

**BY-LAWS OF  
THE ISLAND HOUSE APARTMENTS, INC.**

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## ARTICLE I. OFFICES

The principal office and place of business of the corporation shall be located at corporation's apartment building, whose address is: 200 Ocean Lane Drive, Key Biscayne, Florida 33149.

The corporation may have such other offices, either within or without the State of Florida, for the transaction of business as the Board of Directors may from time to time determine.

## ARTICLE II STOCKHOLDERS

**Section 1. Place of Meeting.** All meetings of the stockholders, both annual and special, shall be held at The Island House Apartments, whose address is: 200 Ocean Lane Drive, Key Biscayne, Florida 33149.

**Section 2. Annual Meeting.** The annual meeting of stockholders shall be held on the third Friday in February of each year at the hour of 10:00 A.M. for the election of Directors, and for such other business as may be properly brought before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein, or at any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a meeting of the stockholders as soon thereafter as conveniently may be.

**Section 3. Special Meetings.** Special meetings of the stockholders may be called by the President or the Secretary at the request, in writing, of any three members of the Board of Directors, or at the request, in writing, by the holders of not less than twenty percent of all the outstanding shares of the corporation. Such written request for the call of a special meeting shall state the purpose of such meeting.

**Section 4. Notice of Meetings.** Written notice of the annual meeting shall be mailed or delivered in person not less than 15 days, nor more than 30 days before the meeting, and shall include any proposed amendments to the Articles of Incorporation, or to the By-Laws or to the Proprietary Lease, the names of Directors proposed by the Nominating Committee, the annual budget, a financial report of the previous year, and proposed resolutions known to the Board of Directors.

Written notice of special meetings shall be mailed or delivered in person not less than 15 days nor more than 30 days before the meeting and shall contain all purposes for which the meeting is called.

Mailed notices shall be sent to the addresses of the stockholders shown on the books of the Corporation. Notice of meetings shall be sent to each stockholder of record entitled to vote at such meeting. All notices, if mailed, shall be deemed to be delivered when deposited in United States mail addressed to the stockholder at his address as it appears on the records of the Corporation, with postage thereon prepaid. The notice of any meeting shall be posted on the Island House bulletin board and in each elevator at least 14 days prior to the meeting.

**Section 5. Voting of shares; Proxies - Solicitation, Number, Content and Duration.**

At every meeting of the stockholders each stockholder shall be entitled to cast one vote or fractional vote for each share and/or fractional share of stock registered in the name of such stockholder, which vote may be cast in person or by proxy.

Every person desiring or intending to solicit proxies shall give written notice to the Board of Directors of such desire or intention at least seven (7) days before any proxy solicitation and shall simultaneously cause a copy of such notice to be posted on the bulletin board and in each elevator. The notice shall fully disclose the identity of the person or persons desiring or intending to solicit proxies as well as the purpose or purposes desired or intended to be served by such solicitation. Violation of this requirement shall render all proxies solicited and obtained by the solicitors invalid and void.

No proxy holder shall hold or vote more than five (5) proxies.



Each proxy shall be in writing, dated and signed by the record holder or holders of the stock and shall clearly identify the person or persons authorized to act for the stockholder(s). Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. Each proxy shall be limited to one meeting and any adjourned sessions thereof and may be limited to vote in a certain manner or upon certain matters providing such limitation clearly appears in the written proxy.

No proxy shall be valid after 30 days from the date of its execution.

The President shall annually appoint a Judge of Elections who shall carefully examine and determine the validity of each proxy filed with the Secretary and the extent of the authority given thereby.

**Section 6. Quorum.** A majority of the outstanding shares of the corporation represented in person or by proxy shall constitute a quorum of any meeting of the stockholders; provided that if less than a majority of the outstanding shares are represented at said meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice.

**Section 7. Informal Action by Stockholders.** Any action required to be taken at a meeting of the stockholders or any other action which may be taken at a meeting of the stockholders may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by stockholders entitled to vote with respect to the subject matter thereof owning eighty percent of the stock of the corporation.

**Section 8. Voting by Ballot.** Voting on any question or in any election may be viva voce, unless the presiding officer shall order, or any stockholder shall demand that voting be by ballot.

**Section 9. Order of Business.** The regular order of business for the annual meeting of stockholders and for each special meeting, to the extent such order is applicable, shall be as follows:

1. Roll call.
2. Presentation of notice of the meeting and proof of service or waiver of notice.
3. Reading of minutes of preceding stockholders meeting.
4. Report of Officers

5. Reports of Committees
6. Appointment of two inspectors of election. (If voting is by ballot.)
7. Election of Directors for ensuing year.
8. Miscellaneous business.

