

BYLAWS
OF
AVALON BEACH ESTATES OWNERS ASSOCIATION, INC.

ARTICLE I - NAME AND LOCATION

The name of the corporation is **AVALON BEACH ESTATES OWNERS ASSOCIATION, INC.**, hereinafter referred to as the "Association." The meetings of Members and directors may be held locally, as may be designated by the Board of Directors.

ARTICLE II - DEFINITIONS

All capitalized terms set forth herein, except as specifically set forth herein, shall have the same meaning and definition as set forth in the Declaration of Covenants, Conditions and Restrictions of Avalon Beach Estates Subdivision recorded in the public records of Walton County, Florida, as such may be modified and supplemented from time to time ("Declaration") or the Articles of Incorporation of Avalon Beach Estates Owner's Association, Inc.

ARTICLE III - MEETING OF MEMBERS

Section 1 **Annual Meetings.** The regular meetings of the Membership shall be held on a designated day in the fourth quarter of each year, unless changed by the Board of Directors, at the hour designated by the Board of Directors in the notice provided herein below. Election of Directors shall be held in conjunction with this meeting.

Section 2 **Special Meetings.** Special meetings must be held when called by the Board of Directors or by at least 10 percent (10%) of the total voting interests of the Association. Business conducted at a special meeting is limited to the purposes described in the meeting notice.

Section 3 **Notice of Meeting.**

- (a) Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or person authorized to call the meeting by hand delivery to each Lot, or by mailing a copy of such notice, postage prepaid, addressed to the Member's address last appearing on the books of the Association for the purpose of notice, at least fifteen (15) days but no more than sixty (60) days before such meeting, to each member entitled to vote thereat. The notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. If mailed, the notice shall be addressed to the Member's address last appearing in the books of the Association for the purpose of notice, or to the last address supplied by the Member to the

Association. Evidence of compliance with this “Notice of Meeting” shall be made by an affidavit executed by the person providing the notice and filed upon execution among the official records of the Association.

- (b) Any Member may waive such notice by a writing signed by such Member, and such waiver, when filed in the records of the Association before, at or after the holding of the meeting shall constitute notice to such Member. Attendance of a Member at a meeting, either in person or by proxy, constitutes waiver of notice and waiver of any and all objection to the place of meeting, the time of meeting, or the manner in which it has been called or convened, unless the Member attends the meeting solely for the purpose of stating, at the beginning of the Meeting, any such objection or objections to the transaction of affairs.

Section 4 **Quorum.** As stated in *Florida Statute §720.306*, the percentage of voting interests required to constitute a quorum at a meeting of the members shall be thirty percent (30%) of the total voting interests. However, if any meeting of the members involves action taken under Article V, Section 3 and/or 4 of the Declaration, Annual Assessments and Provision for Reserves, respectively, quorum shall be calculated as follows: at the first such meeting called, the presence of members or of proxies entitled to cast fifty percent (50%) of all votes of the membership; if the required quorum is not present, another meeting may be called and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting.

Section 5 **Voting.** Members shall be entitled to one vote per lot as set forth in the Declaration of Covenants. If there are multiple owners of a lot, such owners shall designate, in writing, one owner to vote with respect to such lot. Decisions that require a vote of the members must be made by the concurrence of at least a majority of the voting interests present, in person or by proxy, at a meeting at which a quorum has been attained.

Section 6 **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 Association or its Secretary. To be valid, a proxy must be dated, must state the date, time, and place of the meeting for which it was given, and must be signed by the authorized person who executed the proxy. A proxy is effective only for the specific meeting for which it was originally given, as the meeting may lawfully be adjourned and reconvened from time to time, and automatically expires ninety (90) days after the date of the meeting for which it was originally given. A proxy is revocable at any time at the pleasure of the person who executes it. If the proxy forms expressly so provide, any proxy holder may appoint, in writing, a substitute to act in his or her place. Proxies need not be notarized.

