

BYLAWS
OF
SUGAR MILL GARDENS RESIDENTIAL
HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
Identity and Purposes

The following Bylaws shall govern the operation of **SUGAR MILL GARDENS RESIDENTIAL HOMEOWNERS' ASSOCIATION, INC.**, which is the entity responsible for the operation of the community known as "**SUGAR MILL GARDENS RESIDENTIAL**" created by the Declaration of Covenants, Conditions & Restrictions recorded at Official Records Book 5984, page 1151, Public Records of Volusia County, Florida.

SUGAR MILL GARDENS RESIDENTIAL HOMEOWNERS' ASSOCIATION, INC. (hereafter the "Association") is a Florida corporation not for profit, organized and existing pursuant to Chapters 617, Florida Statutes, and pursuant to Chapter 718, Florida Statutes (hereafter the "Homeowners' Association Act").

Section 1. Office. The office of the Association shall be at 2248 St. Rd. 44, New Smyrna Beach, Volusia County, Florida 32168, or at such other place as may be subsequently designated by the Board of Directors of the Association (hereafter the "Board") from time to time.

Section 2. 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.

Section 3. Definitions. Unless the context so requires, all words used herein shall have the same meanings attributed to them in the Declaration.

ARTICLE II
Membership and Voting Provisions

Section 1. Stock. The Association shall not issue stock or share certificates.

Section 2. Membership. Membership in the Association shall be limited to owners of Lots within the **SUGAR MILL GARDENS RESIDENTIAL** community. Transfer of Lot

ownership, either voluntarily or by operation of law, shall terminate membership in the Association, and thereafter, membership is to become vested in the transferee as provided in the Declaration.

If Lot ownership is vested in more than one person, then all of the persons so owning the Lot shall be members eligible to hold office, attend meetings, and shall, with the exception of voting rights as hereinbelow discussed, have the same rights, privileges and obligations of membership as all other members of the Association.

As specified in the Declaration, there shall be one (1) vote attributable to each Lot in Association balloting and there shall be only one (1) person with respect to each Lot who shall be entitled to cast such vote. Such person shall be the Lot Owner and shall be known as the "Voting Member". If Lot ownership is vested in more than one person, or in a corporation or partnership, then the Voting Member shall be established as provided in Section 6 below.

Section 3. Voting.

(a) The Owner of each Lot shall be entitled to one vote for each Lot owned. If a Lot Owner owns more than one Lot, he/she shall be entitled to one vote for each Lot so owned. The vote of a Lot shall not be divisible.

(b) A majority of the Lot Owners' total votes represented at a meeting at which a quorum is present shall decide any question unless these Bylaws or the Declaration provide otherwise, in which event the voting percentage required in the Bylaws or the Declaration shall control.

Section 4. Quorum. Unless otherwise provided in these Bylaws, the presence in person or by proxy of a majority of the Lot Owners' total votes shall constitute a quorum.

Section 5. Proxies. Unless otherwise provided in these Bylaws, Lot Owners may vote in person or by proxy.

To be valid, a proxy must be dated, must state the 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 form expressly so provides, any proxy holder may appoint, in writing, a substitute to act in his or her place.

Section 6. Designations of Voting Member. If a Lot is owned by one person, his/her right to vote shall be established by the recorded title to the Lot. If a Lot is owned by more than one person, the person entitled to cast the vote attributable to the Lot shall be designated in a certificate signed by all of the record owners of the Lot and filed with the Secretary of the Association. If a Lot is owned by a corporation, an officer or employee thereof entitled to cast

the vote attributable to the Lot for the corporation shall be designated in a certificate for this purpose; the certificate must be signed by the President or Vice President, sealed with the corporate seal, attested to by the Secretary or Assistant Secretary of the corporation, and filed with the Secretary of the Association. If a Lot is owned by a general or limited partnership, an officer, employee, or partner thereof entitled to cast the vote attributable to the Lot for the partnership shall be designated in a certificate for this purpose, signed by the general or managing partner and filed with the Secretary of the Association. The person designated in these certificates who is entitled to cast the vote attributable to a Lot shall be known as the Voting Member. If such a certificate is not on file with the Secretary of the Association for a Lot owned by more than one person, by a partnership or by a corporation, the vote of the Lot 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 Lot. Such certificates shall be valid until revoked, or until superseded by a subsequent certificate, or until a change in the ownership of the Lot concerned.

