

BYLAWS
OF
COTTAGES AT WATERSIDE VILLAGE OWNERS ASSOCIATION, INC.
A Non-Profit Florida Corporation

ARTICLE I. IDENTITY

These are the Bylaws of COTTAGES AT WATERSIDE VILLAGE OWNERS ASSOCIATION, INC., (hereinafter "the Association"), a corporation not for profit under the laws of the State of Florida. The Association has been organized for the purpose of providing for the operation, benefit, maintenance and control of the Cottages At Waterside Village (the "Development"), and is, with regard to such development, the legal entity created pursuant to, Florida law.

1.1 Principal Office.

The principal office of the Association shall be at 3306 U.S. Hwy. 98, Mexico Beach, Florida, 32410, or at such other place as may be designated by the Board of Directors.

1.2 Fiscal Year.

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

1.3 Seal.

The seal of the Association shall bear the name of the corporation, the word "Florida," the words "corporation not for profit" and the year of incorporation.

1.4 Definitions.

For convenience, these Bylaws shall be referred to as the "Bylaws"; the Articles of Incorporation of the Association as the "Articles"; and the Declaration of Covenants and Restrictions for the cottage as the "Declaration." The other terms used in these Bylaws shall have the same definitions and meaning as those set forth in Florida Statutes Chapter 720.301, The Homeowners Act (the "Act"), as well as those set forth in the Declaration and the Articles, unless provided to the contrary in these Bylaws, or unless the context otherwise requires. Throughout these Bylaws cottage owner shall refer to the cottage or parcel owner in the Development.

ARTICLE II. MEETINGS

2.1 Annual Meeting.

The annual meeting of the members shall be held on the date and at the place and time as determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and no later than 13 months after the last annual meeting. The purpose of the meeting shall be to elect directors and to transact any other business authorized to be transacted by the members.

2.2 Special Meetings.

Special meetings of the members shall be held at such places as provided for annual meetings and may be called by the President or by a majority of the Board of Directors of the Association, and must be called by the President or Secretary on receipt of a written request from at least 50% of the members of the Association entitled to vote at the meeting. Requests for a meeting by the members shall state the purpose for the meeting, and business conducted at any special meeting shall be limited to the matters stated in the notice for it.

2.3 Notice of Annual Meeting.

Written notice of the annual meeting shall be mailed to each cottage owner not less than 14 and no more than 60 days before the annual meeting. A copy of the notice shall be posted in a conspicuous place on the Development property at least 14 continuous days before the annual meeting. The post office certificate of mailing shall be retained as proof of the mailing. Cottage owners may waive notice of the annual meeting. All written notices of meetings must include an identification of agenda items to be addressed at the meeting.

2.4 Notice of Special Meetings, Generally.

Except as modified by the specific requirements for special kinds of members' meetings as set out in these Bylaws, notice of special meetings, generally, shall be in writing, shall state the place, day and hour of the meeting and the purpose or purposes for which the meeting is called. The notice shall be delivered to each member entitled to vote at the meeting not less than 10 and no more than 60 days before the date of the meeting, either personally or by first class mail, by or at the direction of the President, the Secretary, or

the officer or persons calling the meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears in the records of the Association, with postage prepaid. Payment of postage for notice of any special meeting, by whomever called, shall be an obligation of the Association.

2.5 Quorum.

A quorum at meetings of members shall consist of persons entitled to cast, either in person or by proxy, a majority of the votes of the entire membership, both Class A and Class B. In determining whether a quorum is present, limited and/or general proxies may be counted as voting interests present.

2.6 Voting.

(a) Number of Votes.

Subject to the specific limitations on voting as stated in the Declaration and Articles, in any meeting of members, the owners of cottages shall be entitled to cast one vote for each cottage owned. The vote of a cottage is not divisible. The Developer however shall have the additional votes as specified in the Articles.

(b) Majority Vote.

The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum is present shall be binding on all cottage owners for all purposes unless the Act, the Declaration, the Articles, or these Bylaws require a larger percentage of vote, in which case that larger percentage shall control.

2.7 Membership - Designation of Voting Member.

Persons or entities shall become members of the Association on the acquisition of fee title to a cottage. Membership shall be terminated when a person or entity no longer owns a cottage. If a cottage is owned by more than one natural person, any record owner of the cottage may vote in person or by proxy, provided that there shall be no more than one vote per cottage. In the case of conflict among the owners of a cottage, the name listed on the voting certificate for that cottage shall be the controlling owner for voting purposes. Ballots may be cast for cottages owned by corporations or partnerships by a president, vice president, a partner, or any other person

designated in a written certificate filed with the Secretary of the Association and signed by a president or vice president of a corporation or a partner of a partnership.