Section 7 **Order of Business.** The order of business at the annual meeting of Members shall be as follows:

- (a) Call to order
- (b) Calling of the roll and certifying proxies
- (c) Proof of notice of meeting or waiver of notice
- (d) Reading and disposal of unapproved minutes
- (e) Appointment of inspectors of election if required
- (f) Nomination and election of Board of Directors

- (g) Reports. Presentation of Budget, Approval of Budget, Assessments
- (h) Unfinished business
- (i) New business
- (j) Adjournment

Section 8 **Right to Speak.** Members and parcel owners have the right to attend all Membership meetings and to speak at any meeting on all items open for discussion or included on the Agenda. Such members and parcel owners have the right to speak for at least three (3) minutes on any item subject to rules adopted by the Board governing frequency, duration, and other manner of statements.

Section 9 **Adjournment.** The adjournment of an annual or special meeting to a different date, time or place must be announced at that meeting before adjournment is taken or notice must be given of the new time, date or place in the same manner as notice is given for such meeting. Any business that might have been transacted on the original date of the meeting may be transacted at the adjourned meeting. If a new record date for the adjourned meeting is or must be fixed, notice of the adjourned meeting must be given to persons who are entitled to vote and are Members as of the new record date but were not Members as of the previous record date.

ARTICLE IV - BOARD OF DIRECTORS

Section 1 **Number of Directors.** Pursuant to the Articles of Incorporation, Article VI, the affairs of the Association shall be managed by a Board of Directors of not less than three (3) or more than nine (9) Directors. Directors are elected to serve a one (1) year term and may be re-elected for successive terms. All Directors must be Members of the Association. All Directors shall be elected in accordance with the applicable provisions contained in the Articles of Incorporation and these Bylaws of the Association.

Section 2 **Method of Nomination.**

- (a) Members may nominate himself or herself or be nominated by another member to be a candidate for election to the Board of Directors (if a member nominates another member, it is the nominating member's responsibility to ensure that the nominated member is willing to serve) by filling out the Board Candidate Form included in the first mail out notification of the Annual Membership Meeting. Since absentee balloting is permitted under these Bylaws, members may only nominate themselves in advance of the balloting. Every member shall be eligible to be a candidate for the Board except as noted in *Florida Statute §720.306(9)(b)*, as this section may be amended from time to time.
- (b) The second mailing will include a ballot listing all who are nominated to serve. If there are nine (9) nominees, there will be no nominations from the floor and those nominated will serve as the new Board of Directors, unless a nominee withdraws his or her name, in which case, then (d) applies.
- (c) If there are more than nine (9) nominees, after any withdrawal(s), there will be no nominations from the floor. An election will be held and the nine (9) nominees with the highest number of votes will serve as the new Board of Directors.

- (d) If there are less than nine (9) nominees the Chairman will call for nominations from the floor:
 - (1) If there are no additional nominations, or after additional nominations there are still less than nine (9) nominees, the nomination process is complete and all nominated will serve as the new Board of Directors.
 - (2) If additional nominations results in more than nine (9) nominees, a secret ballot will be taken on those nominated from the floor. Those with the highest number of votes sufficient to fill the Board along with the non-floor nominees will serve as the new Board of Directors.

Section 3 Election. The Members may cast one (1) vote for each Lot owned in respect to each vacancy pursuant to ARTICLE III, Section 5. An election shall be by secret written ballot. A Member may vote in person or by a ballot cast before the meeting. A vote cast prior to such meeting must be placed in an inner envelope with no markings and mailed or delivered to the Association in an outer envelope bearing the name of the member, the lot for which the vote is being cast, and the signature of the lot owner. The Owner's eligibility to vote and that no other ballot has been submitted, will be confirmed. If an election is required pursuant to Section 2 above, the inner envelope will be removed from the outer envelope and opened when the ballots are counted. If an election is not required, the outer envelope will not be opened. Cumulative voting is not permitted.

