at least five percent (5%) of the units in the Condominium.

The rights reserved to Developer to elect and maintain Administrators may be assigned to and exercised by Developer's successor(s) in interest.

C. Election Procedures, Generally.

All Administrators not chosen by Developer shall be elected at the annual meeting of the members of the Association immediately following Developer's election of Administrators. Member-elected Administrators shall be elected in the following manner:

1. A search committee of three (3) members may be appointed by the Board not less than seventy-five (75) days prior to the annual meeting of the members. The committee may encourage qualified persons to become candidates for the Board but shall not have the authority to nominate any candidate.

2. The election shall be by ballot or voting machine (unless dispensed with in accordance with the Chapter 718 of the Florida Statutes, as amended from time to time) and by a plurality of the 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. There shall be no cumulative voting.

3. All voting procedures shall be in accordance with F.S. 718.112(2)(d), as amended from time to time.

D. Vacancies.

Vacancies in the Board may be filled, until the date of the next regularly scheduled election for any position, regardless of whether the Board seat to which the member was appointed or elected is scheduled to be filled at that election. If, however, upon appointment, the Association has already mailed or delivered the first notice of election pursuant to Section 718.112(2)(d)3., Florida Statutes, the Board Member appointed or elected as provided in these bylaws shall serve until the next election scheduled in the future for any position. Provided, however, should any vacancy in the Board be created in any position previously filled by a person elected by Developer, such vacancy shall be filled by Developer electing by written instrument delivered to any officer of the Association.

E. Terms of Office.

The term of office of each Administrator, whether elected by Developer or by the membership, shall be for one (1) year, expiring at the next annual meeting of the membership, or when successors are duly elected and qualified, or any shorter period in the event of removal in the manner provided herein or by law.

F. Removals.

Subject to the provisions of Section 718.112(2)(j), Florida Statutes, any member of the Board may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of all the Voting Interests. A special meeting of the unit owners to recall a member or members of the Board may be called by 10 percent of the Voting Interests giving notice of the meeting as required for a meeting of unit owners, and the notice shall state the purpose of the meeting.

1. If the recall is approved by a majority of all Voting Interests by a vote at a meeting, the recall will be effective as provided herein. The Board shall duly notice and hold a board meeting within 5 full business days of the adjournment of the unit owner meeting to recall one or more Board members. At the meeting, the Board shall either certify the recall, in which case such member or members shall be recalled effective immediately and shall turn over to the Board within 5 full business days any and all records and property of the Association in their possession, or shall proceed as set forth in subparagraph 3.

2. If the proposed recall is by an agreement in writing by a majority of all Voting Interests, the agreement in writing or a copy thereof shall be served on the Association by certified mail or by personal service in the manner authorized by chapter 48, Florida Statutes and the Florida Rules of Civil Procedure. The Board shall duly notice and hold a meeting of the Board within 5 full business days after receipt of the agreement in writing. At the meeting, the Board shall either certify the written agreement to recall a member or members of the Board, in which case such member or members shall be recalled effective immediately and shall turn over to the Board within 5 full business days any and all records and property of the Association in their possession, or proceed as described in subparagraph 3.

3. If the Board determines not to certify the written agreement to recall a member or members of the Board, or does not certify the recall by a vote at a meeting, the Board shall, within 5 full business days after the meeting, file with the Division of Florida Land Sales, Condominium and Mobile Homes a petition for arbitration pursuant to the procedures in Section 718.1255, Florida Statutes. For the purposes of this section, the unit owners who voted at the meeting or who executed the agreement in writing shall constitute one party under the petition for arbitration. If the arbitrator certifies the recall as to any member or members of the Board, the recall will be effective upon mailing of the final order of arbitration to the Association. Any member or members so recalled shall deliver to the Board any and all records of the Association in their possession within 5 full business days of the effective date of the recall.

4. If the Board fails to duly notice and hold a board meeting within 5 full business days of service of an agreement in writing or within 5 full business days of the adjournment of the unit owner recall meeting, the recall shall be deemed effective and the Board members so recalled shall immediately turn over to the Board any and all records and property of the Association.

5. If a vacancy occurs on the Board as a result of a recall and less than a majority of the Board members are removed, the vacancy may be filled by the affirmative vote of a majority of the remaining directors, notwithstanding any provision to the contrary contained in these bylaws. If vacancies occur on the Board as a result of a recall and a majority or more of the Board members are removed, the vacancies shall be filled in accordance with procedural rules to be adopted by the Division of Florida Land Sales, Condominium and Mobile Homes.