2.8 Proxies.

Votes may be cast in person or by general or limited proxy. Each proxy shall set forth specifically the name of the person voting by proxy and the name of the person authorized to vote the proxy for him. Each proxy shall contain the date, time and place of the meeting for which the proxy is given. The proxy shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings. No proxy shall be valid for a period longer than 90 days after the date of the first meeting for which it was given, and it may be revoked at any time at the pleasure of the cottage owner executing it. The proxy shall be signed by the cottage owner or owners (if more than one) or by the appropriate officer or partner of a corporation or partnership or other designated person mentioned herein, or the duly authorized attorney-in-fact of that person or persons (provided the power of attorney is filed with the Secretary of the Association). The proxy shall be filed with the Secretary before or at the meeting for which the proxy is given.

2.9 Waiver of Notice.

Cottage owners may waive their right to receive notice of any meeting, whether annual or special, by a writing signed by them to that effect. The waiver shall be filed with the Secretary of the Association either before, at, or after the meeting for which the waiver is given.

2.10 Minutes of Meetings.

The minutes of all meetings of cottage owners shall be kept in a book available for inspection by cottage owners or their authorized representatives, and board members at any reasonable time. The minutes shall be retained by the Association for a period of not less than seven years. Cottage owners and their authorized representatives shall have the right to make handwritten notations from the minutes.

2.11 Order of Business.

The order of business at annual meetings of members and as far as practical at other members' meetings shall be:

- (a) Call to order
- (b) Election of a chairman of the meeting, unless the President or Vice President is present, in which case he shall preside
- (c) Calling of roll, certifying of proxies, determination of a quorum
- (d) Proof of notice of the meeting or waiver of notice
- (e) Reading and disposal of any unapproved minutes
- (f) Reports of officers
- (g) Reports of committees
- (h) Appointment of inspectors of election
- (i) Determination of number of directors
- (j) Election of directors
- (k) Unfinished business
- (l) New business
- (m) Adjournment

2.12 Tape Recording/Video Tape.

Any cottage owner may tape record or video tape a meeting of the cottage owners subject to the reasonable rules adopted the Association.

2.13 Developer

Until the Developer, COTTAGES AT WATERSIDE VILLAGE, L.L.C., it's successors or assigns or any subsequent developer elects to terminate its control of the Association as described in the Declaration, the proceedings of all meetings of members of the Association shall have no effect unless approved by the Board of Directors. Prior to transfer of control, the Developer also reserves the right to chair or designate a representative to chair meeting(s) of members.

ARTICLE III. DIRECTORS

3.1 Number and Qualifications.

The affairs of the Association shall be managed initially by a board of three directors selected by the developer. When cottage owners other than the developer are entitled to elect a majority of the directors, the Board shall be composed of any odd number of directors that the cottage owners may decide. The number of directors, however, shall never be less than three. Other than those selected by the developer, directors must be either cottage owners;

officers of a corporate cottage owner; or partners of a partnership cottage owner. No director (except those selected by the developer) shall continue to serve on the Board after he ceases to be a cottage owner.

3.2 Election of Directors.

Directors shall be elected at the annual meeting of members by a plurality of the votes cast. The members of the Board of Directors shall be elected by written ballot or voting machine. Each voter shall be entitled to cast votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

3.3 Term.

Each director's term of service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he is removed in the manner provided in 3.5. The members, however, at any annual meeting after the developer has relinquished control of the Association and in order to provide a continuity of experience, may vote to create classes of directorships having a term of one, two or three years so that a system of staggered terms will be initiated.

3.4 Vacancies.

Except as to vacancies resulting from removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by majority vote of the remaining directors. Any director elected to fill a vacancy shall hold office only until the next election of directors by the members; irrespective of the length of the remaining term of the vacating director.

3.5 Removal.

Any director, except those selected by the developer, may be recalled and removed from office with or without cause by the vote or agreement in writing of a majority of all cottage owners. A special meeting of the cottage owners to recall a member or members of the Board of Directors may be called by 50% of the cottage owners giving notice of the meeting as required in these Bylaws. The notice shall state the purpose of the meeting. The procedures for recall and the appointment of new members shall be in accordance with Florida law.

