

BY-LAWS
OF
QUAIL RUN TOWNHOMES OWNERS ASSOCIATION, INC.

ARTICLE I. NAME AND LOCATION

The name of the corporation is QUAIL RUN TOWNHOMES OWNERS ASSOCIATION, INC., hereinafter referred to as "Association". The principal office of the corporation shall be located at 1018 Airport Road, Unit 4, Destin, Florida 32541, but meetings of members and directors may be held at such places within the State of Florida as may be designated by the Board of Directors.

ARTICLE II. DEFINITIONS

Section 1. "Association" shall mean and refer to QUAIL RUN TOWNHOMES OWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all that real and personal property owned by the Association for the common use and enjoyment of the owners.

Section 4. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the property with the exception of the common area.

Section 5. "Unit" shall mean ownership of the townhome constructed on a lot, together with the fee simple ownership interest in the lot upon which the townhome stands.

Section 6. "Common Expenses" shall mean all expenses incurred by the Association and charged to the owners of improved lots on a common

basis, including, but not limited to, salaries, wages, payroll taxes, supplies, materials, parts, services, utilities, maintenance, repairs, replacement, landscaping, insurance and ad valorem taxes on common areas, and other expenses of the Association incurred on behalf of all members (as distinguished from individual mortgage payments, real estate taxes and individual telephone, electricity and other individual expenses billed or charged to the members on an individual basis rather than on common basis).

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the properties.

Section 8. "Declarant" shall mean and refer to COURTYARD DEVELOPMENT, LLC.

Section 9. "Declaration" shall mean and refer to the Declaration of Covenants, Easements, Conditions and Restrictions applicable to the property recorded in the Office of the Clerk of the Circuit Court, Okaloosa County, Florida.

Section 10. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III. MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by two members of the Board of Directors, or upon written request of the members who are entitled to vote one-

fourth (1/4) of all of the votes of the membership. A meeting so requested shall be called for a date not less than ten (10) nor more than sixty (60) days after the request is made.

Section 3. Notice of Meeting. Written notice of each meeting of the members shall be govern by, or at the direction of, the secretary of the Association or other person authorized to call the meeting, by mailing a copy of the such notice, postage prepaid, to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall be given in person or delivered by mail to each member not less than ten (10) nor more than sixty (60) days prior to the date set for such meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting and another meeting may be called, subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more that sixty (60) days following the preceding meeting.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

ARTICLE IV. BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a board of not less than three (3) nor more than four (4) directors who need not be members of the Association. Each member of the first board named in the Articles of Incorporation shall hold office until his successors shall be chosen by election at the first annual meeting and shall qualify.

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Section 2. Term of Office. The term of the directors shall be for a period of one (1) year or until their successors are elected at the next ensuing meeting of the membership.

Section 3. Removal. Any director may be removed from the board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

★ Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V. NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election of the Board of Directors shall be made by a nominating committee.

Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The nominating committee shall make as many nominations for election to the

Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members and non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such elections the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI. MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the board. Should said 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 2. 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 not less than three (3) days notice to each director. Any director may waive notice of a meeting, consent to the holding of a meeting without notice, or consent to any action of the board without a meeting. Meetings may be held by telephone.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board.

ARTICLE VII. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

- (a) Adopt and publish rules and regulations governing the use of the common area and facilities and the personal conduct of the members and their guests thereon; and to establish penalties for the infraction thereof;

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(b) suspend the voting rights and right to use of the recreational facilities of members during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Article of Incorporation of the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event that a director shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) elect officers of the Association as hereinafter provided; and

(f) to authorize the officers to enter into one or more management agreements with third parties in order to facilitate efficient operation of the property. It shall be the primary purpose of such management agreements to provide for the administration, management, repair, and maintenance of the property, all improvements included therein and designed as common area, and the receipt and disbursement of funds as may be authorized by the Board of Directors. The terms of said management agreements shall be as determined by the Board of Directors to be in the best interest of the corporation, and shall be subject in all respects to the Articles of Incorporation, these By-Laws and the Declaration.

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meetings of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the membership who are entitled to vote;

(b) supervise all officers, agents, and employees of this Association and to see that their duties are properly performed;

(c) to adopt administration rules and regulations governing the administration, management, operation and use of the lots and common areas, and to amend such rules and regulations from time to time;

(d) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(e) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(f) to procure and maintain adequate liability insurance and to procure adequate hazard insurance on all property owned by the Association, as the directors deem advisable;

(g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(h) cause the common area to be maintained;

(i) cause the exterior of the units to be maintained;

(j) comply with the instructions of a majority of the members as expressed in writing in a resolution duly adopted at any annual or special meeting of the members.

ARTICLE VIII. OFFICERS AND THEIR DUTIES

Section 1. The officers of this Association shall be a president, vice-president, a secretary and a treasurer, and such other officers as the board 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 and at the meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the board and each shall hold office for one (1) year unless or until their successors are elected, they shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The board 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, from time to time, determine.

Section 5. Resignation and Renewal. Any officer may be removed from office with or without cause by the board. Any officer may resign at any time giving written notice to the board, 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 not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the office he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than

one or any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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 order and resolutions of the board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise 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 and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the members.

ARTICLE IX. COMMITTEES

Section 1. The Board of Directors shall appoint an Architectural Control Committee as provided in the Declaration and a nominating committee as provided in these By-Laws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes, such as:

(1) A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the board, in its discretion, determines;

(2) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to maintenance, repair or improvement of the property and shall perform such other functions as the board, in its discretion, determines;

(3) A Publicity Committee which shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make public releases and announcements as are in the best interest of the Association; and

(4) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular meeting as provided in Article VIII, Section 8(d). The treasurer of the Association shall be an ex-officio member of the committee.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X. BOOKS AND RECORDS; SALES

The books, records and papers of the Association shall at all times, during reasonable times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association as they may be amended from time to time, as well as the Management Agreements, shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XI. ASSESSMENTS

As more fully provided in the Declaration, each member owning a "lot is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid within thirty (30) days after the due date, the assessments shall bear interest from the due date at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the owner's lots and unit, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his lot.

ARTICLE XII. CORPORATE SEAL

The Association shall have a seal in circular form within its circumference the words: QUAIL RUN TOWNHOMES OWNERS ASSOCIATION, INC., a corporation not for profit, Florida.

ARTICLE XIII. AMENDMENTS.

Section 1. These By-Laws may be amended at a regular or special meeting of the members, by vote of a majority of all members present in

person or by proxy. Notice of such meeting shall include draft of proposed amendments to be voted upon at the meeting.

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

ARTICLE XIV. MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first year shall begin on the date of the incorporation.

Notwithstanding anything contained herein to the contrary, the declarant reserves the right to elect a Board of Directors of its choice and veto any action taken by the Board of Directors until such time as the declarant holds no lot for sale within the subdivision.

IN WITNESS WHEREOF, we, being all of the directors of QUAIL RUN
TOWNHOMES OWNERS ASSOCIATION, INC. have hereunto set our hands
and seals this 26th day of May, 2006.

WITNESSES:

St. Robert
Shirley J. Hooper
St. Robert
Shirley J. Hooper
St. Robert
Shirley J. Hooper

James D. Monsees
JAMES D. MONSEES

Michael Wm Mead
MICHAEL Wm MEAD

Ann Marie Luebke
ANN MARIE LUEBKE