

**BY-LAWS
Of
THE MAGNOLIA COURT HOMEOWNERS
ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the Association shall be the Magnolia Court Homeowners Association, Inc., its successors and assigns (hereinafter sometimes referred to as the "Association"). The principal office shall be in the City of West Palm Beach, County of Palm Beach, State of Florida.

**ARTICLE II
DEFINITIONS**

Section 1. "Common Areas" shall refer to all real property owned by the Association for common use and enjoyment of the Members of the Association.

Section 2. "Lot" shall mean and refer to each numbered lot of land shown on the Subdivision Map with the exception of the Common Areas.

Section 3. "Member" shall mean and refer to every person or entity that holds Membership in the Association.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, but excluding those having such interest merely as security for the performance of an obligation.

Section 5. "Declaration" shall refer to the Declaration of Covenants and Restrictions, dated the 8th day of August, 2002, as same may have been amended, and made by Magnolia Court Development Corp.

Section 6. "Association" shall mean the Magnolia Court Homeowner's Association, Inc., its successors and assigns.

ARTICLE III
MEMBERSHIP

Section 1. Membership: Every person or entity who is a record owner of a fee or undivided interest in any Lot which is subject to covenants of record and to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to an assessment by the Association. Ownership of such Lot shall be the sole qualification for Membership.

Section 2. Voting Rights: When more than one person holds an ownership interest in any Lot, all such persons shall be Members. The vote for each Lot shall be exercised as they among themselves may determine (and failing to reach agreement, as determined by the Board of Directors) but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE IV
RIGHTS OF ENJOYMENT

Section 1. Members and every Member of the Member's family residing on the property shall be entitled to the use and enjoyment of the Common Areas as provided in the Declaration, these By-Laws and the Rules and Regulations of the Association. Any Member may delegate his rights of enjoyment to the tenant or tenants residing in the Member's home. Notice of any such tenancy shall be provided to the Board of Directors and is subject to the approval process set forth in the Declaration.

Section 2. Guests of Members may use the Common Areas under rules as provided by the Board of Directors.

Section 3. Any Member delinquent in the payment of assessments or fines imposed for a period in excess of thirty (30) days shall be denied the use and enjoyment of the Common Areas.

ARTICLE V
BOARD OF DIRECTORS

Section 1. Number: The affairs of the Association shall be managed by a Board of Directors of not less than three (3) and no more than five (5) directors who shall serve for a period of two (2) years. During the first year following the "turnover" as described in Article 1, Section 22 of the Declaration, the Board shall determine which directors shall serve for one year and which directors shall serve for two years.

Section 2. Removal: Any director may be removed from the Board, with or without cause, by a majority vote of the Members. The remaining Members of the Board shall, at the next meeting of the Board of Directors, but not later than thirty (30) days, select a Member of the Association as his replacement. Additionally, any director who has three (3) consecutive absences from Board meetings or who is delinquent in the payment of assessments or fines for more than thirty (30) days shall be removed by the Board.

Section 3. Vacancies: In the event of death, resignation or removal of a director, his successor shall be selected by the remaining Members of the Board of Directors at the next meeting, but not later than thirty (30) days, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation: No director shall receive any compensation for his services. However, a director shall be entitled to be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting: The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the majority approval of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors and shall be read into the minutes of the next Board meeting.

ARTICLE VI MEETING OF DIRECTORS

Section 1. Regular Meetings: Regular meetings of the Board of Directors may be held at such time and place as determined from time to time by a majority of the directors, but at least four (4) such meetings, and no more than (12) such meetings shall be held during each fiscal year. Notice shall be given to each director at least seven (7) days prior to the time set for each meeting.

Section 2. Special Meetings: Special meetings of the Board may be called by the president or by two (2) directors. Notice of the Special Meeting shall be given to each director by one of the following methods: (i) by personal delivery; (ii) written notice by first class mail, postage prepaid; (iii) by telephone or fax communication. Notice sent by first class mail should be sent to each director at the address shown on the records of the Association at least five (5) days before the time set for the meeting. The notice shall specify the time and place of the meeting and the nature of any special business to be conducted.

Section 3. Quorum: A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors shall be regarded as an act of the Board.

Section 4. Director's Voting: Directors may not vote by proxy or by secret ballot at board meetings, except that secret ballots may be used in the election of officers.

Section 5. Open Meetings: All meetings of the Board of Directors shall be open to all Members (and their Tenants when all rules relating to tenancy have been complied with). Members attending shall not have the right to participate or speak at the meetings unless the Board invites them to do so. The Board may provide for an opportunity for Members to speak as part of its agenda and may place limitations on the total amount of time provided and limit the time any individual Member may speak. Notice of all Board of Director's meetings shall be posted in a conspicuous place in the community at least 48 hours prior to the meeting, except in an emergency. In the alternative, notice may be mailed at least seven (7) days prior to the meeting, to the Members.

Section 6. Minutes: Minutes of all meetings of the Association and the Board of Directors must be maintained in written form. A vote or abstention from voting on each matter voted upon for each director present must be recorded in the minutes.

ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

Nomination and election of Directors shall take place at the Annual Meeting of Members. All Members of the Association shall be eligible to serve and a Member may nominate himself as a candidate. At such election, the Members or their proxies may cast as many votes as shall equal the number of directors to be elected. The person (should there be one vacancy) or persons (should there be more than one vacancy) receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers: The Board of Directors shall operate and manage the affairs of the Association and is authorized to exercise all powers, duties and authorities vested in or delegated to the Association, and not reserved to the Members by other provisions of these By-Laws, The Articles of Incorporation, the Declaration or by statute.

Section 2. Duties: It shall be the duty of the Board of Directors to:

- (a) Maintain all records of its acts;
- (b) Supervise the officers, agents and employees of the Association, and see that their duties are properly performed;
- (c) Prepare an annual budget for the Association.
- (d) Fix the amount of the annual assessment against each Lot, at least thirty (30) days in advance of each annual assessment period and send written notice of each assessment to the Members at least thirty (30) days prior to the due date of the assessment.
- (e) Prepare or have prepared an annual financial report within sixty (60) days after the close of the fiscal year.
- (f) Procure all appropriate insurance coverages, including without limitation, general liability insurance to the extent obtainable, covering the Association and its offices and directors, coverage for the officers and directors against liability for any negligent acts of commission or omission in the performances of their duties and liability, fire, theft, vandalism and malicious mischief coverage for the common areas and such part of the Lots as required by the governing documents of the Association;
- (g) Cause all officers, employees and agents having fiscal responsibility to be bonded, as may be appropriate;
- (h) Cause the Common Areas and Lots, to the extent applicable, to be maintained; and
- (i) Do all things and take all actions it deems appropriate to cause the Declaration and these By-Laws to be complied with.

ARTICLE IX MEETING OF MEMBERS

Section 1. Annual Meeting: Beginning in the second year after the Board of Directors is turned over to the Homeowners by the developer, the Annual Meeting of the Members shall be held in the month of October, on such date as shall be fixed by the Board of Directors. Meetings shall be held at a suitable place convenient to the Members.

Section 2. Special Meetings of Members: The President may call a Special Meeting of Members. In addition, it shall be the duty of the President to call a Special Meeting of the Association if directed so by a majority of the Board or a petition signed by at least twenty-five (25%) of the Members.

Section 3. Notice of Meeting: Written notice of each annual or Special Meeting shall be given by mailing a copy of such notice at least fifteen (15) days before such meeting to each Member entitled to vote thereat. Such notice shall specify the place and time of the meeting and in the case of a Special Meeting, the purpose of the meeting.

Section 4. Quorum: The presence at the meeting of Members, or proxies, equal to thirty (30) percent of those entitled to vote shall constitute a quorum.

Section 5. Proxies: At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable.

ARTICLE X OFFICERS

Section 1. Number of Officers: The officers of this Association shall be president, vice-president, secretary and treasurer. No person may serve as an officer unless first elected as a director.

Section 2. Election of Officers: The election of officers shall take place at the first meeting of the Board of Directors following the Annual Meeting of the Members.

Section 3. Term: The officers of this Association shall hold office for one (1) year unless he shall sooner resign, be removed or otherwise fail or cease to serve.

Section 4. Resignation and Removal: Any officer may be removed from office at any time, with or without cause by a majority vote of the Board. An officer may resign at any time by giving written notice to either the president or secretary. Such resignation shall be effective upon receipt of such notice or at any later time specified therein. No acceptance of the resignation shall be required to make it effective.

Section 5. Vacancies: A vacancy in any office shall be filled by the Board. The officer elected to such vacant office shall serve the remainder of the term for the officer he replaces.

Section 6. Duties: The duties of the officers are as follows:

President: The president shall be the chief executive officer of the Association; he shall preside over all meetings of the Association and the Board of Directors and shall see that all orders and resolutions of the Board are carried out.

Vice-President: The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise such other duties as may be required of him by the Board.

Secretary: The secretary shall record the votes and keep the minutes of all proceedings of the Board and of the Members; serve notice of meetings of the Board and the Members; and shall perform such other duties as required by the Board.

Treasurer: Subject to any management agreement entered into by the Association, the treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board; keep proper books of account; cause an annual audit of the Association to be made at the completion of the fiscal year and shall prepare annual budgets and statements of income and expenses to be presented to the Membership.

ARTICLE XI ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments: By the Declaration, each Member is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements and/or repairs. The annual and special assessments, together with such interest thereon and costs of collection thereof, including reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the property against which each assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment was assessed.