3.6 Disqualification and Resignation.

Any director may resign at any time by sending or personally delivering a written notice of resignation to the Association, addressed to the Secretary. The resignation shall take effect on receipt by the Secretary, unless it states differently. The resignation, removal or withdrawal of board members shall be controlled and in accordance with Florida law. In order to serve on the Board of Directors, you must own a Cottage.

3.7 Organizational Meeting.

The organizational meeting of a newly elected Board of Directors shall be held within ten days of their election at a place and time that shall be fixed by the directors at the meeting at which they were elected and without further notice, except notice to cottage owners required by the Act.

3.8 Regular Meetings.

The Board of Directors may establish a schedule of regular meetings to be held at a time and place as a majority of them shall determine from time to time. Notice of regular meetings, however, shall be given to each director personally or by mail, telephone or telegraph, at least three days before the day named for the meeting with the notice of each meeting posted conspicuously on the Development property at least 48 continuous hours before the meeting, except in an emergency.

3.9 Special Meetings.

Special meetings of the Board of Directors may be called by the President and, in his absence, by the Vice President, and must be called by the Secretary at the written request of one-third of the directors. Notice of the meeting shall be given personally or by mail, telephone or telegraph. The notice shall state the time, place and purpose of the meeting and shall be transmitted not less than three days before the meeting. A copy of the notice of any special meeting shall be posted conspicuously on the Development property at least 48 continuous hours before the meeting, except in an emergency.

3.10 Waiver of Notice.

Any director may waive notice of a meeting before, at or after the meeting and that waiver shall be deemed equivalent to the giving

of notice. Attendance by any director at a meeting shall constitute a waiver of notice of the meeting, except when his attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called.

3.11 Quorum.

A quorum at the meetings of the directors shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of directors is required by the Declaration, the Articles or these Bylaws.

3.12 Adjourned Meetings.

If there is less than a quorum present at any meeting of the Board of Directors, the majority of those present may adjourn the meeting until a quorum is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted with proper notice as required by law.

3.13 Meetings Open to Members.

Meetings of the Board of Directors and any committee thereof at which a quorum of the members of that committee is present shall be open to all cottage owners. Any cottage owner may tape record or video tape meetings of the Board of Directors. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The Division shall adopt reasonable rules governing the tape recording and video taping of the meetings. The Association may adopt reasonable rules governing the frequency, duration and manner of cottage owners' statements.

3.14 Presiding Officer.

The presiding officer at board meetings shall be the President or, in his absence, the Vice President, and in his absence, the directors present shall designate any one of their number to preside.

3.15 Minutes of Meetings.

The minutes of all meetings of the Board of Directors shall be kept in a book available for inspection by cottage owners or their authorized representative and board members at any reasonable time.

3.16 Compensation.

Directors shall serve without pay but shall be entitled to reimbursement for expenses reasonably incurred in the discharge of their duties.

3.17 Order of Business.

The order of business at meetings of directors shall be:

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

3.18 Election of Directors by Cottage Owners Other Than Developer.

The developer is entitled to elect at least one member of the Board of Directors as long as the developer holds for sale in the ordinary course of business at least one of the cottages that ultimately will be operated by the Association. The turnover of the Association shall be conducted in accordance with Florida law.

ARTICLE IV. POWERS AND DUTIES
OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association existing under the Act, the Declaration, the Articles and these Bylaws shall be exercised exclusively by the Board of Directors, or its duly authorized agents, contractors or employees, subject only to the approval by cottage owners when that approval is specifically required. The powers and duties of the Board shall include, but shall not be limited to, the following:

4.1 Maintenance, Management and Operation of the Development Property.

The Association shall adopt reasonable rules for the operation and maintenance of the Development property. All specifications adopted by the Board shall comply with applicable building code.

4.2 Contract, Sue or Be Sued.

After control of the Association is obtained by cottage owners other than the developer, the Association may institute, maintain, settle or appeal actions or hearings in its name on behalf of all cottage owners concerning matters of common interest, including but not limited to the common elements and commonly-used facilities. The statute of limitations for any actions in law or equity that the Association may have shall not begin to run until the cottage owners have elected a majority of the members of the Board of Directors.

4.3 Right of Access of Cottages.

The Association has the irrevocable right of access to each cottage during reasonable hours as necessary for the maintenance, repair or replacement of any common elements or for making emergency repairs necessary to prevent damage to the common elements or to another cottages.