Section 4 Member Certification. Within ninety (90) days after being elected or appointed to the Board, each Director shall certify in writing to the Secretary that he or she has read the Association's Declaration of Covenants, Articles of Incorporation, By-laws and current written rules and policies; will work to uphold such documents and policies to the best of his or her ability; and will faithfully discharge their fiduciary responsibility to the Association's members. Alternatively, a Director may submit a certificate of having satisfactorily completed the educational curriculum administered by a Division-approved education provider within one (1) year before or ninety (90) days after the date of election or appointment. Such written certification or certificate shall be retained by the Association for five (5) years.

Section 5 Resignation and Recall. A Director may resign at any time by delivery of a written notice to the Board of Directors. A resignation is effective when the notice is delivered, unless the notice specifies a later effective date. If the notice specifies a later date, the Board of Directors, may fill the pending vacancy pursuant to Section 6 before such date provided the successor does not take office until the effective date. The unexcused absence, as determined by a majority of the non-absentee Board members, of a Director from three (3) consecutive regular meetings of the Board, shall be deemed a resignation. A Director(s) may be recalled and removed from office without a meeting of the Members, with or without cause, by an agreement in writing or written ballots of a majority of the total voting interests. A Director(s) may be removed from the Board, with or without cause, by a majority vote of the Members of the Association voting at a duly noticed meeting at which a quorum is present, in person or by proxy. A special meeting of the members to recall a Director of the Board may be called by ten percent (10%) of the voting interests giving notice of the meeting as required for a meeting of the

members, and the notice shall state the purpose of the meeting. Electronic transmission may not be used as a method for giving notice of a meeting called in whole or in part for this purpose.

The Association shall comply with all provisions of *Florida Statute §720.303(10)*, as that section may be amended from time to time, regarding recall of Directors.

Section 6 **Vacancies.** Any vacancy occurring on the Board, other than by Recall, before the expiration of a term may be filled by a majority vote of the remaining Board members, even if the remaining Directors constitute less than a quorum, or by the sole remaining Director. If more than one candidate is nominated by the Directors, a vote of the Board will take place and the candidate with the highest number of votes will fill the vacancy. In the case of a tie vote, the President, Vice-President, Secretary or Treasurer, in that order, will select the replacement candidate from the nominees with the tied votes. In the alternative, the Board may hold an election to fill the vacancy, in which case the election procedures must conform to the requirements of the Governing Documents concerning election of Directors at annual membership meetings. A Board member appointed or elected under this section is appointed for the unexpired term of the seat being filled. Recall vacancies are subject to *Florida Statute §720.303(10)*, as that section may be amended from time to time.

Section 7 **Failure to Fill Vacancies.** If there is a failure to fill vacancies on the Board of Directors sufficient to constitute a quorum in accordance with the bylaws, any member may give notice of the member's intent to apply to the Circuit Court of Walton County, Florida for the appointment of a receiver to manage the affairs of the Association. The notice must be provided by the member to the Association by certified mail or personal delivery, must be posted in a conspicuous place within the owners Association, and must be provided to every member of the Association by certified mail or personal delivery. The notice must be posted and mailed or delivered at least thirty (30) days prior to the filing of a petition seeking receivership. If the Association fails to fill the vacancies within thirty (30) days after the notice is posted and mailed or delivered, the member may proceed with the petition. The Association shall be responsible for the salary of the receiver, court costs, and attorney's fees. The receiver shall have all powers and duties of a duly constituted Board of directors and shall serve until the Association fills vacancies on the Board sufficient to constitute a quorum and the court relieves the receiver of the appointment.

Section 8 **Compensation.** Directors, officers, or committee members may receive:

- (a) Reimbursement for out-of-pocket expenses incurred by such person on behalf of the Association, subject to approval by the majority vote of the Board of Directors.
- (b) The position of Treasurer will be compensated on a monthly basis, not to exceed an amount agreed upon by a majority of the Board of Directors.

