

**BYLAWS
OF
NOVELA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC.**

Section 1. Identification

These are the Bylaws of NOVELA AT PALMIRA NEIGHBORHOOD ASSOCIATION, INC. ("Bylaws"), a corporation not for profit, organized pursuant to Chapters 617 and 720, Florida Statutes (hereinafter referred to as the "Neighborhood Association"). The Neighborhood Association has been organized for the purpose of owning, operating and administering the "Neighborhood Common Area" at "Novela" and to maintain certain portions of the Lots and Residences, as those terms are defined in the Articles of Incorporation of the Neighborhood Association ("Articles").

1.1. The office of the Neighborhood Association shall be for the present at 5801 Pelican Bay Boulevard, Suite 600, Naples, Florida 34108 and, thereafter, may be located at any place in Lee or Collier Counties, Florida, designated by the Board of Directors of the Neighborhood Association ("Board").

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

1.3. The seal of the Association shall bear the name "Novela at Palmira Neighborhood Association, Inc.," the word "Florida" and the words "Corporation Not For Profit."

Section 2. Explanation of Terminology

The terms defined in the Articles as well as in the Neighborhood Declaration of Protective Covenants and Restrictions for Novela at Palmira are incorporated herein by reference and shall appear in initial capital letters each time such terms appear in these Bylaws.

Section 3. Membership; Members' Meetings; Voting

3.1. The qualification of members, the manner of their admission to membership and the termination of such membership shall be as set forth in the Articles.

3.2. The Members shall meet annually ("Annual Members' Meeting"). The Annual Members' Meeting shall be held at the office of the Neighborhood Association or at such other place in the County as the Board may determine and on such day and at such time as designated by the Board in the notice of such meeting commencing with the year following the year in which the Articles are filed with the Secretary of State. The purpose of the Annual Members' Meeting shall be to hear reports of the officers, elect members of the Board (when that shall be appropriate as determined by the provisions of the Articles) and transact any other business authorized to be transacted at such Annual Members' Meeting.

3.3. Special meetings (meetings other than the Annual Members' Meeting) of the Members shall be held at the offices of the Neighborhood Association or at such other place in the

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County as the Board may determine, whenever called by the President or Vice President or by a majority of the Board. A special meeting must be called by such President or Vice President upon receipt of a written request from Members having the right to vote at least one-third (1/3) of the total number of votes entitled to be cast by Members at any such special meeting.

3.4. In the event that Board members are to be elected at or in conjunction with the Annual Members' Meeting, a first notice of such meeting shall be mailed to each Member not less than sixty (60) days before the scheduled election. The first notice must contain the name and correct mailing address of the Neighborhood Association. Proof of such mailing shall be given by either: (i) affidavit of the person who mailed such first notice; or (ii) post office certificate of mailing. The first notice shall state the time, place and the purpose of the Annual Members' Meeting (i.e., electing three (3) members of the Board).

3.5. Any Lot Owner or other eligible person desiring to be a candidate for the Board may give "written notice" to the Neighborhood Association before the scheduled election, or may nominate himself or herself as a candidate for the Board at the meeting where the election is to be held. Any Lot Owner or other eligible person may nominate himself or herself or may nominate another Lot Owner or eligible person, if permission has been granted in writing to nominate the other person. If the candidate so desires, a one page, 8-1/2" by 11", one-sided candidate information sheet may be prepared describing the candidate's background, education and qualifications as well as such other factors deemed relevant by the candidate.

3.6. Not less than thirty (30) days before the scheduled Annual Members' Meeting at which or in conjunction with election of Board members is to occur, the Neighborhood Association shall mail or deliver a second notice of the election, together with any information sheets timely submitted by candidates.

3.7. A ballot shall indicate alphabetically by surname, each and every Lot Owner or other eligible person who desires to be a candidate for the Board who has provided written notice of their candidacy at least five (5) days before the scheduled election, unless such person has withdrawn his or her candidacy in writing. The ballots distributed at the meeting where the election is to be held shall also contain blank spaces for the names of any candidate(s) nominated at such meeting, which names may be filled in by the voters. No ballot shall indicate which candidates are incumbents on the Board. A ballot shall not contain a section providing for the signature of a voter. All ballot forms shall be uniform in color and appearance.