4.4 Make and Collect Assessments. See Article IV of the Declaration.

4.5 Maintain, Repair and Replace the Common Elements. See Article IV of the Declaration.

4.6 Lien and Foreclosure for Unpaid Assessments.

The Association has a lien on each cottage parcel for any unpaid assessments with interest and for reasonable attorneys' fees incurred in the collection of the assessment or enforcement of the lien. See Article VIII of the Declaration.

4.7 Modify Easements.

The Association, without the joinder of any cottage owner, may modify or move any easement for ingress or egress or for utilities purposes if the easement constitutes part of or crosses the Development property.

4.8 Purchase of Land or Recreation Lease.

The Association has the power to acquire title to property or otherwise hold, convey, lease, and mortgage Association property for the use and benefit of its members on the approval of 75% of the cottage owners of the Association. The power to acquire personal

property shall be exercised by the Board of Directors.

4.9 Acquire Use Interest in Recreational Facilities.

The Association may enter into agreements, acquire leaseholds, memberships and other possessory or use interests in lands or facilities, such as country clubs, golf courses, marinas or other recreational facilities, whether contiguous to the Development property or not if: (a) they are intended to provide enjoyment, recreation or other use or benefit to the cottage owners and (b) if they exist or are created at the time the Declaration was recorded, they are fully stated and described in the Declaration.

4.10 Authorize Certain Amendments.

If it appears that through a drafter's error in the Declaration that the common elements, common expenses or common surplus has been stated or distributed improperly, an amendment to the Declaration correcting that error may be approved by the Board of Directors or a majority of the cottage owners. No cottage owners except those directly affected must join in the execution of the amendment.

4.11 Adopt Rules and Regulations.

The Association may adopt reasonable rules and regulations of the common elements and recreational facilities serving the cottage.

4.12 Maintain Official Records.

The Association shall maintain the official records of the Association which are more specifically delineated in §720.

4.13 Obtain Insurance.

The Association shall use its best efforts to obtain and maintain adequate insurance to protect the Association and the common elements.

4.14 Furnish Annual Financial Reports to Members.

The Association shall furnish the financial reports and other documents to the cottage owners, as required by §718.111(13).

4.15 Give Notice of Liability Exposure.

If the Association may be exposed to liability in excess of

insurance coverage in any legal action, it shall give notice of the exposure to all cottage owners, who shall have the right to intervene and defend.

4.16 Provide Certificate of Unpaid Assessment.

Any cottage owner, mortgagee or other record lienholder has the right to require from the Association a certificate showing the amount of unpaid assessments respecting the owner's cottage.

4.17 Pay the Annual Fee to any appropriate State Agency.

4.18 Contract for Maintenance and Management of the Development.

4.19 Pay Taxes or Assessments Against the Common Elements or Association Property.

4.20 Pay Costs of Utilities Services Rendered to the Development and Association Property and Not Billed Directly to Individual Owners.

4.21 Employ Personnel.

The Association may employ and dismiss personnel as necessary for the maintenance and operation of the Development property and may retain those professional services that are required for those purposes.

4.23 Impose Fines.

Pursuant to Florida law, the Board of Directors may impose reasonable fines against the cottage for the failure of the owner of the cottage, or its occupant, licensee or invitee, to comply with any provision of the Declaration, the Association Bylaws, or reasonable rules of the Association. The fine will become a lien against a cottage. No fine may exceed \$100.00 per violation. However, a fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, provided that no such fine shall in the aggregate exceed \$1,000.00. No fine may be levied except after giving reasonable notice and opportunity for a hearing to the cottage owner and, if applicable, its licensee or invitee. The hearing must be held before a committee of other cottage owners. If the committee does not agree with the fine, the fine may not be levied.

4.24 Repair or Reconstruct Improvements After Casualties.

4.25 Lien for Labor and Materials Furnished to the Common Elements.

ARTICLE V. OFFICERS

5.1 Executive Officers.

The executive officers of the Association shall be a President, who shall be a Director, a Vice President, who shall be a Director, a Treasurer, a Secretary and an Assistant Secretary. The officers shall be elected annually by the Board of Directors and may be removed without cause at any meeting by a vote of a majority of all of the Directors. A person may hold more than one office except that the President may not also be the Secretary or Assistant Secretary. No person shall sign an instrument nor perform an act in the capacity of more than one office. The Board of Directors from time to time shall elect other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

5.2 President.

The President shall be the Chief Executive Officer of the Association. He shall have all the powers and duties that usually are vested in the office of president of an association, including but not limited to the power to appoint committees from among the members to assist in the conduct of the affairs of the Association as he in his discretion may determine appropriate. He shall preside at all meetings of the Board.