Section 9 **Action Taken Without a Meeting.** To the extent permitted by law, 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 written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V - MEETING OF DIRECTORS

Section 1 **Organizational meeting.** The newly elected Board shall meet for the purposes of organization, the election of officers and the transaction of other business immediately after their election or within ten (10) days of same at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

Section 2 **Regular Meetings.** Regular meetings of the Board of Directors shall be held at such place and hour as may be fixed from time-to-time by resolution of the Board, and shall be open to all Members. However, a meeting between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by attorney client privilege may be closed to Members.

Section 3 **Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two Directors, after no less than three (3) day notice to each Director. Notification of Members of these meetings will be the same as Section 5 below. Business conducted at these meetings will be limited to the agenda items in the notice of meeting.

Section 4 **Quorum.** A majority of the number of Directors shall constitute a quorum and constitute a meeting of the Board for the transaction of business. Every act or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Member is the act of the Board of Directors.

Section 5 **Notice of Meetings.** Notice of the meetings of the Directors shall be posted on the Common Property at least forty-eight (48) hours in advance, except in an emergency. If notice is not posted in a conspicuous place on the Common Property, the notice of Board meetings shall be mailed or delivered to each Member at least seven (7) days in advance, except in an emergency. An assessment may not be levied at a Board meeting unless the notice of the meeting includes a statement that assessments will be considered and the nature of the assessments. Written notice of any meeting at which special assessments will be considered or at which amendments to rules regarding parcel use will be considered must be mailed, delivered, or electronically transmitted to the members and parcel owners and posted conspicuously on the property not less than fourteen (14) days before the meeting. Should this meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6 **Participation of Homeowners at Board Meetings.** All members have the right to attend all meetings of the Board and will be given up to five (5) minutes at the beginning of the meeting to express their concerns. Furthermore, if during the meeting their concern is further discussed, they may participate at that time after acknowledgement by the President or discussion leader. At any time, if 20 percent (20%) of the total voting interests petition the Board to address an item of business, the Board shall at its next regular Board meeting or at a special meeting of the Board, but not later than sixty (60) days after the receipt of the petition, take the petitioned item up on an agenda. The Board shall give all members notice of the meeting at

which the petitioned item shall be addressed in accordance with the fourteen (14) day notice requirement pursuant to State Statutes. Each member shall have the right to speak for at least three (3) minutes on each matter placed on the agenda by petition, provided that the member signs the sign-up sheet, if one is provided, or submits a written request to speak prior to the meeting. Other than addressing the petitioned item at the meeting, the Board is not obligated to take any other action requested by the petition.

Section 7 **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 8 **Committee and ARB Meetings.** The rules of this Article V also apply to the meetings of any committee formed pursuant to ARTICLE VIII, or other similar body, when a final decision will be made regarding the expenditure of Association funds and to meetings of the Architectural Review Board.

ARTICLE VI - POWERS AND DUTIES OF THE ASSOCIATION

Section 1 **Powers and Duties.** The powers and duties of the Association include those in *Florida Statute §720.303(1)* and unless otherwise limited by Florida Statutes Chapter §720, the Governing Documents. The Association may not hire a Community Association Manager unless a majority of the members have voted in favor of such an action. Board duties include:

- (a) Keep all Official Records as set forth in *Florida Statute §720.303* and as further described in Article XII of these Bylaws.
- (b) Maintain minutes of all meetings of the members of the Association and of the Board of directors of the Association in written form or in another form that can be converted into written form within a reasonable time. A vote or abstention from voting on each matter voted upon for each director present at a Board meeting must be recorded in the minutes. The minutes of all meetings of the Board of directors and of the members must be retained for at least seven (7) years.
- (c) Supervise all officers and agents of the Association and see that their duties are properly performed.
- (d) Issue, or authorize its agent to issue, upon demand by any Member, a certificate setting forth whether or not any Assessment has been paid and giving evidence thereof for which a reasonable charge may be made by the Association or by its authorized agent.
- (e) Designate depositories for Association funds, designate those officers and agents who shall have authority to withdraw funds from such account on behalf of the Association.
- (f) Prepare the proposed annual budget, submit the same to the Membership for comments, and obtain approval by majority vote at the Annual Meeting.