3.8. At the Annual Members' Meeting either the Board or persons appointed by the Board shall validate and process the ballots. At the meeting, after the collection of ballots, the signatures and Lot identifications on the outer envelopes shall be checked against the list of qualified voters. The voters shall be checked off on the list as having voted. Any exterior envelope not signed by the eligible voter shall be marked "disregarded" and any ballots contained therein shall not be counted. All inner envelopes shall be first removed from the outer envelopes and shall be placed in a receptacle. Upon commencement of the opening of the outer envelopes, no more ballots shall be accepted. Inner envelopes shall then be opened and the ballots shall be removed and counted in the presence of any Lot Owners. Any inner envelope containing more than one ballot shall be marked

"disregarded" and any ballots contained therein shall not be counted. All envelopes and ballots shall be retained as part of the official records of the Neighborhood Association. Each ballot distributed at the meeting shall be distributed with an outer self-addressed envelope and a smaller inner envelope in which the ballot shall be placed. The exterior of the outer envelope shall indicate the Lot or unit numbers being voted and shall contain a signature line for the voter. Once the ballot is filled out, the voter shall place the completed ballot in the inner smaller envelope and seal the envelope. The inner envelope shall then be placed within the larger outer envelope and the outer envelope shall then be sealed.

3.9. An election and balloting are not required unless more candidates are nominated than vacancies exist on the Board to be filled. In that event, the Neighborhood Association shall announce the new Directors at the Annual Members' Meeting, and all candidates take office as Directors immediately following the adjournment of the Annual Members' Meeting.

3.10. A voter who requires assistance to vote by reason of disability, blindness, or inability to read or write, may request the assistance of any member of the Board or any Lot Owner to assist in the casting of his or her vote.

3.11. Except as otherwise provided herein or in the Articles, a written notice of all Members' meetings, whether the Annual Members' Meeting or special meetings (collectively "Meeting"), shall be given to each Member entitled to vote thereat at the Member's last known address as it appears on the books of the Neighborhood Association and shall be mailed to the said address not less than fourteen (14) days nor more than forty-five (45) days prior to the date of the Meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice or post office certificate of mailing. Any notice given hereunder shall state the time and place of the Meeting and the purposes for which the Meeting is called. The notice of all Annual Members' Meetings shall, in addition, specify the number of Directors of the Neighborhood Association to be designated by Declarant and the number of Directors to be elected by the Members, if applicable. Notwithstanding any provisions hereof to the contrary, notice of any Meeting may be waived before, during or after such Meeting by a Member or by the person entitled to vote for such Member by signing a document setting forth the waiver of such notice.

3.12. The Members may, at the discretion of the Board, act by written response in lieu of a Meeting provided written notice of the matter or matters to be agreed upon is given to the Members or duly waived in accordance with the provisions of these Bylaws. Unless some greater number is required under the Neighborhood Documents and except as to the election of Directors, which shall be accomplished by plurality vote, the decision of a majority of the votes cast by Members as to the matter or matters to be agreed or voted upon shall be binding on the Members provided a quorum is either present at such Meeting or submits a response if action is taken by written response in lieu of a Meeting, as the case may be. The notice with respect to actions to be taken by written response in lieu of a Meeting shall set forth the time period during which the written responses must be received by the Neighborhood Association.

3.13. (a) A quorum of the Members shall consist of Members entitled to cast thirty percent (30%) of the total number of votes of the Members.

(b) When a quorum is present at any Meeting and a question which raises the jurisdiction of such Meeting is presented, the holders of a majority of the voting rights present in person or represented by written "Proxy" (as hereinafter defined) shall be required to decide the question. However, if the question is one upon which a vote other than the majority vote of a quorum is required by express provision of the Neighborhood Documents or by law, then such express provision shall govern and control the required vote on the decision of such question.

3.14. If a quorum is not in attendance at a Meeting, the Members who are present, either in person or by Proxy, may adjourn the Meeting from time to time until a quorum is present with no further notice of such adjourned Meeting being required unless otherwise determined by the Board.