If a Lot is owned only by a husband and wife, the following special provisions are applicable:

(a) They may, but they shall not be required to, designate a Voting Member.

(b) If they do not designate a Voting Member, and if 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) Where they do not designate a Voting Member, and only one is present at a meeting, the person present may cast the Lot vote, just as though he or she owned the Lot individually and without establishing the concurrence of the absent person.

ARTICLE III **Meeting of the Membership**

Section 1. Place. All meetings of Association membership shall be held at the Association office, or at such other place as may be designated by the Board of Directors of the Association and stated in the notice of the meeting.

Section 2. Notices. Unless a Lot Owner waives in writing the right to receive notice of the annual meeting by mail, it shall be the duty of the Secretary to mail or hand deliver to each Lot Owner of record written notice of each annual meeting, stating the time and place thereof, as well as the agenda of items to come before the meeting, at least fourteen (14) but not more than thirty (30) days prior to such meeting, except in case of an emergency.

Notice of all meetings shall also be posted conspicuously on the Association property. Upon notice to Lot Owners, the Board shall by duly adopted rule designate a specific

location on the Association property upon which all notices shall be posted. However, if there is no Association property upon which notices can be posted, this requirement does not apply. Notice of annual meetings shall be posted at least fourteen (14) continuous days prior to the date of such meetings and notice of special meetings shall be posted at least forty-eight continuous (48) hours in advance, except in case of emergency.

Where a Lot is owned by more than one person, the Association shall provide notice for meetings and all other purposes to such address as the developer initially identifies for that purpose and thereafter as one or more of the owners of the Lot shall so advise the Association in writing. If no address is given or the owners of the Lot do not agree, then the Association shall use the address provided on the deed of record.

An officer of the Association, or other person providing notice of the meeting, shall provide an affidavit or United States Postal Service certificate of mailing, to be included in the official records of the Association affirming that the notice was mailed or hand delivered in accordance with the provisions of this section.

Section 3. Annual Meeting. The annual meeting shall be held at such time and place as may be designated by the Board of Directors from time to time. The purpose of the annual meeting is to elect Directors and transact any other business authorized to be transacted by the members.

Section 4. Special Meeting. Special meetings of the members for any purpose or purposes, may be called by the President. In addition, special meetings shall be called by the President or Secretary at the request in writing of Voting Members representing ten percent (10%) of the Lot Owner's total votes. Such a request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the purpose or purposes stated in the notice thereof.

Section 5. Waiver and Consent. The vote of members at a meeting is required or permitted to be taken in connection with any action of the Association by any provision of the Florida Statutes, the Declaration or these Bylaws, the meeting and vote of members may be dispensed with if not less than one-half (1/2) of the members who would have been entitled to vote upon the action if such meeting were held, shall consent, in writing, to such action being taken; however, notice of such action shall be given to all members unless all members approve such action.

Section 6. Adjourned Meeting. If any meeting of members cannot be organized because a quorum of Voting Members is not present, either in person or by proxy, the meeting may be adjourned from time to time until a quorum is present. Adjournment of an annual or special meeting to a different date, time, or place must be announced at that meeting before an adjournment is taken, or notice must be given of the new date, time, or place pursuant to Section 2 above. 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 under Section 617.0707, Florida Statutes, 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.

Section 7. Proviso. Provided, however, until the developer has transferred control of the Association to non-developer members, as provided for in the Declaration, there shall be no special meetings of members of the Association unless called by the Board of Directors of the Association. Should a special meeting be called, the proceedings shall have no effect unless approved by the Board of Directors. The foregoing provisions may not be amended without the consent of the Developer; this provision supersedes all provisions to the contrary in these Bylaws, the Articles of Incorporation and the Declaration.

Section 8. Approval or Disapproval by Voting Member. Approval or Disapproval of a Lot Owner upon any matter, whether or not the subject of an Association meeting, shall be by the Voting Member.

ARTICLE IV

Directors

Section 1. Board of Directors.