## **ARTICLE III. DIRECTORS**

**Section 1. General Powers.** The property, business and affairs of the corporation shall be managed and controlled by its Board of Directors.

**Section 2. Number, Tenure and Qualifications.** The number of Directors of the Corporation shall be five. At the annual meeting held in 1973 three (3) Directors shall be elected for two (2) years, and (2) Directors shall be elected for one (1) year. Thereafter, at the annual meeting in odd numbered years three (3) Directors shall be elected and at the annual meeting in even numbered years two (2) Directors shall be elected, each for a term of two (2) years, or until his successor shall have been elected and qualified. Each Director shall be a stockholder or a spouse of a stockholder of the Corporation, but need not be a resident of Florida.

In addition to nominees proposed by the Nominations Committee, nominations of willing candidates may be made from the floor at the annual meeting.

**Section 3. Regular Meetings.** Regular meetings of the Board of Directors shall be held without other notice than this By-Law immediately after the annual meeting of the stockholders. The Board of Directors may provide by resolution the time and place for holding of additional regular meetings.

**Section 4. Special meetings.** Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors, on not less than three days notice to each Director, either personally, by telephone, by mail, or by telegram. Any Director may waive notice of any meeting and the attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.



**Section 5. Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business of the Board of Directors, and the act of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, or by the Certificate of Incorporation, or by these By-Laws.

**Section 6. Vacancies.** Any vacancy occurring in the Board of Directors by death, resignation, removal or by divestiture of stock shall be filled for the remainder of the term by a majority vote cast at a meeting of the remaining Directors duly called for such purpose. Any vacancy occurring by reason of an increase in the number of Directors shall be filled by an election at an annual meeting or at a special meeting of the stockholders called for that purpose.

**Section 7. Executive Committee.** The Board of Directors may by resolution appoint an Executive Committee to consist of two or more Directors of the corporation. Such Committee shall have and may exercise all the powers of the Board in the management of the business and affairs of the corporation during the intervals between the meetings of the Board so far as may be permitted by law, except that the Executive Committee shall not have the power to determine the cash requirements defined in the proprietary leases, or to fix the rent to be paid under the proprietary leases, or to vary the terms of payment thereof as fixed by the Board, or to approve any applicant for proprietary lease or stock.

**Section 8. Compensation.** Directors shall receive no compensation for services as a Director. This prohibition shall not be construed to prevent a Director from receiving compensation from the corporation for other services in the corporation.

**Section 9. Removal.** Any Director may be removed from office at any time at the pleasure of the stockholders at an annual meeting or at any special meeting called for the purpose upon the affirmative vote of a majority of the shares of stock then issued and outstanding.

**Section 10. Annual Budget.** In furtherance of the definitions and provisions of the proprietary leases entered into by the corporation with its stockholders, the Board of Directors shall determine the cash requirements as defined therein for each particular year of the term of such proprietary leases, by resolution or resolutions adopted during the particular

year in question or the preceding year, and shall likewise fix the term and times of payment of the rent due from stockholders who are lessees under such proprietary leases to meet such cash requirements. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the properties of the corporation and to determine the aforesaid cash requirements. The Board of Directors shall mail a meeting notice and copies of the proposed annual budget of common expenses to the unit owners not less than 30 days prior to the meeting of the Board at which the budget will be considered. The stockholders may discuss the budget and may make recommendations concerning it, but the final approval shall rest exclusively with the Board. Every such determination by the Board shall be final and conclusive as to all stockholders, unless the budget requires assessment against the stockholders of an amount exceeding 115% of the previous years assessments against the stockholders. In the latter event, a special meeting of the stockholders shall be held within 30 days of application to the Board by 10 percent of the stockholders. At this special meeting the stockholders shall consider and enact a budget. The adoption of the budget shall require an affirmative vote of a majority of the outstanding stock.

If a meeting of the unit owners has been called and a quorum is not attained or a substitute budget is not adopted by the unit owners, the budget adopted by the Board of Directors shall go into effect as scheduled.

In determining whether assessments exceed 115% of similar assessments for prior years, any authorized provisions for reasonable reserves for repair or replacements of cooperative property, anticipated expenses which are not anticipated to be incurred on a regular or annual basis, or assessments for betterments to the cooperative property shall be excluded from computation.