- (g) Fix annual assessments, special assessments, and parcel assessments at an amount sufficient to meet the obligations imposed by the Declaration.
- (h) Annually adopt the budget with January 1 of the budget year as the due date for the members' annual assessment. The amount of a member's unpaid assessment as of February 1 of such budget year will be assessed an administrative late fee not to exceed the greater of Twenty-Five Dollars (\$25.00) or five percent (5%) of the amount past due. Pursuant to the Declaration, ARTICLE V, any portion of the assessment not timely paid shall bear interest until paid at the lower of eighteen percent (18%) per annum or the highest amount allowed by law. Any payment will first be applied to interest accrued, then administrative fee, any costs and reasonable attorney's fees incurred in collection, and then to the delinquent assessment pursuant to *Florida Statute §720.3085*.
- (i) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of the Assessment or of the first installment thereof.
- (j) When approved by the Board, steps can be initiated to place a lien on any Lot for which Assessments are not paid within ninety (90) days of the January 1 due date. Such steps include a forty-five (45) days written notice demanding payment of past due amounts, including legal fees associated with the notice, sent by registered or certified mail. The association may bring action in its name to foreclose a lien for unpaid assessments in accordance with Florida law.
- (k) Cause the Common Property to be maintained in accordance with the Declaration and to assure that all permits assigned to the Association are maintained in accordance with their terms.
- (l) Procure and maintain adequate:
 - (1) Liability and hazard insurance on the Common Property as required by the Declaration;
 - (2) Directors and Officers liability insurance;
 - (3) Insurance or a fidelity bond for all persons who control or disburse funds of the Association including those permitted to sign checks, the President, Secretary and Treasurer, with insurance sufficient to cover the maximum amount of funds that will be in custody (such insurance/fidelity bond requirement can be waived by a majority of the voting interests at the Annual meeting); and,
 - (4) Such other insurance as the Board deems necessary or required.
- (m) Impose monetary fines against Members for violations of rules or regulations or any governing document of the Association within the limits as set forth in *Florida Statute §720.305*.

- (n) Before commencing litigation against any party involving amounts in excess of \$100,000, the Association will obtain affirmative approval of a majority of the voting interests at a meeting of the membership where a quorum is obtained.

ARTICLE VII - OFFICERS AND THEIR DUTIES

Section 1 **Enumeration of Officers.** The officers of this Association shall be a President and Vice President, a Secretary and a Treasurer, who shall at all times be members of the Board of Directors, and such other officers as the Board of Directors may from time to time by resolution create.

Section 2 **Election of Officers.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. Voting may be by secret ballot.

Section 3 **Term.** The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

Section 4 **Special Appointments.** The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

Section 5 **Resignation and Recall.** Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign their office at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall be necessary to make it effective. A replacement officer will be nominated by secret ballot and the Director receiving the highest votes of the remaining Board members will serve as the replacement officer.

Section 6 **Vacancies.** Any vacancy occurring on the Board before the expiration of a term may be filled by an affirmative vote of the majority of the remaining directors, even if the remaining directors constitute less than a quorum, or by the sole remaining director. In the alternative, the Board may hold an election to fill the vacancy, in which case the election procedures must conform to the requirements of the governing documents concerning election of directors at annual membership meetings. A Board member appointed or elected under this section is appointed for the unexpired term of the seat being filled. Filling vacancies created by recall is governed by *Florida Statute §720.303(10)*.

Section 7 **Multiple Offices.** The offices of President and Secretary may not be held by the same person.

Section 8 **Duties.** The duties of the officers are as follows:

- (a) **President.** The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out and sign written instruments co-sign; all leases, mortgages, promissory notes; and

contracts as the Board of Directors may approve from time to time. In the case of hardship of the Treasurer, the President may disburse funds as a signatory on the bank accounts. Additionally, the President will oversee the operations of the Association and file the Annual Report under *Florida Statute §720.303(13)* that reflects the legal name, federal identification number, mailing and physical address, total number of parcels and budgeted revenues and expenses.