A. Membership. The affairs of the Association shall be managed by a Board of Directors. The number of Directors of the Association shall not be less than three (3) nor more than seven (7). Directors do not have to be members of the Association or entitled to *cast* a vote in the Association.

B. Notice. Adequate notice of all meetings of the Board, stating the time and place thereof, as well as an identification of the agenda items to come before the meeting, shall be posted conspicuously on the Association property at least forty-eight (48) continuous hours preceding the meeting, except in case of an emergency. Any item not included on the notice may be taken up on an emergency basis by at least a majority 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 non-emergency special assessments, or at which amendments to rules regarding Lot use will be considered, shall be mailed or delivered to Lot Owners and posted conspicuously on the Association property at least fourteen (14) continuous days prior to the meeting. Evidence of compliance with this fourteen (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 Lot Owners, the Board shall, by duly adopted rule, designate a specific location on the Association property upon which all notices shall be posted. If there is no Association property upon which notices can be posted, notice of Board meetings shall be mailed or

delivered at least seven (7) days before the meeting to each Lot Owner. Notice of any meeting in which regular assessments against Lot 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.

C. Election and Term. Directors shall be elected for a term of three (3) year running from each annual meeting of the Association to the next annual meeting. All members of the Association shall be eligible to serve on the Board of Directors, and a member may nominate himself or herself as a candidate for the Board at a meeting where the election is to be held. Directors shall be elected by a plurality of the votes cast by eligible voters. Voting may be conducted by proxy.

D. Lot Owner Participation. Meetings of the Board and any committee thereof at which a quorum of the members of that committee is present shall be open to all Lot Owners. Any Lot Owner may tape record or videotape meetings of the Board. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The Association may adopt reasonable rules governing the frequency, duration, and manner of Lot Owner statements.

Section 2. First Board of Directors.

A. The first Board of Directors, who shall serve until the first annual meeting of members and until their successors have been duly elected and qualified, shall consist of the following persons:

DALE L. WILLIAMS

LAWRENCE SMITH

ROBERT LEE

B. The organizational meeting of each newly elected Board of Directors shall be held within ten (10) days of their election, at such place and time in Edgewater, Florida as shall be fixed by the Directors at the meeting at which they were elected. No further notice of the organizational meeting shall be necessary providing a quorum shall be present.

Section 3. Removal of Directors. Any member of the board of directors 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 Lot owners to recall a member or members of the board of directors may be called by 10 percent of the voting interests giving notice of the meeting as required for a meeting of Lot owners, and the notice shall state the purpose of the meeting.

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. 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 by the members of the Association at the same meeting.

Section 4. Disqualification or Resignation of Directors. Any Director may resign at any time by sending a written notice of such resignation to the office of the Association addressed to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. More than three (3) consecutive absences from regular meetings of the Board of Directors (unless excused by resolution of the Board of Directors) shall automatically constitute a resignation effective when such resignation is accepted by the Board of Directors. No member who is a Director shall continue to serve on the Board should he/she be more than sixty (60) days delinquent in the payment of any assessment and said delinquency shall automatically constitute a resignation effective when such resignation is accepted by the Board of Directors.

Section 5. Regular Meetings. The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate. Notice of such regular meetings shall nevertheless be given to each Director personally or by mail, telephone or telegraph in accordance with these Bylaws.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by the President, and in his/her absence by the Vice President, or by a majority of the members of the Board of Directors. All notices of special meetings shall state the purpose of the meeting.

Section 7. Directors, Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him/her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 8. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business. The acts of a majority of the Directors present at such meetings at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum be present. Notice of the time and place of the adjourned meeting of the Board of Directors shall be given to all Directors. At each such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted. A Director who is absent from a meeting of the Board of Directors may join, by written concurrence, in the action taken at a meeting; however, such written concurrence shall not constitute the presence of such Director at the meeting for the purpose of determining a quorum.

Section 9. Compensation. The Directors fees, if any, shall be determined by the Voting Members.

Section 10. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things that are directed by law or by the Declaration or by these Bylaws to be exercised and done by the Lot Owners. These powers shall specifically include, but shall not be limited to, the following:

(a) To exercise all powers specifically set forth in the Declaration, this Association's Articles of Incorporation, in these Bylaws, and in the Homeowners' Association Act, and all powers incidental thereto.