3.15. Minutes of all Meetings shall be kept in a businesslike manner and be available for inspection by the Members and Directors at all reasonable times.

3.16. Voting rights of Members shall be as stated in the Articles with respect to the election of all Boards other than the First Board. Except for the election of members to the Board as set forth above, votes may be cast in person or by Proxy. "Proxy" is defined to mean an instrument in writing, signed by a Member, appointing a person to whom the Member delegates the Member's right to cast a vote or votes in the Member's place and stead. Proxies shall be valid only for the particular meeting designated therein and any lawful adjournments thereof; provided, however, that no Proxy shall be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Each Proxy shall contain the date, time and place of the meeting for which the Proxy is given. A limited Proxy shall set forth those items which the holder of the Proxy may vote and the manner in which the vote is cast. To the fullest extent permitted by law, Lot Owners may not vote by general Proxy, but may vote by limited Proxy. A general Proxy may be used to establish a quorum. A Proxy must be filed with the Secretary of the Neighborhood Association before the appointed time of the meeting in order to be effective. Any Proxy may be revoked prior to the time a vote is cast by virtue of such Proxy. A Proxy may not be used for the election of Directors.

3.17. The voting on any matter at a meeting shall be by secret ballot upon request of the holders of ten percent (10%) of the votes represented at such meeting and entitled to be cast on such matter, if such request is made prior to the vote in question.

3.18. After the mailing of notice of any meeting, the Neighborhood Association shall prepare an alphabetical list of the names, home numbers and addresses of all Members who are mailed a notice of the meeting ("Members' List").

3.19. The Members' List must be available for inspection by any Member for a period of time beginning ten (10) days prior to the meeting and ending at the start of the meeting at the place identified in the meeting notice. A Member, or a Member's agent or attorney is entitled, upon written demand to the Neighborhood Association, to inspect the Members' List during normal business hours, during the time period set forth above, at such Members' expense.

3.20. The Neighborhood Association shall make the Members' List available at the meeting, and any Member, or a Member's agent or attorney is entitled to inspect the Members' List at any time up to the start of any meeting or any adjournment.

3.21. The Members' List is prima facie evidence of the identity of Members entitled to examine the Members' List or to vote at a Members' meeting.

3.22. In the event that the Neighborhood Association refuses to permit a Member, or a Member's agent or attorney to inspect the Members' List before or at a meeting, the following provisions shall apply: The meeting shall be adjourned until such inspection is complied with on the demand of any Member in person or by proxy who failed to get such access, or, if not adjourned, upon such demand and the requirements of Sections 3.18, 3.19, 3.20 and 3.21 are not complied with, the circuit court of the County on application of a Member, may summarily order the inspection or copying at the Neighborhood Association's expense and may postpone the meeting for which the Members' List was prepared until the inspection or copying is complete.

3.23. Refusal or failure to comply with Sections 3.18 through 3.21 above shall not affect the validity of any action taken at the meeting.

Section 4. Board of Directors; Meetings of the Board

4.1 The business and administration of the Neighborhood Association shall be by its Board.

4.2. The election and, if applicable, designation of Directors shall be conducted in accordance with the Articles. Except for Declarant-appointed Directors, Directors must be Members or the parents or children of Members.

4.3. (a) Any person elected or designated as a Director shall have all the rights, privileges, duties and obligations of a Director of the Neighborhood Association.

(b) The term of a Director's service shall be as stated in the Articles and, if not so stated, shall extend until the next Annual Members' Meeting and thereafter until a successor is duly elected and qualified or until the Director resigns or is removed in the manner elsewhere provided.

4.4. The organizational meeting of a newly selected Board shall be held within ten (10) days of their election at the offices of the Neighborhood Association or such other place in the County as the Board may determine. Provided the organizational meeting is held directly following the Annual Members' Meeting, no further notice of the organizational meeting shall be necessary; if not, however, notice of the organizational meeting shall be given in accordance with Section 720.303(2), F.S.

4.5. Regular meetings of the Board may be held at the offices of the Neighborhood Association or such other place in the County as shall be determined from time to time by a majority of Directors. Notice of regular meetings shall be given to each Director, personally or by mail,

telephone or telegraph at least three (3) days prior to the day named for such meeting unless such notice is waived. Notice of all Board meetings shall be posted in a conspicuous place in the community at least forty-eight (48) hours before a meeting, except in an emergency, or reasonable alternatives to such posting may be approved by the Board, including, without limitation, notice by mailing, notice by publication, or the provision of a schedule of Board meetings.

4.6. Special meetings of the Board may be called by the President or the Vice President and must be called by the Secretary at the written request of one-third (1/3) of the Directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

4.7. Any Director may waive notice of the meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

4.8. A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the Board present at a meeting at which a quorum is present shall constitute the acts of the Board. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.9. The presiding officer at the Directors' meeting shall be the President. In the absence of the presiding officer, the Directors shall designate any one of their number to preside.

4.10. Directors shall not receive any compensation for their services.

4.11. The Board shall have the power to appoint an Executive Committee of the Board consisting of not less than three (3) Directors. The Executive Committee shall have and exercise such powers of the Board as may be given to it by the resolution of the Board establishing the Executive Committee during the period of time between meetings of the Board and such other powers of the Board as may be delegated to the Executive Committee by the Board from time to time. A quorum at an Executive Committee meeting shall consist of all of its members. The acts of the Executive Committee approved by two (2) of its three (3) members shall constitute the acts of the Executive Committee. All meetings of any Executive Committee of the Board shall be open to all Members.

4.12. Minutes of all meetings of the Board shall be kept in a businesslike manner and be available for inspection by Members and Directors at all reasonable times.

4.13. Meetings of the Board shall be open to all Members on such terms as the Board may determine. The Board may also hold closed meetings to the extent permitted by applicable law, i.e., where the discussion at a meeting is governed by attorney-client privilege.

Section 5. Powers and Duties of the Board

5.1. All of the powers and duties of the Neighborhood Association shall be exercised by the Board. Such powers and duties of the Board shall include, but not be limited to, all powers and duties set forth in the Neighborhood Documents, as well as all of the powers and duties of a director of a corporation not for profit.

5.2. The Neighborhood Association may employ a manager to perform any of the duties, powers or functions of the Neighborhood Association. Notwithstanding the foregoing, the Neighborhood Association may not delegate to the manager the power to conclusively determine whether the Neighborhood Association should make expenditures for capital additions or improvements chargeable against the Neighborhood Association fund. The members of the Board shall not be personally liable for any omission or improper exercise by the manager of any duty, power or function delegated to the manager by the Neighborhood Association.

Section 6. Late Fees

Any party who fails to timely pay any Assessment within ten (10) days of the due date shall be charged a late charge of Twenty-Five Dollars (\$25) by the Neighborhood Association for such late Assessment. In addition, any party who fails to pay any Assessment within ten (10) days of the due date shall be charged interest thereon from the date due until paid at 18% per annum. Lot Owners shall be responsible to pay all Legal Fees incurred in connection with the collection of late Assessments whether or not an action at law to collect said Assessment and foreclose the Neighborhood Association's lien has been commenced.

Section 7. Officers

7.1. Executive officers of the Neighborhood Association shall be the President, who shall be a Director, one or several Vice Presidents, a Treasurer, a Secretary and as many Assistant Secretaries and Assistant Treasurers as the Board shall determine, all of whom shall be elected annually by the Board and who may be preemptorily removed by vote of the Directors at any meeting. The Board shall, from time to time, elect such other officers and assistant officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Neighborhood Association. One person may simultaneously hold two offices, except that the offices of President and Secretary shall be held by separate persons.

7.2. The President shall be the chief executive officer of the Neighborhood Association. He or she shall have all of the powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the Members, from time to time, as he or she may, in his or her discretion, determine appropriate, to assist in the conduct of the affairs of the Neighborhood Association. He or she shall preside at all meetings of the Board. Unless these Bylaws or the Community Declaration are amended to provide otherwise, the President of the Neighborhood Association shall also serve as the Association's "Representative" as such term is defined in the Master Declaration, and shall perform the duties of a Neighborhood Representative as provided thereunder.

7.3. The Vice President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. He or she shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board. In the event there shall be more than one Vice President selected by the Board, then they shall be designated "First," "Second," etc. and shall exercise the powers and perform the duties of the presidency in such order.

7.4. The Secretary shall keep the minutes of all proceedings of the Directors. He or she shall have custody of the seal of the Neighborhood Association and affix the same to instruments requiring a seal when duly signed. He or she shall keep the records of the Neighborhood Association, except those of the Treasurer, and shall perform all of the duties required by the Board or the President. The Assistant Secretary, if any, shall perform all of the duties incident to the office of Secretary when the Secretary is absent and shall assist the Secretary.

7.5. The Treasurer shall have custody of all of the monies of the Neighborhood Association, including funds, securities and evidence of indebtedness. He or she shall keep the assessment rolls and accounts of the Members, he or she shall keep the books of the Neighborhood Association in accordance with good accounting practices; and he or she shall perform all of the duties incident to the officer of Treasurer. The Assistant Treasurer, if any, shall assist the Treasurer and perform the duties of Treasurer, if the Treasurer is absent.

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

Section 8. Resignations

Any Director or officer may resign his or her post at any time by written resignation, delivered to the President or Secretary, which shall take effect upon its receipt unless a later date is specified in the resignation, in which event the resignation shall be effective from such date unless withdrawn. The acceptance of a resignation shall not be required to make it effective. The conveyance of all Lots owned by any Director or officer (other than appointees of Declarant or officers and Directors who were not Lot Owners) shall constitute a written resignation of such Director or officer.

Section 9. Accounting Records; Fiscal Management

9.1. The Neighborhood Association shall use the cash basis method of accounting and shall maintain accounting records in accordance with good accounting practices, which shall be open to inspection by Members and Institutional Mortgagees or their respective authorized representatives at reasonable times. Such authorization as a representative must be in writing and signed by the person giving the authorization and dated within sixty (60) days of the date of the inspection. Such records shall include, but not be limited to: (i) a record of all receipts and expenditures; (ii) an

account for each lot within Novela which shall designate the name and address of the Lot Owner thereof, the amount of Individual Lot Assessments and all other Assessments, if any, charged to the Lot, the amounts and due dates for payment of same, the amounts paid upon the account and the balance due; (iii) all tax returns, financial statements and financial reports of the Neighborhood Association; and (iv) any other records that identify, measure, record or communicate financial information.

9.2. Subsequent to the Guarantee Period or in the absence of any Guaranteed Assessments as described in the Neighborhood Covenants, the Board shall adopt a Budget (as provided for in the Neighborhood Covenants) of the anticipated Operating Expenses for each forthcoming calendar year (the fiscal year of the Neighborhood Association being the calendar year) at a special meeting of the Board ("Budget Meeting") called for that purpose to be held during the month of November of the year preceding the year to which the Budget applies, provided that the first Budget Meeting is to be held: (i) within thirty (30) days of the expiration of the Guarantee Period for purposes of adopting a Budget for the remainder of the calendar year during which the Guarantee Period expires; or (ii) prior to the completion of the first Lot in the event there is no Guaranteed Assessment. Prior to the Budget Meeting, a proposed Budget for the Operating Expenses shall be prepared by or on behalf of the Board. Within thirty (30) days after adoption of the Budget, a copy thereof shall be furnished to each Member, or a written notice that a copy of the budget is available upon request at no charge to the Member, and each Lot Owner shall be given notice of the Individual Lot Assessment applicable to his or her Lot(s). The copy of the Budget (or written notice of the availability of same) shall be deemed furnished and the notice of the Individual Lot Assessment shall be deemed given upon its delivery or upon its being mailed to the Lot Owner shown on the records of the Neighborhood Association at the last known address as shown on the records of the Neighborhood Association.

9.3. In administering the finances of the Neighborhood Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) any monies received by the Neighborhood Association in any calendar year may be used by the Neighborhood Association to pay expenses incurred in the same calendar year; (iii) there shall be apportioned between calendar years on a pro rata basis any expenses which are prepaid in any one calendar year for Operating Expenses which cover more than such calendar year; (iv) Assessments shall be made quarterly in amounts no less than are required to provide funds in advance for payment of all of the anticipated current Operating Expenses and for all unpaid Operating Expenses previously incurred; and (v) items of Operating Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such expenses is received. Notwithstanding the foregoing, the Assessments for Operating Expenses and any periodic installments thereof shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses in any calendar year as such expenses are incurred in accordance with the cash basis method of accounting.

9.4. The Individual Lot Assessment shall be payable as provided for in the Protective Covenants.

9.5. No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Operating Expenses not budgeted or which shall exceed budgeted items, and no Board is

required to engage in deficit spending. Should there exist any deficiency which results from there being greater Operating Expenses than monies from Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of a Special Assessment or an upward adjustment to the Individual Lot Assessment.

9.6. The depository of the Neighborhood Association shall be such bank or banks as shall be designated from time to time by the Board in which the monies of the Neighborhood Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board.

9.7. A report of the accounts of the Neighborhood Association shall be made annually by an auditor, accountant or certified public accountant and a copy of the report shall be furnished, upon request, to each Member no later than the first day of April of the year following the year for which the report is made. The report shall be deemed to be furnished to the Member upon its delivery or mailing to the Member at his or her last known address shown on the records of the Neighborhood Association.

Section 10. Rules and Regulations

The Board may at any meeting of the Board adopt rules and regulations or amend, modify or rescind then existing Neighborhood Association Rules; provided, however, that such Neighborhood Association Rules are not inconsistent with the terms or provisions of the Neighborhood Documents. Copies of any Neighborhood Association Rules promulgated, amended or rescinded shall be mailed or delivered to all Members at the last known address for such Members as shown on the records of the Neighborhood Association at the time of such delivery or mailing and shall not take effect until forty-eight (48) hours after such delivery or mailing. Notwithstanding the foregoing, where Neighborhood Association Rules are to regulate the use of specific portions of the Neighborhood Association Property, same shall be conspicuously posted at such facility, where feasible, and such Neighborhood Association Rules shall be effective immediately upon such posting. Care shall be taken to insure that posted Neighborhood Association Rules are conspicuously displayed and easily readable and that posted signs or announcements are designed with a view towards protection from weather and the elements. Posted Neighborhood Association Rules which are torn down or lost shall be promptly replaced.

Section 11. Parliamentary Rules

The then latest edition of Robert's Rules of Order shall govern the conduct of meetings of all Members and the Board; provided, however, if such rules of order are in conflict with any of the Neighborhood Documents, Robert's Rules of Order shall yield to the provisions of such instrument.

Section 12. Amendment of the Bylaws

12.1. These Bylaws may be amended as hereinafter set forth in this Section 12.

12.2. After the Turnover Date, any Bylaw of the Neighborhood Association may be amended or repealed, and any new Bylaw of the Neighborhood Association may be adopted by either:

(i) majority vote of the Members at any Annual Members' Meeting or any special meeting of the Members called for that purpose or by majority action of the Members who have acted by written response in lieu of a Meeting as permitted by these Bylaws; or

(ii) by the affirmative vote of a majority of the Directors then in office at any regular meeting of the Board or at any special meeting of the Board called for that purpose or by written instrument signed by all of the Directors as is permitted by these Bylaws, provided that the Directors shall not have any authority to adopt, amend or repeal any Bylaw if such new Bylaw or such amendment or the repeal of a Bylaw would be inconsistent with any Bylaw previously adopted by the Members.

12.3. Notwithstanding any of the foregoing provisions of this Section 12 to the contrary, until the Turnover Date, all amendments or modifications to these Bylaws and adoption or repeal of Bylaws shall only be made by action of the First Board as described in the Articles, which First Board shall have the power to amend, modify, adopt and repeal any Bylaws without the requirement of any consent, approval or vote of the Members.

12.4. Notwithstanding the foregoing provisions of this Section 12, there shall be no amendment to these Bylaws which shall abridge, amend or alter the rights of: (i) Declarant, without the prior written consent thereto by Declarant for so long as Declarant holds at least one (1) Lot for sale in the ordinary course of business; or (ii) any Institutional Mortgagee without the prior written consent of such Institutional Mortgagee.

12.5. Any instrument amending, modifying, repealing or adding Bylaws shall identify the particular section or sections affected and give the exact language of such modification, amendment or addition or of the provisions repealed. A copy of each such amendment, modification, repeal or addition attested to by the Secretary or Assistant Secretary of the Neighborhood Association shall be recorded amongst the Public Records of the County.

12.6. Notwithstanding anything contained herein to the contrary, as long as the Class B membership exists, FHA or VA has the right to veto any material amendments to these Bylaws.

12.7. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Neighborhood Covenants and these Bylaws, the Neighborhood Covenants shall control; and in the event of any conflict between the Articles and the Neighborhood Covenants, the Neighborhood Covenants shall control.

Section 13. Fines

13.1 In addition to all remedies, in the sole discretion of the Board, a fine or fines may be imposed upon a Lot Owner and his or her Lot for failure of a Lot Owner, his or her family, guests,

invitees, lessees or employees, to comply with any covenant or restriction of the Neighborhood Covenants, the Articles, these Bylaws, the Neighborhood Association Rules or the Neighborhood Documents; provided the following procedures are adhered to:

(a) Notice: The Association shall notify the Lot Owner or occupant of the infraction or infractions. Included in the notice shall be a date and time of the next Board meeting at which time the Lot Owner or occupant shall present reasons why fines should not be imposed. The Lot Owner shall be given at least fourteen (14) days notice of any fine or suspension before the same is imposed.

(b) Hearing: The non-compliance shall be presented to the Board after which the Board shall hear reasons why fines should not be imposed. A written decision of the Board shall be submitted to the Lot Owner or occupant by not later than twenty-one (21) days after the Board's meeting.

The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the violator is served with written notice stating:

- (1) The nature of the alleged violation;
- (2) That the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;
- (3) That any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and
- (4) That all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

If a hearing is requested, it shall be held before the Board and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

(c) Fines: The Board may impose Special Assessments (fines) per violation against the applicable Lot as follows:

- (1) First non-compliance or violation: a fine not in excess of Fifty Dollars (\$50.00).
- (2) Second non-compliance or violation: a fine not in excess of Fifty Dollars (\$50.00).
- (3) Third and subsequent non-compliance or violation or violations which are of a continuing nature: a fine not in excess of Fifty Dollars (\$50.00).

(d) **Payment of Fines:** Fines shall be paid not later than thirty (30) days after notice of the imposition or assessment of the fines.

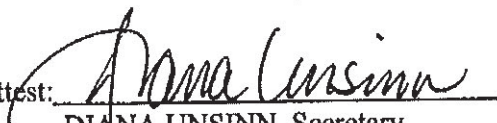
(e) **Application of Fines:** All monies received from fines shall be allocated as directed by the Board.

(f) **Non-exclusive Remedy:** The fines shall not be construed to be exclusive and shall exist in addition to all other rights and remedies to which the Neighborhood Association may be otherwise legally entitled; however, any fine paid by the offending Lot Owner or occupant shall be deducted from or offset against any damages which the Neighborhood Association may otherwise be entitled to recover by law from such Lot Owner or occupant.

(g) **Violation Notice:** The Board shall also have the right to record a Violation Notice in the Public Records of the County which places everyone on record notice if a Lot or Lot Owner is not in compliance with the Neighborhood Documents. Once the violation has been corrected, the Board shall cause a Termination of Violation Notice to be recorded thereby canceling of record the Violation Notice. The Lot Owner shall be responsible for all costs and expenses incurred by the Association in connection with the preparation and recordation of the Violation Notice and the termination thereof.

**NOVELA AT PALMIRA
NEIGHBORHOOD ASSOCIATION, INC.**
a Florida not-for-profit corporation

By: 
DAN HALLORAN, President

Attest: 
DIANA UNSINN, Secretary

(CORPORATE SEAL)