5.3 Vice President.

The Vice President shall exercise the powers and perform the duties of the President in the absence or disability of the President. He also shall assist the President and exercise those other powers and perform those other duties as shall be prescribed by the Directors.

5.4 Secretary.

The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the serving of all notices to the members and Directors and other notices required by

law. He shall have custody of the seal of the Association and shall affix it to instruments requiring the seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of the secretary of an association and as may be required by the Directors or the President.

5.5 Treasurer.

The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He shall keep books of account for the Association in accordance with good accounting practices, which together with substantiating papers, shall be made available to the Board of Directors for examination at reasonable times. He shall submit a Treasurer's report to the Board at reasonable intervals and shall perform all other duties incident to the office of Treasurer. All money and other valuable effects shall be kept for the benefit of the Association in such depositories as may be designated by a majority of the Board.

5.6 Compensation.

The compensation, if any, of all officers and other employees of the Association shall be fixed by the Board of Directors. This provision shall not preclude the Board from employing a Director as an employee of the Association or preclude the contracting with a Director for the management of the Development.

ARTICLE VI. FISCAL MANAGEMENT

6.1 Board Adoption of Budget.

The Board of Directors shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the common expenses and to provide and maintain funds according to good accounting practices by accounts and expenses classifications and according to Florida law.

6.2 Alternative Budget Adoption by Members.

At its option, for any fiscal year, the Board of Directors may propose a budget to the cottage owners at a meeting of cottage owners or in writing. If the proposed budget is approved by the cottage owners at the meeting or by a majority of all cottage owners in

writing, the budget shall be adopted.

ARTICLE VII. ASSESSMENTS AND COLLECTION

7.1 Assessments Generally. The making and collection of assessments against Owners for Common Expenses shall be pursuant to these By-Laws and subject to the following provisions:

7.2 Share of Common Expenses. Each Owner shall be liable for a proportionate share of the Common Expenses and shall share in the common surplus, such share being the same as the undivided share in the Association appurtenant to his cottage as set forth in Article X of the Declaration.

7.3 Share of Shared Common Area Expenses. Each Owner shall be liable for a proportionate share of the Common Expenses associated with the right to use the swimming pool and pool deck facilities of Condominiums At Waterside Village. The Association will pay, upon receipt of invoice from the Condominiums At Waterside Village Community Association, twenty-seven percent (27%) of a shared expense budget for expenses relating to use of the swimming pool, including but not limited to swimming pool and pool deck maintenance, utilities and supplies.

7.4 Interest; Application of Payment. Assessments paid on or before ten (10) days after the date when due shall not bear interest, but all sums not paid on or before ten (10) days after the date when due shall bear interest at the rate of eighteen percent (18%) per annum from the date when due until paid. All payments upon accounts shall be first applied to interest and then to the assessment payment first due.

7.5 Lien for Assessments. There shall be a lien for unpaid assessments as set forth in Article XI of the Declaration. No Owner may sell or convey his interest in a cottage unless all sums due the Association are paid in full and an estoppel certificate in recordable form to such effect shall have been received by the Owner.

7.6 Special Assessments. Assessments for common expenses for emergencies that cannot be paid from the annual assessment for common expenses shall be made by the Board of Directors after 30 days notice given to the cottage owners. These assessments shall be paid at the times and in the manner that the Board of Directors may require in the notice of assessment. Upon completion of such emergency assessment, any excess funds will be considered common surplus and may, at the

discretion of the Board, either be returned to the cottage owners or applied as credit toward future assessments. In addition, the Association shall have the right to levy special assessments against an Owner(s) to the exclusion of other Owner(s) for the repair or replacement of damage to any portion of the Common Area caused by the misuse, negligence or other action or inaction of an Owner or his guests, invitees or agents. All special assessments shall be subject to all of the provisions of the Declaration, including the right to lien, foreclosure, and all other similar action.

7.7 Liability for Assessments.

Each cottage owner, regardless of how title is acquired, shall be liable for all assessments coming due while he is the cottage owner. The cottage owner and his grantee shall be jointly and severally liable for all unpaid assessments due and payable up to the time of the voluntary conveyance. A first mortgagee who acquires title to the cottage by foreclosure or by deed in lieu of foreclosure is liable for the unpaid assessments that became due prior to the mortgagee's receipt of the deed.