(b) To formulate the annual budget, to make assessments, collect said assessments, and use and expend the assessments to carry out the purposes and powers of the Association.

(c) To employ, dismiss and control the personnel necessary for the maintenance of common areas and operation of the Association, including the right and power to employ attorneys, accountants, contractors, and other professionals as the need arises, including themselves or firms of which they are members, and pay a reasonable fee for such services as may be provided by them.

(d) To make and amend rules and regulations respecting the operation and use of the common areas, conservation and tree preservation areas, and recreational or other facilities.

(e) To contract for the management of the Association Property.

(f) To further improve the Association Property, both real and personal, and the right to purchase items of furniture, furnishings, fixtures and equipment for use in connection with the Association.

(g) To designate one or more committees, which to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management of the business and affairs of the Association. Any such committee shall consist of at least three (3) members of the Association, one of whom shall be a Director. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its contractor or employees subject only to approval by Lot Owners when such is specifically required.

(h) To convey a portion of the common areas to a condemning authority for the purpose of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as a result of eminent domain proceedings.

Section 11. Developer's Selection of Directors. Until the Developer has transferred control of the Association to non-developer members as provided for in the Declaration, the Developer shall have the unilateral right to designate the Directors who need not be owners of Lots in the community, and said Directors may not be removed by members of the Association as elsewhere provided herein; and where a vacancy occurs for any reason whatsoever, the vacancy shall be filled by the Developer.

ARTICLE V **Officers**

Section 1. Elective Officers. The principal officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. One person may not hold more than one of the aforementioned offices, except that one person may be both Secretary and Treasurer. The president shall be a member of the Board of Directors.

Section 2. Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors following the annual meeting of the members. Directors may not vote by proxy, however, officers may be elected by secret ballot. A vote or abstention for each member present shall be recorded in the minutes.

Section 3. Appointive Officers. The Board may appoint a Vice-President, an Assistant Secretary and an Assistant Treasurer (who may be the same person) and such other officers as the Board deems necessary or appropriate.

Section 4. Term. The officers of the Association shall hold office until their successors are chosen and qualified. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors; provided, however, that no officer shall be removed except by the affirmative vote for removal by a majority of the whole Board of Directors (e.g. if the Board of Directors is composed of five (5) persons, then three (3) of said Directors must vote for removal). If the office of an officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Lot Owners and of the Board of Directors. The President shall have executive powers and general supervision over the affairs of the Association and other officers. He shall sign all written contracts and perform all of the duties incident to his office and which may be delegated to him from time to time by the Board of

Directors. Any Vice President shall perform the duties of the President when the President is absent.

Section 6. The Secretary. The Secretary shall issue notices of all Board of Directors meetings and all meetings of the Lot Owners. He shall attend and keep the minutes of the same and have charge of all of the Association books, records and papers, except those kept by the Treasurer. The minutes of all meetings of Lot Owners and the Board of Directors shall be kept by the Secretary in a book available for inspection by Lot Owners (or their authorized representatives) and Board members at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years. Any Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 7. The Treasurer. The Treasurer shall do the following:

(a) The Treasurer shall have custody of Association funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association in accordance with the Homeowners' Association Act. The Treasurer shall deposit all monies and other valuable effects in the name of and to the credit of the Association in such depositories as may be designated from time to time by the Board of Directors. The books shall reflect an account for each Lot Owner.

(b) The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors in accordance with these Bylaws, making proper vouchers for such disbursements. The Treasurer shall render to the President and Board of Directors, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Association.

(c) The Treasurer shall collect assessments and promptly report the status of collections and of all delinquencies to the Board of Directors.

(d) The Treasurer shall give status reports to potential transferees on which reports the transferees may reply.

(e) Any Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent.

ARTICLE VI

Finances and Assessments

Section 1. Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board of Directors from time to time, upon

resolutions approved by the Board of Directors. Funds shall be withdrawn only upon checks and demands for money signed by such officer(s), Director(s), or other members of the Association as may be designated in writing by the Board of Directors. Obligations of the Association shall be signed by at least two officers of the Association.

Section 2. Fiscal Year. The fiscal year for the Association shall begin on the first day of January of each year; provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

Section 3. Determination of Assessments and Annual Budget.