G. Meetings.

1. Organizational Meeting. The organizational meeting of a newly elected Board shall be held within ten (10) days of their election at such time and at such place as shall be fixed at the meeting at which they were elected.

2. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board.

3. Special Meetings. Special meetings of the Board may be called by the president, and must be called by the secretary at the written request of any two (2) Administrators.

4. Notice of Meetings. Adequate notice of all meetings, which notice shall specifically incorporate an identification of agenda items, shall be posted conspicuously on the condominium property at least 48 continuous hours preceding the meeting except in an emergency. Any item not included on the notice may be taken up on an emergency basis by at least a majority plus one of the members of the Board. Such emergency action shall be noticed and ratified at the next regular meeting of the Board. However, written notice of any meeting at which nonemergency special assessments, or at which amendment to rules regarding unit use, will be considered shall be mailed or delivered to the Unit Owners and posted conspicuously on the condominium property not less than 14 days prior to the meeting. Evidence of compliance with this 14-day notice shall be made by an affidavit executed by the person providing the notice and filed among the official records of the Association. Upon notice to the Unit Owners, the Board shall by duly adopted rule designate a specific location on the condominium property upon which notices can be posted, notices of board meetings shall be mailed or delivered at least 14 days before the meeting to the owner of each Unit. Notice of any meeting in which regular assessments against Unit Owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

5. Meetings Open to Members. All meetings of the Board, whether regular or special, shall be open to members. Adequate notice of all meetings shall be posted conspicuously on the Condominium Property at least forty-eight (48) continuous hours in advance of each meeting, except in an emergency. Notice of any meeting in which assessments against members are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

6. Quorum. A quorum at a Board meeting shall consist of the Administrators entitled to cast a majority of the votes of the entire Board. Matters approved by a majority of the votes present at a meeting in which a quorum is present shall constitute acts of the Board, except as specifically provided otherwise in the Articles of Incorporation, these By-Laws or the Declaration. If any meeting cannot be organized because a quorum has not attended, the Administrators who are present may adjourn the meeting from time to time until a quorum is present. Any adjourned meeting must be properly re-notice pursuant to requirements of these By-Laws.

7. Conduct of Meetings. The Chairman of the Board, if one has been elected, shall preside over all Board meetings; otherwise the president shall preside. In the absence of the presiding officer, the Administrators present shall designate one of their number to preside. The order of business at Board meetings shall be:

- a. Calling of roll;
- b. Proof of due notice of meeting;
- c. Reading and disposal of any unapproved minutes;
- d. Reports of officers and committees;
- e. Election of officers;
- f. Unfinished business;
- g. New business;
- h. Adjournment.

H. Compensation.

Compensation of the Administrators, if any, shall be determined by the members of the Association.

I. Powers and Duties.

All of the powers and duties of the Association shall be exercised by the Board, including those existing under the common law and statutes, the Articles of Incorporation of the Association, these By-Laws and the Declaration. Such powers and duties shall include the following:

1. To determine, make, levy and collect assessments from members to defray the costs of the Condominium, and to use the proceeds of such assessments in the exercise of the powers and duties granted to the Association;
2. To maintain, repair, replace, operate and manage the Condominium and the Condominium Property wherever the same is required to be done and accomplished by the Association for the benefit of its members;
3. To reconstruct improvements after any casualty, and to further improve the property, real and personal;
4. To make, amend and enforce regulations governing the use of the property, real and personal, in the Condominium, so long as such regulations or amendments thereto do not conflict with the restrictions and limitations placed upon the use of such property under the terms of the Articles of Incorporation and the Declaration;
5. To maintain bank accounts for the Association;
6. To purchase, sell, lease or otherwise acquire or convey units in the name of the Association or its designee(s);
7. To obtain and review insurance for the Association;
8. To acquire and enter into leases and agreements of every nature, whereby the Association acquires leaseholds, memberships and other possessory or use interests in lands or facilities, including recreational and

communal facilities, whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation, or other use or benefit to the members, or as may be deemed by the Board to be in the best interests of the Association, and further including any and all contracts with Developer and/or its successors in interest furnishing services to the Condominium and its members for compensation, subject to such conditions and limitations as the Association and Developer shall deem appropriate.