Section 2. Purpose of Assessments: The assessments levied by the Association shall be exclusively for the purpose of promoting the health, safety and welfare of the residents on the property, and in particular for the improvement and maintenance of the property and for the payment for services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas and the Lots. Except where the repair, replacement, or maintenance is required because of some action by or negligence of the Member, his tenant or guest, or if the original work was defective, (in which case it shall be the Member's responsibility), the Association shall be responsible for (1) the management and insurance of, repairs and replacements to, and maintenance of the Common Areas; (2) the maintenance and refurbishing of the landscaping of the Lots and the Common Areas; (3) the application of selected preventive pesticide spraying on the exterior of

the Lots and the Common Areas: (4) removal of fallen trees on the Lots and Common Areas; (5) the trimming of the shrubs, bushes and trees on the Lots and Common Areas; (6) the maintenance and repair of lawn sprinkler systems (7) the mulching of the flower beds, if required by the Board.

Notwithstanding anything to the contrary herein and subject only to the limitations contained in the Declarations or by the statute, the Association shall not be responsible for, and the Members shall solely be financially and otherwise responsible for maintenance and repair of the Lot, both interior and exterior. However, the Board may determine, in the interest of uniformity of appearance and to maintain the value of the community, that it is necessary to wash, paint, or improve the exterior of the homes on the Lots. The board may include the costs of such work in the budget for the Association.

Section 3. Annual Assessment: After consideration of current maintenance costs and future needs of the Association, the Board of Directors shall fix the annual assessment to be paid by each owner to the Association. The Board of Directors shall prepare a budget upon which the annual assessment for the ensuing year will be based and a copy of such budget shall be submitted to each Member at least sixty (60) days prior to the commencement of the date of such budget.

Section 4 Special Assessment: In addition to the annual assessment authorized above, the Association may levy in any year a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement on the Common Areas, including the necessary fixtures and personal property related thereto, provided that such assessment shall have the assent of not less than two-thirds (2/3) of the members, voting in person or by proxy at a meeting held for this purpose, written notice of which shall have been sent to the Members not less than thirty (30) days in advance of such meeting.

Section 5 Uniform Rate: Both annual assessment and special assessment must be fixed at a uniform rate for all Lots. Collection of annual assessment may be made on a quarterly basis, payable in advance. Collection of special assessment shall be determined on a case to case basis.

Section 6 Effect of Non Payment; Remedies of the Association:

A. Any assessments which are not paid when due shall be deemed delinquent. If the assessment is not paid within fifteen (15) days after the due date a letter shall be sent to the Owner. Should payment not be made within sixty (60) days from the due date, the assessment shall bear interest from the date of delinquency at the maximum rate of interest from the date of delinquency at the maximum rate of interest allowed by the State of Florida, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, cost and reasonable attorney's fee of such action shall be added to the amount due.

- B. In addition to the above penalties for nonpayment of assessments when due, the Board of Directors shall have the authority to impose an administrative fee of the greater of twenty-five (\$25.00) dollars or five (5%) percent of the amount of each installment that is paid past the due date.

ARTICLE XII BOOKS AND RECORDS

The books and records of the Association shall at all times, during regular Business hours, be subject to inspection by any Members or their authorized representative. The Declarations, Articles of Incorporation and By-Laws of the Association shall be available for inspection at the principal office of the Association, or its management company, where copies may be purchased, at reasonable cost.

ARTICLE XIII RULES AND REGULATIONS

Section 1. Rules and Regulations: Rules and regulations concerning the use of and the maintenance of the Lots and Common Areas may be promulgated and amended by the Board of Directors. A two-third (2/3) vote of the Members, at a meeting, any overrule the Board. Copies of such rules and regulations shall be furnished to the Owners prior to the time when same shall become effective. Initial rules and regulations, which shall be effective until amended by the Board of directors, are annexed hereto and made a part of these By-Laws as "Schedule A".

Section 2 Fines for Violation of the Rules and regulations: If any Member, any tenant of a Member, or any family Member, guest, agent, employee, contractor or invitee of such Member or of his tenant shall violate or breach any of the rules and regulations, the Association, through its Board of directors, shall have the right to levy a fine against such Member in an amount deemed reasonable and appropriate by the Board. In no event may such fine exceed One Hundred (\$100.00) Dollars per violation. A fine may be levied on the basis of each day of a continuing violation; no fine shall exceed Five Thousand (\$5,000.00) Dollars in the aggregate.

A fine may not be imposed without first providing fourteen (14) days notice to the person sought to be fined and that person shall be afforded an opportunity for a hearing before a committee of at least three (3) Members appointed by the Board. If the committee, by a majority vote, does not approve, no fine may be imposed.

The Board may further suspend a Member's right to use the common area facilities should a Member violate the Rules and Regulations.

ARTICLE XIV AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a two-thirds (2/3) vote of the Members who are voting, in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; In the case of a conflict between the Declaration and these By-Laws the Declaration shall control.

ARTICLE XV MISCELLANEOUS

Section 1. Parliamentary Rules: Roberts Rules of Order shall govern the conduct of all Association meetings, when not in conflict with Florida law, the Article of Incorporation, the Declaration or these By-Laws.

Section 2. Construction: Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, whenever the context so requires.

Section 3. Severability: Should any of the covenants, terms or provisions herein be void, voidable or become unenforceable at law or at equity, the remaining provisions of these By-Laws shall be and remain in full force and effect.

Dated: _____, 2006
West Palm Beach, Florida