**Section 11. Notice to stockholders.** Meetings of the Board of Directors are open to all stockholders. Notice of all meetings of the Board shall be posted on the bulletin board at least 48 hours in advance of such meetings, except in an emergency. Notice of any meeting of the Board of Directors in which assessments against stockholders are to be considered shall contain a statement that assessments will be considered and the nature of any such assessments.



## ARTICLE IV OFFICERS

**Section 1. Officers.** The officers of this corporation shall be a President, a Vice-President, a Treasurer, a Secretary, and such other officers as may be elected in accordance with the provisions of this Article. No one shall be eligible to hold the office of President or Vice-President who is not a Director and stockholder of the corporation. Any such officer who ceases to be a Director and stockholder shall cease to hold office of President and Vice-President. The same person may hold two or more offices, except that neither the President nor the Vice-President shall also be the Secretary or Assistant Secretary of the corporation. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable. Such officers shall have the authority and perform the duties prescribed from time to time by the Board of Directors.

**Section 2. Election and Term of Office.** The officers of the corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and qualified.

**Section 3. Removal from Office and Vacancies.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

**Section 4. President.** The President shall be the principal executive officer of the corporation and shall preside at all Directors and stockholders meetings and shall have general supervision over the affairs of the corporation and over the other officers. He shall sign, with the secretary or any other proper officer of the corporation authorized by the Board of Directors, all stock certificates and proprietary leases and written contracts of the corporation, and shall perform all such other duties as are incident to his office.

**Section 5. Vice-President.** In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions of the President.

**Section 6. Secretary.** The Secretary shall keep the minutes of the meetings of the tenant-stockholders and of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of the By-Laws or as required by law; be custodian of the corporate records and of the seal of the corporation, and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these By-Laws; keep a register of the post-office address of each tenant-stockholder which shall be furnished to the secretary by such tenant-stockholder; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Except when the vote is unanimous, the Secretary shall record by name the vote or abstention of each Director in every matter before the Board of Directors upon which a vote is taken.

**Section 7. Treasurer.** The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation. He shall receive and give receipts for money due and payable to the corporation from any source whatsoever and deposit all such monies in the name of the corporation in such banks, trust companies, or other depositories as shall be selected or designated by the Board of Directors from time to time, and in general perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the President or the Board of Directors.

The Treasurer, and any other person who controls or disburses funds of the corporation, shall be bonded in the principal sum of not less than \$10,000, at the expense of the corporation.



## ARTICLE V. COMMITTEES

**Section 1. Nominations Committee.** The Board of Directors shall appoint, before December 1st of each year, three Tenant-Stockholders as a nominations Committee to nominate candidates for Directors to be elected at the next annual stockholders meeting. The Board shall give prompt written notice to all stockholders of the composition of such committee and the date by which stockholders may propose nominees. Suggestions of nominees may be submitted by any stockholder to any member of the Nominations Committee prior to December 21st. The Committee shall report its nominees to the Board in writing by January 1st.

In addition to nominees proposed by the nominations Committee, nominations of willing candidates may be made from the floor at the annual meeting.

**Section 2. Other committees.** The Board of Directors may establish advisory committees, each of whose members shall be a stockholder or the spouse of a stockholder. The president of the corporation shall appoint, and may remove, the members.

## ARTICLE VI CAPITAL STOCK CERTIFICATES FOR SHARES THEREOF AND THEIR TRANSFER

**Section 1. Stock and Proprietary Leases Inseparable.** Shares of stock of the corporation shall be issued only in connection with the execution and delivery by the purchaser and corporation of a proprietary lease of an apartment or apartments in the building owned by the corporation, and the ownership of the said stock so issued shall entitle the holder thereof to occupy for dwelling purposes only the apartment specified in the proprietary lease so executed and delivered in connection with the issuance of said stock. All stock so issued shall be subject to all covenants and agreements contained in the proprietary lease, to these By-Laws, and to the provisions of the Certificate of Incorporation of the corporation. The acceptance of said certificate of stock shall constitute a contract between the owner-stockholder and the corporation assenting and agreeing to all of the said provisions of the Certificate of Incorporation, and these By-Laws.