J. First Board of Administration.

The first Board shall be comprised of three (3) persons designated to act and serve as Administrators in the Articles of Incorporation, who shall serve until their successors are elected at the first annual meeting of the members of the Association called after the Declaration has been duly recorded. The undertakings and contracts authorized by the first Board shall be binding upon the Association in the same manner as though such had been authorized by the first duly elected Board, so long as such undertakings and contracts are within the scope, powers and duties which may be exercised by the Board in accordance with all applicable Condominium documents. Should any member of the first Board be unable to serve for any reason, the remaining members of the Board shall have the right to designate a party to act and serve as Administrator for the unexpired term of the Administrator unable to serve.

ARTICLE IV: OFFICERS

A. Enumeration.

The Board shall elect a president, secretary and treasurer, and as many vice presidents, assistant secretaries and assistant treasurers as the Board shall determine. The president shall be elected from among the membership of the Board and shall be an Administrator, but no other officer need be a member or Administrator. The same person may hold two offices, except for the following combinations: (1) president and vice president; (2) president and secretary or assistant secretary.

B. Election.

The officers shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office until their successors have been elected and qualified.

C. The President.

The president shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

D. The Vice President.

The vice president shall, in the absence or disability of the president, exercise the powers and perform the duties of president. He also generally shall assist the president and exercise such other powers and perform such other duties as shall be prescribed by the Board.

E. The Secretary and Assistant Secretary.

The secretary shall: (1) keep the minutes of all proceedings of the Administrators and the members; (2) attend to the giving and serving of all notices to the members and Administrators, and such other notices required by law; (3) maintain custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed; (4) keep the records of the Association, except those of the treasurer; and (5) perform all other duties incident to the office of secretary and as may be required by the Administrators or president. The assistant secretary shall perform the duties of secretary when the secretary is absent. The minutes of all meetings of members and the Board shall be kept by the secretary in a book which shall be available for inspection by members (or their authorized representatives), and the Administrators at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.

F. The Treasurer.

The treasurer shall: (1) have custody of all of the property of the Association, including funds, securities and evidences of indebtedness; (2) keep the assessment rolls and accounts of the members; (3) keep the books of the Association in accordance with good accounting practices; and (4) perform all other duties incident to the office of the treasurer.

G. Compensation.

There shall be no compensation for officers and directors of the Association unless the same is approved by a majority of the members of the Association. This provision shall not preclude the Board from employing an Administrator as an employee or from contracting with Administrators for the management of the Condominium.

H. Removal.

Any officer may be removed from office at any time, with or without cause, by a majority vote of the Board.

ARTICLE V: FINANCE

A. Bank Accounts.

The depository of the Association shall be such bank as is designated from time to time by the Board. Withdrawal of paid monies from accounts shall be only by checks signed by such persons as are authorized by the Board.

B. Fiscal Year.

The fiscal year shall be the calendar year.

C. Budget.

The Board shall adopt a budget for each fiscal year which shall contain cost estimates, including without limitation the following items:

1. Expenses for the Association and Condominium
 - a. Administration and Personnel
 - b. Management Fees
 - c. Maintenance
 - d. Rent for recreational and other commonly used facilities
 - e. Taxes upon Association property
 - f. Taxes upon leased areas
 - g. Insurance Liability
 - h. Security provisions
 - i. Other expenses, e.g., office expenses, accounting fees, postage
 - j. Operating Capital
 - k. Reserves
 - l. Fees payable to the Division

2. Expenses for a Unit Owner:

- a. Rent for the Unit, if subject to a lease
- b. Rent payable by the Unit Owner directly to the lessor or agent under any recreational lease or lease for the commonly used facilities.

In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The amount to be reserved shall be computed by means of a formula which is based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The association may adjust replacement reserve assessments annually to take into account any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. The foregoing does not apply to an adopted budget in which the members of an association have determined, by a majority vote at a duly called meeting of the association, to provide no reserves or less reserves than required hereunder. However, prior to turnover of control of an association by the developer to unit owners other than a developer pursuant to Section 718.301 of the Condominium Act, the developer may vote to waive the reserves or reduce the funding of reserves for the first 2 fiscal years of the association's operation, beginning with the fiscal year in which the initial declaration is recorded, after which time reserves may be waived or reduced only upon the vote of a majority of all non-developer voting interests voting in person or by limited proxy at a duly called meeting of the association. If a meeting of the unit owners has been called to determine whether to waive or reduce the funding of reserves, and no such result is achieved or a quorum is not attained, the reserves as included in the budget shall go into effect. After the turnover, the developer may vote its voting interest to waive or reduce the funding of reserves.

Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote at a duly called meeting of the association. Prior to turnover of control of an association by a developer to unit owners other than the developer pursuant to Section 718.301 of the Condominium Act, the developer-controlled association shall not vote to use reserves for purposes other than that for which they were intended without the approval of a majority of all non-developer voting interests, voting in person or by limited proxy at a duly called meeting of the association.

A copy of the proposed budget, together with proposed assessments payable by each member, and written notice of the time and place of the meeting to consider the budget shall be submitted to each member at least fourteen (14) days prior to the meeting at which the budget will be considered. The meeting shall be open to all members. As long as Developer is in control of the Board, the Board shall not impose an assessment for any year greater than one hundred fifteen percent (115%) of the prior fiscal year's assessment without the approval of a majority of all unit owners. If the budget is amended before the assessments are made, a copy of the amended budget shall be furnished to each member. Failure to deliver a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery be a condition precedent to the effectiveness of the budget and assessments levied pursuant thereto. Nothing herein contained shall be construed as restricting the right of the Board, at any time, in its sole discretion, to levy any additional assessment if the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management or if required by any emergencies.

D. Reviews.

A review of the accounts of the Association shall be made annually. Such review shall be made by an accountant licensed by the state of Florida, and a copy of such accountant's report shall be furnished to each member not later than March 15th of the year following the year for which the report is made.

E. Assessments.

Assessments against the members for their share of the items of the budget shall be made for the calendar year in advance on or before December 20th, preceding the year for which the assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment, and the yearly installment for such assessments shall be due on the twentieth day of December of the year preceding the year for which the assessments relate until changed by an amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board. Charges by the Association against members for other than common expenses also shall be payable in advance. Charges for other than common expenses may be made only after approval of the members or when expressly provided for in the Declaration or Exhibits annexed thereto. Such charges may include charges for the use of the Condominium Property or recreation area, maintenance services furnished at the expense of a member and other services furnished for the benefit of a member. Assessments for common expenses or emergencies that cannot be paid from the annual assessment shall be due only after thirty (30) days' notice is given to the members concerned, and shall be paid in such manner as the Board may require. Assessments for common expenses or emergencies that cannot be paid from the annual assessment shall be due only after thirty (30) days' notice is given to the members concerned, and shall be paid in such manner as the Board may require, but not less frequently than quarterly.

If a member shall be in default in the payment of an installment upon an assessment, the Board may accelerate the remaining installments of the assessments after notice to the member and filing of a claim of lien in the public records of the County. Accelerated assessments shall be due and payable on the date the claim of lien is filed. Such accelerated assessments shall include the amounts due for the remainder of the budget year in which the claim of lien was filed..

F. Fidelity Bonds.

Fidelity bonds shall be required by the Board for all persons who control or disburse funds of the Association and the president, secretary and treasurer of the Association in amounts not less than required under the Act. The premiums on such bonds shall be paid by the Association.

ARTICLE VI: INDEMNIFICATION OF ADMINISTRATORS AND OFFICERS

Every Administrator and every officer shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceedings to which he may be a party, or in which he may become involved by reason of his being or having been an officer or Administrator, or any settlement thereof, whether or not he is an Administrator or officer at the time of incurring such expenses or liabilities, except in such cases wherein the Administrator or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, provided that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to all other rights to which such officer or Administrator may be entitled.

ARTICLE VII: ARBITRATION

Mandatory nonbinding arbitration of internal disputes arising from the operation of the Condominium among the unit owners shall be required pursuant to Sections 718.112(2)(k) and 718.1255, Florida Statutes, and the rules promulgated pursuant thereto.

ARTICLE VIII: PARLIAMENTARY RULES

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

ARTICLE IX: RULES AND REGULATIONS

The Board may adopt rules and regulations concerning the use of the Condominium. The Board may from time to time modify, amend or add to such rules and regulations, except that owners of a majority of the units present and voting at a meeting at which a quorum is present may overrule the Board with respect to any such modification, amendment or addition. Copies of such modified, amended or additional rules and regulations shall be furnished by the Board to each member at least thirty (30) days prior to the effective date hereof.

ARTICLE X: AMENDMENTS

A. Proposal.

Amendments to these By-Laws may be proposed by the Board acting upon majority vote or by members owning at least one-third (1/3) of the Voting Interests in the Condominium, whether meeting as members or by a writing signed by them.