(a) The Board of Directors of the Association shall annually fix and determine the budget for the Association which shall be the sum or sums necessary and adequate for the Association Expenses and the Common Expenses of the Lot Owners for the upcoming fiscal year. Association Expenses shall include, without limitation, those items set forth as Association Expenses in the Declaration and any other expenses designated as Association Expenses from time to time by the Board of Directors of the Association. The total annual assessment shall be determined by the percentage set forth in the Declaration.

The Board of Directors is specifically empowered on behalf of the Association to make and collect Assessments and to maintain and repair the Common Areas of the development. Funds for the payment of Common Expenses and Association Expenses shall be assessed against Lot Owners in the proportions of sharing Common Expenses and Association Expenses. Said Assessment shall be payable annually and shall be due on the first day of January each year in advance, unless otherwise ordered by the Board of Directors. Should special Assessments be required by the Board of Directors, they shall be levied in the same manner as hereinabove provided for regular Assessments and shall be payable in the manner determined by the Board of Directors.

(b) The Board of Directors shall mail to the Lot Owners, a meeting notice and copies of the proposed annual budget not less than fourteen (14) days prior to the meeting at which the budget will be considered. The Lot Owners shall be given written notice of the time and place of the meeting which will consider the budget. The meeting shall be open to the Lot Owners.

(c) If an adopted budget requires Assessment against the Lot Owners in any fiscal or calendar year exceeding one hundred fifteen percent (115%) of the Assessments for the preceding year, the Board, shall call a special meeting of the Lot Owners upon not less than thirty (30) days' written notice to each Lot Owner. At the special meeting, Lot Owners shall consider and enact at such meeting a budget. The adoption of the budget shall require a vote of not less than a majority

vote of all Lot Owners. The Board of Directors may propose a budget to the Lot Owners at a meeting of members or in writing, and if the budget or proposed budget is approved by the Lot Owners at the meeting or by a majority of all Lot Owners in writing, the budget shall be adopted. In determining whether Assessments exceed one hundred fifteen percent (115%) of similar Assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the Association property, anticipated to be incurred on a regular or annual basis, or Assessments for betterments and capital improvements to the Association Property shall be excluded from the computation.

(d) When the Board of Directors has determined the amount of any Assessments, the Treasurer of the Association shall mail or present to each Lot Owner a statement of said Lot Owner's Assessment. All Assessments shall be payable to the Association and forwarded to the Treasurer of the Association, and upon request, the Treasurer shall give a receipt for each payment made to him.

Section 4. Application of Payments and Commingling of Funds. Except as otherwise provided for herein or in any other Association's Documents or in the Homeowners' Association Act, all sums collected by the Association from Assessments, or from any other receipts of the Association, shall be maintained separately in the Association's name. Reserve and operating funds of the Association shall not be commingled. All Assessment payments by a Lot Owner shall be applied first in reduction of interest, delinquencies, costs and attorney's fees, other charges, expenses and advances attributable to the Lot, as provided for herein and in the Declaration. The funds derived from general or special Assessments shall be applied in such manner as the Board of Directors determines, consistent with the provisions of the Declaration and these Bylaws.

Section 5. Report of Receipts and Expenses. Within sixty (60) days following the end of the fiscal year of the Association the Board of the Association shall mail or furnish by personal delivery to each Lot Owner a complete financial report of actual receipts and expenditures for said year. The report shall show the amounts of receipts and expenses by accounts and receipt classifications as required by the Homeowners' Association Act.

Section 6. Acceleration of Assessment Installments Upon Default. If a Lot Owner shall be in default in the payment of an Assessment installment, the Board of Directors may accelerate the remaining monthly Assessments for the fiscal year upon notice thereof to the Lot Owner and thereupon the unpaid balance of the Assessment shall become due upon the date stated in the notice, but not less than fifteen (15) days after delivery of or the mailing of such notice to the Lot Owner.

Section 7. Certain Unpaid Assessments to Become Common Expenses. If any unpaid share of common expenses or assessments is extinguished by foreclosure of a superior lien or by a deed in lieu of foreclosure thereof, the unpaid share of common expenses or assessments are common expenses collectable from all the Lot Owners in the community.