- (b) **Vice President.** The Vice President shall act in the place of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; maintain the minute book; keep the corporate seal of the Association and affix it on all papers requiring the seal; serve notice of meetings of the Board of Directors, meeting(s) of the Members and other Notices (including Budget and Financial Report availability for inspection as required under *Florida Statutes §720.303(6) and (7)*; maintain a current roster of names, addresses and parcel identifications and provide such information, including updates, to the Treasurer; maintain original copies of Official Records; provide all Notices to Owners (including Budget and Financial Report); and, shall perform such other duties as required by the Board.
- (d) **Treasurer.** The Treasurer shall establish an arrangement for the deposit in appropriate bank accounts of all monies of the Association and shall disburse such funds for operational needs; shall co-sign all leases, mortgages, promissory notes, deeds and contracts as the Board of Directors may approve from time to time; maintain books of account and at the direction of the Board, engage a Certified Public Accountant to prepare the appropriate Financial Report required under *Florida Statute §720.303(7)* of the Association for each fiscal year; be responsible for an annual budget and the preparation of a report of cash receipts and expenditures for the Board of Directors and the membership at its regular annual meetings; maintain for each member a record showing the name and current address, as provided by the Secretary, due date of assessment and other charges, the date and amount of each payment and the balance due. Additionally, the Treasurer will follow the guidelines set forth in *Florida Statutes §720-303 (6) and (7)*, except a copy of the Financial Report and Annual Budget will be provided to the Secretary, upon approval of the Board, who will be responsible for the Notices to the Owners that the respective information is available upon request at no charge.

ARTICLE VIII - COMMITTEES

The Association shall appoint such committees as are provided in the Declaration and shall appoint other committees as deemed appropriate in carrying out its purpose. Meetings of committees shall be open to Members. Members of the committees may not vote by proxy or secret ballot. All committees and their members shall serve at the pleasure of the Board. Any

member of any committee shall be removed if the Board so chooses. Any committees will be subject to the provisions of ARTICLE V as appropriate.

ARTICLE IX - FISCAL YEAR

The Fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year, except that the first Fiscal Year shall begin on the date of incorporation.

ARTICLE X - BUDGETS AND ASSESSMENTS

Section 1 **Budgets.** The Association shall prepare an annual budget that sets out the annual operating expenses. The budget must reflect the estimated revenues and expenses for that year and the estimated surplus or deficit as of the end of the current year. In addition to the annual operating expenses, the budget may include an amount for reserves for capital expenditures and deferred maintenance. The Association shall provide each member with a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the member. See Article VII, 8(c).

Section 2 **Assessments.** As more fully provided in the Declaration Article V, each Member is obligated to pay to the following Assessments by the due date:

- (a) Annual Assessments are due on January 1 of the fiscal year;
- (b) Special Assessments
 - (1) For capital improvements are due by the date established by the Board of Directors;
 - (2) Special Assessments on a lot for repair and maintenance due to the willful or negligent act of the Owner, his family, or their guests, tenants, invitees, contractors, employees or agents are due as established by the Board of Directors.

Any Assessment(s) which is not paid when due shall be subject to the provisions of Article VI, Section 1(h). The Association may bring an action at law against the Owner personally obligated to pay the Assessment or foreclose the lien against the Lot, and the Association may also receive interest related to Assessments and may also receive costs and reasonable attorney's fees related to the collection of Assessments. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Property or abandonment of their Lot.

Section 3 **Financial Reporting.** The Association shall prepare, or contract with a third party, by February 28 following the end of the fiscal year a Financial Report for the preceding fiscal year. Within twenty-one (21) days after the final Financial Report is completed, but not later than 120 days after the end of the fiscal year, the Association shall, provide each member with a copy of the annual Financial Report or a written notice that a copy of report is

available upon request at no charge to the member. The financial report shall comply with the applicable provisions of *Florida Statute §720.303(7)*.