B. Text of Proposed Amendments.

No By-Law shall be amended by reference to its title or number only. Proposals to amend existing By-Laws shall contain the full text of the By-Laws to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of By-Law. See By-Law _____ for present text."

C. Special Meeting.

Such proposed amendment(s) shall be transmitted to the president (or other officer in the absence of the president) who shall thereupon call a special joint meeting of the Board and the membership for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt of such officer of the proposed amendment(s). The secretary shall give to each member written notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members is required as herein set forth.

D. Approval and Recordation.

In order for such amendment(s) to become effective, the same must be approved by an affirmative vote of at least two-thirds (2/3) of the Voting Interests in the Condominium. Thereupon such amendments) shall be transcribed, certified by the president and Secretary, and a copy thereof recorded in the Public Records of Monroe County, Florida, within ten (10) days from the date of approval of such amendment(s) by the members.

E. Written Votes.

At any meeting held to consider such amendment(s), any member may vote by proxy, ballot, voting machine or by an agreement in writing without a meeting, all pursuant to Section 718.112(2)(d), Florida Statutes.

F. Writing in Lieu of Meeting.

In the event that the members holding the Voting Interests necessary to pass any amendment(s) shall execute any instrument amending these By-Laws, the same shall constitute a valid amendment and it shall not be necessary for the meeting otherwise prescribed above to be held. A copy of such amendment(s), bearing the signature of the member(s), and certified by the president and the secretary as being the amendment(s) so adopted by such members, shall be recorded in the Public Records of Monroe County, Florida, within ten (10) days from the date of approval of such amendment(s).

G. Nonmaterial Errors.

Non-material errors or omissions in the amendment process shall not invalidate an otherwise properly promulgated amendment.

H. Developer's Rights.

Notwithstanding the foregoing provisions, as long as Developer holds units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the Developer:

- (1) Assessment of the Developer as a unit owner for capital improvements, and
- (2) Any action by the Association that would be detrimental to the sales of units by the Developer. However, an increase in Assessments for Common Expenses without discrimination against the Developer shall not be deemed to be detrimental to the sales of units.

ARTICLE XI: COMPLIANCE; DEFAULT

A. Compliance, Generally. Each owner, tenant and occupant of a Unit shall comply with the provisions of the Declaration, the Articles of Incorporation and this By-Laws of the Association. Failure to comply therewith shall be grounds for relief sought by the Association which may include an action for damages, injunctive relief, foreclosure of lien or any combination of the foregoing.

B. No Waiver. The failure of the Association or of a Unit Owner to enforce any rights, provisions, covenant or condition which may be granted by the Declaration or other Condominium documents shall not constitute a waiver to enforce such rights, provisions, covenant or condition in the future.

C. Fines. The Association may levy a reasonable fine against a Unit and/or Unit Owner for the failure of the Unit Owner of the Unit, the Unit's occupant, or the Unit Owner's lessee, licensee, or invitee to comply with the Declaration (including its exhibits and amendments) and/or the Rules and Regulations promulgated by the Association from time to time. No such fine levied by the Association shall exceed the maximum amount provided by any applicable Florida law. Each day of violation shall be deemed a separate violation subject to separate fine. The hearing shall be held before a committee of other Unit Owners appointed by the Board. If the committee does not agree with the fine, the fine may not be levied. The party against whom the fine is sought to be levied shall be afforded an opportunity for hearing after reasonable notice of at least fourteen (14) days, which notice shall include:

1. A statement of the date, time and place of the hearing;
2. A statement of the provisions of the Declaration of Condominium, By-Laws or Rules and Regulations which have allegedly been violated; and
3. A short and plain statement of the matters asserted by the Association.

The party against whom the fine may be levied shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the Association.

D. Cumulative Remedies. All rights, remedies and privileges granted to the Association or the Unit Owners pursuant to any terms, provisions, covenants or conditions of the Declaration or other Condominium documents shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available at law or in equity.

E. Certificate of Compliance. A certificate of compliance from a licensed contractor or electrician may be accepted by the Association's board as evidence of compliance of the condominium units to the Condominium Fire and Life Safety Code.

THE FOREGOING was adopted as the By-Laws of Railway Condominium Association, Inc., a corporation not for profit under the laws of the State of Florida on the ____ day of January, 2008.

ATTEST:


Secretary

APPROVED:


President

08.08.07