7.8 Assessments, Amended Budget.

If the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors. Unpaid assessments for the remaining portion of the year for which an amended assessment is made shall be payable in as many equal installments as there are installment payment dates remaining in the budget year as of the date of the amended assessment. The budget shall not be amended for emergency or special nonrecurring expenses.

ARTICLE VIII. COMPLIANCE AND DEFAULT

8.1 Violations, Notice, Actions.

Each cottage owner, tenant and other invitee shall be governed by and shall comply with the provisions of the Act, the Declaration, the documents creating the Association, and these Bylaws which shall be deemed expressly incorporated to any lease of a cottage. In the case of violation (other than nonpayment of assessments) by an cottage owner, tenant or invitee, of any of the provisions of the Act, Declaration, Articles or Bylaws, the Association may file an action for damages or for injunctive relief or for both for failure to comply with the provisions thereof. A cottage owner may bring an action against the Association for damages, injunctive relief or both, if the

Association fails to comply with the provisions of the Act, the Declaration, the Articles or Bylaws.

8.2 Attorneys' Fees.

In any action brought pursuant to the provisions of 8.1, the prevailing party is entitled to recover reasonable attorneys' fees.

8.3 No Waiver of Rights.

Neither a cottage owner nor the Association may waive a provision of the Act if that waiver would adversely affect the rights of an cottage owner or the purposes of the provision, except that cottage owners or Board members may waive notice of specific meetings in writing.

ARTICLE IX. ARBITRATION OF INTERNAL DISPUTES

Internal disputes arising from the operation of the cottages among owners, the Association, their agents and assigns, will be resolved in accordance with the mediation/arbitration provisions of the American Arbitration Association. The prevailing party in arbitration may be awarded costs and attorneys' fees.

ARTICLE X. LIABILITY SURVIVES MEMBERSHIP TERMINATION

Termination of membership in the Association shall not relieve or release a former member from any liability or obligation incurred with respect to the cottage during the period of membership, nor impair any rights or remedies that the Association may have against the former member arising out of his membership and his covenants and obligations incident to that membership.

ARTICLE XII. PARLIAMENTARY RULES

ROBERTS' RULES OF ORDER (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Act, the Declaration, the Articles or these Bylaws.

ARTICLE XIII. RULES AND REGULATIONS

The Board of Directors may adopt and amend, from time to time, reasonable rules and regulations governing the details of the use and operation of the common elements and recreational facilities serving the cottage.

ARTICLE XIV. PRIORITIES IN CASE OF CONFLICT

In the event of conflict between or among the provisions of any of the following, the order of priorities shall be, from highest priority to lowest:

- (a) The Declaration
- (b) The Articles
- (c) The Bylaws
- (d) The Rules and Regulations

ARTICLE XV. AMENDMENTS

Amendments to these Bylaws shall be proposed and adopted in the following manner:

Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which the proposed amendment is to be considered.

15.1 Adoption.

An amendment may be proposed either by a majority of the Board of Directors or by not less than one-third of the members of the Association, both Class A and Class B. The amendment shall be adopted if it is approved either by: (a) not less than a majority of the votes of the entire membership of the Association and by not less than two-thirds of the Board of Directors; or (b) by not less than 75% of the votes of the entire membership of the Association, both Class A and Class B.

15.2 Recording.

A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Declaration and Bylaws. The certificate shall be executed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the public records of the county. An amendment by the developer must be evidenced in writing, but a certificate of the Association's officers is not required.

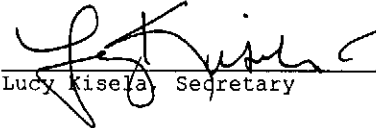
15.3 Format.

Proposals to amend existing Bylaws shall contain the full text of the Bylaws to be amended. New words shall be underlined and words to be deleted shall be lined through with hyphens. If the proposed change is so extensive that this procedure would hinder rather than assist understanding, a notation must be inserted immediately preceding the proposed amendment saying "SUBSTANTIAL REWORDING OF BYLAW. SEE BYLAW NUMBER _____ FOR PRESENT TEXT."


The foregoing was adopted as the Bylaws of COTTAGES AT WATERSIDE VILLAGE OWNERS ASSOCIATION, INC., on this 29 day of September, 2005.

COTTAGES AT WATERSIDE VILLAGE
OWNERS ASSOCIATION, INC.

ATTEST:



Lucy Kisela, Secretary

By: 

Shannon Howell, President