**Section 2. Certificates of Stock.** Certificates of stock of the corporation shall be in the form prepared by the Board of Directors and shall be signed by the President or a Vice-President and the Secretary, or an Assistant Secretary, and sealed with the seal of the corporation, and shall be numbered in the order in which issued. Certificates shall be bound in a book, and issued in consecutive order therefrom, and in the margin or stub thereof shall be entered the name of the person holding the shares therein represented, the number of shares, the number of the apartment allocated thereto, and the date of issue. Each certificate exchanged or returned to the corporation shall be cancelled and the date of cancellation shall be indicated thereon by the Secretary, and such certificate shall be immediately pasted in the certificate book opposite the memorandum of its issue.

**Section 3. Transfer.** Transfers of shares of stock and the accompanying proprietary lease shall be made only on the books of the corporation by the owner and holder in person, or by power of attorney duly executed and witnessed, and filed with the Secretary, and on the surrender of a certificate of such shares, except that shares sold by the corporation to satisfy any lien which it holds thereon may be transferred without the surrender of such certificate. No transfer of stock and the accompanying proprietary lease shall be made without the prior written consent and approval of the Board of Directors. No transfer of stock shall be valid as against the corporation, its stockholders and creditors for any purpose until it shall have been entered in the stock book by an entry showing from whom and to whom transferred. The corporation shall not be obligated to accept or recognize any transferee until and unless such transferee shall have complied with all the requirements of the corporation, as set forth in its Charter, By-Laws and proprietary lease. Any person owning the stock and proprietary lease representing the ownership of one of the guest rooms, numbered 2 through 11 and 104 and 104A, situated on the ground floor of the Island House Apartments, Inc. shall be prohibited from selling, assigning or transferring the interest therein to any person other than a tenant-stockholder of one of the 119 apartments in the said Island House Apartments, Inc.

**Section 4. Units of Issuance.** The number of shares of stock issued to accompany each proprietary lease shall be that fraction of the total number of shares of capital stock the corporation is authorized to issue as the value of the apartment designated in the proprietary lease bears to



the total value of the co-operative apartment building and/or property of the corporation. The shares of stock which accompany each proprietary lease shall be represented by a single certificate, and shall not be sold or transferred except to the corporation (provided however that there shall be no obligation upon the corporation to purchase), or as an entirety to a person who has acquired such proprietary lease, or a new one in place thereof after complying with and satisfying the requirements of such proprietary lease, these By-Laws, and Certificate of Incorporation in respect to the assignment thereof.

**Section 5. Fees on Transfer.** The Board of Directors shall have authority to fix by resolution and to collect before the transfer of any stock, reasonable fees to cover the corporation's expenses, including reasonable attorneys' fees if necessary in connection with such proposed transfer.

**Section 6. Corporation's Lien.** The corporation shall at all times have a first and paramount lien on the shares of stock owned by each stockholder to secure the payment by such stockholder of all rent and/or cash requirements to become payable by such stockholder under the provisions of the proprietary lease issued by the corporation and at any time held by such stockholder and for all other indebtedness from such stockholder to the corporation and to secure the performance and compliance by the stockholder with all the covenants and conditions of the proprietary lease, and these By-Laws to be performed or complied with by the stockholder. Unless and until such stockholder makes default in the payment of any such rent, cash requirement, or other indebtedness, or in the performance of any of such covenants or conditions, said shares shall continue to stand in the name of the stockholder on the books of the corporation and the stockholder shall be entitled to exercise the right to vote thereon. The corporation shall have the right to issue to any purchaser of such shares on the enforcement by the corporation of such lien or to the nominee of such purchaser a certificate of the shares so purchased together with the accompanying proprietary lease substantially of the tenor of the certificate issued to such defaulting stockholder, and thereupon the certificate for such stock issued to such defaulting stockholder shall become void. No sale of a certificate and the accompanying proprietary lease of a defaulting tenant-stockholder shall be made until the corporation shall first have given notice of the default and of its intention to sell such shares. No sale shall be made unless thirty (30) days prior written notice shall have been given. Upon the sale of the shares of stock of a

stockholder and of his accompanying proprietary lease, all sums received therefrom shall be applied first to the indebtedness to the corporation and all expenses incurred by its, including reasonable attorneys' fees, in connection with such sale, and the remainder received from the sale, if any, shall be remitted to the said defaulting tenant-stockholder.

**Section 7. Lost Certificate.** In the event that any certificate of stock is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Board may in its discretion before the issuance of such new certificate require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the corporation a bond in such form as it directs, not exceeding double the value of the stock to indemnify the corporation.