ARTICLE VII
Amendments to the Bylaws

These Bylaws may be altered, amended or added to at any duly called meeting of the Lot Owners, provided:

(1) Notice of the meeting shall contain a statement of the proposed amendment;

(2) The Amendment has the approval of two-thirds (2/3) of the Board of Directors, and the affirmative vote of a majority of all voting members of the Association.

ARTICLE VIII
Notices

Whatever notices required to be sent hereunder shall be delivered or sent in accordance with the applicable provisions for notices as set forth in these Bylaws, the Declaration or in the Homeowners' Association Act.

ARTICLE IX
Indemnification of Officers and Directors Liability Insurance

The Association shall indemnify and hold harmless every Director and every Officer, his/her heirs, executors and administrators, to the fullest extent allowed by law, including, without limitation, against all loss, costs and expenses (including reasonable attorney's fees) incurred by him/her in connection with any action, suit or proceeding to which he/she may be made a party by reason of his/her being or having been a Director or officer of the Association (except as to matters wherein he shall be finally adjudged in such action, suit or proceeding to be liable for, or guilty of, gross negligence or willful misconduct). The Association shall to the extent it is available, obtain insurance covering all of its officers and Directors against liability or loss in connection with the foregoing matters for which indemnification is appropriate and for such other matters as are allowed by law. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

ARTICLE X
Liability Survives Termination of Membership

The termination of membership in the Association by a former Lot Owner shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way

connected with the Association during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Lot Owner and member arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto.

ARTICLE XI

Limitation of Liability

Notwithstanding the duty of the Association to maintain and repair the common areas of the community, the Association shall not be liable for injury or damage caused to person or property by a latent condition in the common areas, nor for injury or damage caused to person or property by the elements or other persons.

ARTICLE XII

Parliamentary Rules

Roberts Rule of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Homeowners' Association Act, Declaration, or these Bylaws. The order of business at annual members' meetings and as far as practical at other meetings of the members will be:

- 1 Roll Call;
- 2 Proof of Notice of Meeting or Waiver of Notice;
- 3 Reading of Minutes of Prior Meeting;
- 4 Officers' Reports;
- 5 Committee Reports;
- 6 Elections;
7. Unfinished Business;
8. New Business;
9. Adjournment.

ARTICLE XIII

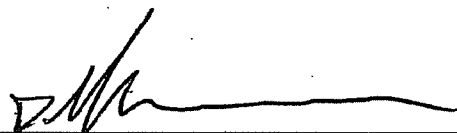
Rules and Regulations

Section 1. Adopt or Amend Rules. The Board of Directors may from time to time adopt or amend previously adopted rules and regulations governing and restricting the operation, use, maintenance, management and control of the common areas, provided, however, that copies of such rules and regulations are furnished to each Lot Owner prior to the time the same become effective. Copies thereof shall be posted in a conspicuous place on the Association Property.

Section 2. Conflict. In the event of any conflict between the rules and regulations adopted by the Board of Directors at any time and the Declaration or the Homeowners' Association Act, the Declaration and the Homeowners' Association Act shall prevail.

If any irreconcilable conflict should exist, or hereafter arise, with respect to the interpretation of these Bylaws and the Declaration the provisions of the Declaration shall prevail.

THE FOREGOING were adopted as the By-laws of **SUGAR MILL GARDENS RESIDENTIAL HOMEOWNERS' ASSOCIATION, INC.**, an association not for profit under the laws of the State of Florida, at the first meeting of the Board of Directors on this 11th day of September, 2006.




DALE L. WILLIAMS, President

STATE OF FLORIDA

COUNTY OF VOLUSIA

The foregoing instrument was acknowledged before me this 11th day of September, 2006, by **DALE L. WILLIAMS**, the President of **SUGAR MILL GARDENS RESIDENTIAL HOMEOWNERS' ASSOCIATION, INC.** a Florida corporation not-for-profit, on behalf of the corporation. He is personally known to me or has produced a Florida driver's license as identification and did not take an oath.

WITNESS MY HAND and official seal in the State and County last aforesaid this 11th day of September 2006.



SIDNEY C. Peterson, II
(Notary - print name)

Notary Public - State of Florida
Commission No.
My Commission Expires:

