

EXHIBIT "C"

BY-LAWS

OF

ROYAL TERRACE TOWNHOMES HOMEOWNERS ASSOCIATION, INC.

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**BY-LAWS
OF
ROYAL TERRACE TOWNHOMES HOMEOWNERS ASSOCIATION, INC.**

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ARTICLE I

IDENTITY

Section 1. Name

The name of this corporation is ROYAL TERRACE TOWNHOMES HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Corporation" or "Association."

Section 2. Office

The principal office of the Corporation is % Hatch & Doty, P.A., 1701 A-1-A Highway, Suite 220, Vero Beach, Fl 32963, or such other place as may be designated by the Board of Directors.

Section 3. Seal

The seal of the Association shall bear the name of the Association, the word "Florida", the words "Corporation Not-for-Profit", and the year of incorporation.

Section 4. Emblem

The emblem of the Association shall be of a style and design approved by the Board of Directors.

Section 5. Adoption

These By-Laws have been adopted as the By-Laws of the Association in accordance with the Declaration of Covenants and Restrictions for Royal Terrace Townhomes (the "Declaration").

Section 6. Defined Terms

All terms used herein which are defined in the Declaration shall have the same meaning herein as defined therein.

ARTICLE II

PURPOSES

This Association is organized to serve as the instrumentality of Owners in the Royal Terrace Townhomes development (the "Property") for the purpose of controlling and regulating use of the amenities therein; of promoting, assisting, and providing adequate and proper maintenance of the Property and Improvements for the benefit of all Owners; to exercise all powers and discharge all responsibilities granted to it as a corporation under the laws of the State

of Florida, its Articles of Incorporation, these By-Laws, and the Declaration; to acquire, hold, convey and otherwise deal with real and/or personal property; and to otherwise engage in additional lawful activities for the benefit, use, convenience and enjoyment of its Members as it may deem proper.

ARTICLE III

DIRECTORS AND OFFICERS

Section 1. Directors

A. The affairs of the Association shall be managed by a Board of Directors which shall consist of not less than three (3) nor more than nine (9) members. The initial Board shall consist of the three (3) individuals named in the Articles of Incorporation of the Association, who shall serve until such time as Developer relinquishes control of the Association or replaces them.

B. Until such time as Developer relinquishes control of the Association, as described in the Declaration, Developer shall have the right to appoint all members of the Board of Directors and to approve the appointment of all Officers of the Association, and no action of the membership of the Association shall be effective unless, and until, approved by the Developer.

C. After Turnover of control of the Association, for so long as Developer owns any property within Royal Terrace Townhomes, Developer shall have the right to appoint one (1) member of the Board of Directors; such director need not be a member of the Association.

D. Commencing with the first annual meeting of the Members of the Association following the date on which Developer relinquishes control of the Association, the Directors shall be elected by the Members of the Association at the annual meeting, except that Developer shall have the right to appoint one (1) member of the Board of Directors, as described hereinabove.

E. Directors elected by Members of the Association shall be elected as follows: Election shall be by written ballot and by a plurality of votes cast using procedures the Board establishes.

F. The organizational meeting of the newly elected Board of Directors following Developer's relinquishment of control shall be held within ten (10) days of their election at the place and time fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

G. No director shall receive or be entitled to any compensation for his services as director, but shall be entitled to reimbursement for all expenses incurred by him as a director, if incurred upon the authorization of the Board.

H. No director or officer appointed by Developer need be a Member of the Association. All directors and officers elected by the Members must be Members of the Association. No officer or director appointed by Developer can be removed except by Developer. Developer may waive or relinquish in whole or in part its right to appoint one or more of the directors.

Section 2. Officers. The Officers of the Association shall be: President, Vice President, Secretary and Treasurer, and such other officers as the Board of Directors may appoint. One person may hold more than one office. The Officers shall be elected by the Board of Directors at their annual meeting. Officers elected at the first meeting of the Board shall hold office until the next annual meeting of the directors, or until their successors shall have been appointed and shall qualify.

Section 3. Resignation, Vacancy, Removal.

A. Resignation: Any director or officer of the Association may resign at any time, by instrument in writing. Resignations shall take effect at the time specified therein, and if no time is specified, resignations shall take effect at the time of receipt by the President or Secretary of the Association. The acceptance of a resignation shall not be necessary to make it effective.

B. Director Vacancy: When a vacancy occurs on the Board of Directors, the vacancy shall be filled by Developer, if the vacancy occurs by resignation or removal of any of the directors appointed by Developer prior to Developer's relinquishment of control. If the vacancy occurs by resignation or removal of any of the directors elected by the Owners (other than Developer) after Developer's relinquishment of control, the vacancy shall be filled by Directors elected by Members of the Association at their next meeting. Any person elected to fill a vacancy on the Board by the Directors of the Board elected by the Owners (other than Developer) shall serve until the next annual meeting of the Association.

C. Officer Vacancy: When a vacancy occurs in an office for any reason before an officer's term has expired, the office shall be filled by the Board of Directors at its next meeting by electing a person to serve for the unexpired term or until such time as a successor has been elected by the Board of Directors and shall qualify.

D. Removal: Any officer may be removed with or without cause by a majority vote of the full Board of Directors at a meeting of Directors called at least in part for the purpose of considering removal of the officer. Any officer or director may be removed with or without cause, and for any reason, upon a petition in writing by a majority of the Members of the Association approved at a meeting of Members called at least in part for this purpose, by a two-thirds (2/3) vote of the membership; provided, however, that removal by a vote of the

membership shall not apply to any member of the Board appointed by Developer. The petition calling for the removal of an officer or director shall set forth a time and place for the meeting of Members, and notice shall be given to all Members of the special meeting of the Members in the manner provided in these By-Laws. At any such meeting, the officer or director whose removal is sought shall be given the opportunity to be heard.

Section 4. Indemnification of Directors, Officers and Committee Members. The Association shall indemnify its Directors, Officers and committee members in accordance with the terms of the Declaration.

ARTICLE IV

POWERS AND DUTIES OF THE ASSOCIATION AND THE EXERCISE THEREOF

The Association shall have all powers granted to it by common law, Florida Statutes, the Declaration, the Articles of Incorporation, and these By-Laws, all of which shall be exercised by its Board of Directors unless the exercise thereof is otherwise restricted in the Declaration, these By-Laws or by law.

ARTICLE V

DUTIES OF OFFICERS

Section 1. President. The President shall be the chief executive officer of the Association and shall:

A. Act as presiding officer at all meetings of Members of the Association and of the Board of Directors.

B. Call special meetings of the Board of Directors.

C. Sign, with the Secretary or Treasurer if the Board of Directors so requires, all checks, contracts, promissory notes, and other instruments on behalf of the Association, except those which the Board of Directors specifies may be signed by other persons.

D. Perform all acts and duties usually required of a chief executive to insure that all orders and resolutions of the Board of Directors are carried out.

E. Act as ex-officio member of all committees, and render an annual report at the annual meeting of Members.

Section 2. Vice President. The Vice President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. The Vice President

shall assist the President and exercise other powers and perform other duties as shall be prescribed by the Directors.

Section 3. Secretary. The Secretary shall have the following duties and responsibilities:

A. Attend all regular and special meetings of the Members of the Association and of the Board of Directors and keep all records and minutes of proceedings thereof or cause the same to be done.

B. Have custody of the corporate seal and affix the same when necessary or required.

C. Attend to all correspondence on behalf of the Board of Directors, prepare and serve notice of meetings, keep membership books, and receive all applications for membership.

D. Perform other duties as the Board of Directors may determine and on all occasions in the execution of his duties, act under the superintendence, control and direction of the Board of Directors.

E. Have custody of the minutes book of the meetings of the Board of Directors and Members, and act as transfer agent of the corporate books.

Section 4. Treasurer. The Treasurer shall:

A. Attend all meetings of the membership and of the Board of Directors.

B. Receive monies as shall be paid into his hands for the account of the Association and disburse funds as may be ordered by the Board of Directors, taking proper vouchers for disbursements, and be custodian of all contracts, leases and other important documents of the Association which he shall keep safely deposited.

C. Supervise the keeping of accounts of all financial transactions of the Association in books belonging to the Association, and deliver the books to his successor. He shall prepare and distribute to all of the members of the Board of Directors prior to each annual meeting, and whenever else required, a summary of the financial transactions and condition of the Association from the preceding year. He shall make a full and accurate report on matters and business pertaining to his office to the Members at the annual meeting, and make all reports required by law. He shall prepare the annual budget, and present it to the Board of Directors for its consideration.

D. The Treasurer may have the assistance of an accountant or auditor, who shall be employed by the Association. In the event the Association enters into a management agreement, it shall be proper to delegate any or all of the Treasurer's functions to the management agent as is deemed appropriate by the Board of Directors.

ARTICLE VI

MEMBERSHIP AND VOTING

Section 1. Qualification for Membership. The qualification for membership, and the manner of admission to membership and termination of membership, shall be as follows: A person or entity shall automatically become a Member of the Association upon acquisition of fee simple title to any Lot in the Property by recording a deed to the Lot in the public records of Indian River County, Florida. Membership shall continue until the time as the Member transfers or conveys his fee simple title of record, or the interest is transferred or conveyed by operation of law, at which time membership, with respect to the Lot conveyed shall automatically be conferred upon the transferee. Membership shall be appurtenant to, and may not be separated from, ownership of Lot(s) subject to the Declaration. No person or entity holding an interest of any type or nature whatsoever in a Lot only as security for the performance of an obligation, shall be a member of the Association. Developer, by including additional property within the imposition of the Declaration, may cause additional membership in the Association and may designate the ownership basis for the additional membership.

Section 2. Voting. The Association shall have two (2) classes of voting membership.

Class A. Class A Members shall be all those Owners as defined in Section 1 with the exception of the Developer (as long as the Class B Membership shall exist, and thereafter, the Developer shall be a Class A Member to the extent it would otherwise qualify). Class A members shall be entitled to one (1) vote for each Lot in which they hold the interests required for membership by Section 1. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, but the single vote for such Lot shall be exercised as they among themselves determine but, subject only to the following subsection, in no event shall more than one (1) vote be cast with respect to any such Lot.

Class B. The Class B Member shall be the Developer. The Class B Member shall be entitled to one (1) vote, plus two (2) votes for each vote entitled to be cast in the aggregate at any time and from time to time by the Class A Members. The Class B membership shall cease and terminate the later of three (3) months after 90 percent of the Lots in Royal Terrace Townhomes have been sold by the Developer or its affiliates, or such date as required to comply with the requirements of any governmental chartered entity with regard to the mortgage financing of Lots sold by the Developer or its affiliates. At the election of the Developer the Class B membership may terminate earlier, whereupon the Class A Members shall be obligated to elect the Board and assume control of the Association.

Votes shall be exercised or cast by a Member in accordance with the terms of the Declaration.

C. Quorum: At all meetings of the Board of Directors, a majority of the votes eligible to be cast by the Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the votes cast by the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors, except where approval by a greater number is required by the Declaration, the Articles of Incorporation or these By-Laws. At any meeting at which a quorum is not present, the presiding officer may adjourn the meeting from time to time, and at any adjourned meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice.

D. Joinder: The joinder of a director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of that director for the purpose of determining a quorum.

E. Written Action: Any action required to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing setting forth the action so to be taken, signed by

all of the Directors, is filed in the minutes of the proceedings of the Board. Such consent shall have the same effect as a unanimous vote.

F. Presiding Officer: In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

G. Telephone Meeting: Any regular or special meeting of the Board of Directors may be held by telephone conference, at which each participating member can hear and be heard by all other participating members.

H. Order of Business: The order of business at Director's meetings shall be as determined by the Board of Directors.

ARTICLE VIII

NOTICE OF MEMBERS' MEETINGS

Section 1. Annual Meeting. Written notice of the annual meeting of Members shall be served upon or mailed to each Member entitled to notice, at least ten (10) days, and no more than sixty (60) days, prior to the meeting. Such notice shall be hand delivered or mailed to each Member at its address as it appears on the books of the Association. Proof of mailing may be given by affidavit of the person giving the notice.

Section 2. Special Meeting. Written notice of a special meeting of Members stating the time, place and object of the meeting shall be served upon or mailed to each Member at least two (2) days, and no more than sixty (60) days, prior to such meeting.

Section 3. Waiver. Nothing herein is to be construed to prevent Members from waiving notice of meetings or acting by written agreement without meetings.

ARTICLE IX

PROCEDURE

Robert's Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and By-Laws of the Association, or with the Statutes of the State of Florida.

ARTICLE X

ASSESSMENTS AND MANNER OF COLLECTION

The Board of Directors shall have the power to levy and enforce Assessments against Lot Owners, as set forth in the Declaration.

ARTICLE XI

FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Association shall commence upon the first day of February and conclude on the last day of January, unless a different fiscal year is selected by the Board of Directors.

Section 2. Depositories. The funds of the Association shall be deposited in such accounts in Indian River County, Florida, as may be selected by the Board of Directors, including checking and savings accounts in one (1) or more banks and/or savings and loan associations, Certificates of Deposit, U.S. Treasury Bills and money market accounts with an investment firm or firms, all in accordance with resolutions approved by the Board of Directors. Association funds shall be withdrawn only over the signature of the President or such other persons as the Board may authorize. The Board may require more than one (1) signature on checks and bank drafts. The funds shall be used only for corporate purposes.

Section 3. Reserve Accounts. The Association shall establish and maintain an adequate reserve account for the periodic maintenance, repair and replacement of Improvements to the Common Property and Recreation Facilities, unless reserve accounts are waived by the majority vote of the Members.

Section 4. Fidelity Bonds. The Association may purchase blanket fidelity bonds for all Officers and employees of the Association, and for any management agent, who control or disburses funds of the Association, and any contractor handling or responsible for Association funds.

Section 5. Records. The Association shall maintain accounting records according to good practice which shall be open to inspection by the Members of the Association at reasonable times. Such records shall include a record of receipts and expenditures and accounts for each Member, which accounts shall designate the name and address of the Member, the due dates and amount of each Assessment against the Member, the amounts paid upon the account, and the balance due.

Section 6. Annual Statement. The Board of Directors shall present annually to the Members a full and clear statement of the business and condition of the Association, as prepared by an independent accountant.

Section 7. Insurance. The Association shall procure, maintain and keep in full force and effect, insurance as may be required by the Declaration to protect the interests of the Association and the Members.

Section 8. Expenses. The receipts and expenditures of the Association may be credited and charged to accounts as the Board of Directors may determine, in accordance with good accounting practices.

Section 9. Budget. The Board of Directors shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the expenses of the Association for the fiscal year, and to provide and maintain funds for the accounts established by the Board of Directors, in accordance with good accounting practices.

ARTICLE XII

ADMINISTRATIVE RULES AND REGULATIONS

The Board of Directors may, from time to time, adopt Rules and Regulations governing the details of the operation and use of the Property, provided that the Rules and Regulations shall be equally applicable to all Members (other than Developer) and uniform in application and effect.

ARTICLE XIII

VIOLATIONS AND DEFAULTS

In the event of a violation of any of the provisions of the Declaration, these By-Laws, the Rules and Regulations adopted by the Association or the Articles of Incorporation, the Association shall have all rights and remedies provided by law, including without limitation (and such remedies shall be cumulative) the right to sue for damages, the right to impose an Individual Assessment for non-compliance, as provided in the Declaration, the right to injunctive relief, and, in the event of a failure to pay Assessments, the right to foreclose its lien as provided in the Declaration, and in every proceeding, the Owner at fault shall be liable for interest, court costs and the Association's attorneys' fees. A suit to collect unpaid Assessments may be prosecuted by

the Association without waiving the lien securing the unpaid Assessments, interest, costs and attorneys' fees.

ARTICLE XIV

DISCIPLINE

Any Member, or any family member, guest, employee, agent, lessee, licensee or invitee of such Member, whose conduct shall be deemed by the Board of Directors to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Association or of its Members, may be reprimanded or fined by action of the Board of Directors. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Association or its Members.

Any such Member shall be notified of the proposed action and shall be given an opportunity to be heard by the Board of Directors to show cause why he or she should not be disciplined in accordance with this Article. If the Member desires to be heard, the Board of Directors shall set a time and date (not less than ten (10) days thereafter) for a hearing.

ARTICLE XV

AMENDMENT OF BY-LAWS

These By-Laws may be amended, altered or rescinded by a majority vote of both the Directors and Class B Members, or if there are no Class B Members, then upon a majority vote of the Directors, at any regular or special meeting; provided, however, that at no time shall the By-Laws conflict with the terms of the Declaration or the Articles of Incorporation. Any Member of the Association may propose an amendment to the Board, and the Board shall act upon the proposal at its next meeting.

ARTICLE XVI

VALIDITY

If any By-Law, rule, or regulation shall be adjudged invalid, such fact shall not affect the validity of any other By-Law, rule or regulation.

ARTICLE XVII

CONSTRUCTION

These Articles of Incorporation and the By-Laws of the Association shall be construed, in case of any ambiguity or lack of clarity, to be consistent with the provisions of the Declaration. In the event of any conflict between the terms of the Declaration, the Articles of Incorporation or these By-Laws, the following order of priority shall apply: The Declaration, the Articles of

Incorporation and the By-Laws.

**ROYAL TERRACE TOWNHOMES
HOMEOWNERS ASSOCIATION, INC., a
Florida corporation**

By: *Myrna Somoza*

Print Name: *MYRNA SOMOZA*

Title: *President*