ARTICLE XI - NOTICE OF TRANSFER

Prior to conveyance of any Lot to a new Owner, such Owner shall provide to the Association written notice of the party to whom the Lot is to be conveyed together with an address for such new Owner for Association records. Such notice will be provided to the Secretary who will promptly notify the Treasurer and Webmaster.

ARTICLE XII - ASSOCIATION RECORDS

Section 1 **Official Records.** In accordance with the requirements of *Florida Statute §720.303*, the Official Records of the Association shall consist of:

- (a) A copy of any plans, specifications, permits, warranties, and other items related to improvements constructed on the Common Property Areas or other property which the Association is obligated to maintain, repair or replace.
- (b) A copy of the Bylaws of the Association and of each amendment thereto.
- (c) A copy of the Articles of Incorporation of the Association and of each amendment thereto.
- (d) A copy of the Declaration of Covenants and of each amendment thereto.
- (e) A copy of the current rules and regulations of the Association.
- (f) The minutes of all meetings of the Board of Directors and of the Members which minutes shall be retained for at least seven years.
- (g) A current roster of all Members and their mailing addresses, Lot identifications, and telephone numbers, if known. The Association shall also maintain the electronic mailing addresses and the numbers designated by members for receiving notice sent by electronic transmission of those members consenting to receive notice by electronic transmission. The electronic mailing addresses and numbers provided by unit owners to receive notice by electronic transmission shall be removed from association records when consent to receive notice by electronic transmission is revoked. However, the association is not liable for an erroneous disclosure of the electronic mail address or the number for receiving electronic transmission of notices.
- (h) All current insurance policies of the Association, or a copy thereof, which policies must be retained for at least seven (7) years.
- (i) A current copy of all contracts to which the Association is a party including without limitation, any management agreement, lease, or other contract under which the Association has any obligation or responsibility. Bids received by the

association for work to be performed must also be considered official records and must be kept for a period of one (1) year.

- (j) The financial and accounting records of the Association, kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least seven years. The financial and accounting records must include but are not limited to:
 - 1. Accurate, itemized, and detailed records of all receipts and expenditures;
 - 2. A current and a periodic statement of the account for each member, designating the name and current address of each member who is obligated to pay assessments, the due date and the amount of each assessment or other charge against the member, the date and amount of each payment on the account, and the balance due;
 - 3. All tax returns, financial statements, and financial reports of the Association;
 - 4. Any other records that identify, measure, record, or communicate financial information.
- (k) A copy of any disclosure summary described in *Florida Statute §720.401(1)*.
- (l) All other written records of the Association not specifically included in the foregoing which are related to the operation of the Association.

Section 2 **Inspection and Copying of Records.** The foregoing official records shall be maintained within the State for at least seven (7) years and shall be made available to a Member or their authorized agent for inspection or photocopying at a location where the Official Records are maintained. Inspection and photocopying by Members or their authorized agents must be at reasonable times and places within ten business days after receipt of a written request for access. The Association may adopt reasonable rules and regulations governing the frequency, time, location, notice and manner of inspection and may impose fees to cover the costs of providing copies of official records. A Member or authorized agent may use a portable device to make an electronic copy of the Official Records in lieu of the Association providing a copy of such records. In lieu of providing a copy, the Association may provide the records to a Member electronically via the internet or by allowing the records to be viewed in electronic format on a computer screen and printed upon request.

ARTICLE XIII - AMENDMENTS

Section 1 **Procedure.** Pursuant to the Articles of Incorporation, Article X , the By-laws may be amended by a majority of the Directors at any duly called meeting of the members of this Association in a manner provided for in these By-laws. Both amendments to, and the By-laws adopted from time to time reflecting cumulative amendments, must be retained as part of the Original Records and recorded in the public records of Walton County.

Section 2 **Conflict.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall prevail. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall prevail.

The foregoing Bylaws of AVALON BEACH ESTATES OWNERS ASSOCIATION, INC., were adopted at a meeting of the Board of Directors on the 9th day of November, 2013.

Approved by the President

W B Atkinson Jr.
President

Jim McDaniel
Secretary