**Section 8. Legend on Certificates.** Each certificate for shares of stock issued by the corporation shall contain a suitable statement setting forth that the corporation has a lien thereon and that the transferability of such certificate is restricted, as in its Certificate of Incorporation and By-Laws more fully set forth, or, in the alternative, an endorsement and/or legend shall be placed on each certificate issued to the effect that the Articles of Incorporation, and By-Laws provide for a lien against the stock and restrict the transferability of its shares.

## ARTICLE VII PROPRIETARY LEASES

**Section 1. Form.** The Board of Directors shall adopt a form of proprietary lease to be used by the corporation, and providing for the use and occupancy of each apartment by the respective tenant-stockholder. Such proprietary lease shall be for a term equal to the life of the corporation, but at all times subject to an earlier termination for breach of any covenant or condition contained in said proprietary lease, or the Articles of Incorporation, or of the By-Laws of the corporation, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the sub-letting of the premises of which the use and occupancy are granted thereby, and the sale and transfer of the shares of stock of the corporation accompanying the same, and such other terms, provisions, conditions and covenants as the Board of Directors deems advisable.



The proprietary lease shall provide for rent and/or cash requirements and the assessment against the owner and holder thereof for such expenses and obligations as may be incurred. After a proprietary lease in the form so adopted by the Board has been executed and delivered by the corporation, all proprietary leases (as distinct from the house rules) subsequently executed and delivered shall be in the same form and shall not be changed in form or substance unless such change may be made pursuant to the affirmative vote taken at a meeting called for that purpose, or written consent of the tenant-stockholders owning at least two-thirds (2/3) in amount of the corporation's capital stock then owned by tenant-stockholders under proprietary leases then in force. The provisions of the proprietary lease, the Articles of Incorporation and these By-Laws shall constitute the contract between this corporation and the tenant-stockholder.

**Section 2. Accompanying stock.** The Board of Directors shall allocate to each apartment demised under a proprietary lease the number of shares of stock of the corporation which must be owned by the proprietary lessee thereof. No proprietary lease shall be issued except in conjunction with shares of stock of the corporation. The proprietary lease and the number of shares allocated thereto shall be inseparable. If the size of any such apartment is changed from that shown on the typical plan thereof, the number of shares of stock so allocated to such apartment and to any other apartment affected by such change shall be ratably and correspondingly changed by the Board. Each proprietary lease shall be subject to a first and paramount lien of the corporation and likewise its transferability shall be subject to the restrictions and limitations on transfer to the same extent and in the same manner as applies to certificates for shares of stock, all as is more fully set forth hereinabove in Article VI of these By-Laws.

**Section 3. Regrouping of Space.** The Board of Directors, on the written request of the owner or owners of one or more proprietary leases covering one or more apartments in the co-operative apartment building and of the stock issued to accompany the same, may in its discretion, at any time, permit such owner or owners, at his or their own expense, (1) to subdivide or combine all or any portions of any such apartment or apartments into one or any desired number of apartments, (2) to convert all or any portion of any such apartment or apartments into an apartment and

extra servant's room or into a suite or suites, and (3) to reallocate the stock issued to accompany the proprietary leases in such proportions as the said owners request and the Board approved, provided only that:

- (a) the total number of shares reallocated is not less than the shares previously allocated, and
- (b) the proprietary leases so affected and the accompanying certificates of stock are surrendered, and that there are executed and delivered in place thereof respectively a new proprietary lease for each separate apartment or suite or apartment and servant's room so created and a new certificate of stock for the number of shares so reallocated to each such new proprietary lease.
- (c) that upon the termination of the tenant-stockholder's, owner's or owners' proprietary lease or leases which have been regrouped, as herein provided, that the space will, at the option of the corporation, be restored to its or their original condition at the expense of the owner.

**Section 4. Corporation and Trusts.** Proprietary leases and the accompanying stock shall be issued to and held by natural persons only, except, with the prior consent of the Board of Directors, a corporate entity or trust may be the owner and holder of such stock and proprietary lease, provided, however, that the said corporation or trust shall designate in writing as part of the proprietary lease the person or persons who shall be the occupying tenant or tenants, which persons shall be subject to all of the requirements of such proprietary lease. Articles of Incorporation, and these By-Laws, and who must first be approved, prior to occupancy, in the same manner as any other tenant-stockholder. The occupying tenant so approved shall be the representative of the owner, and the owner and its proprietary lease and accompanying stock shall be subject to all of the rights of the corporation, the same as any occupying tenant-stockholder.

**Section 5. Lost Proprietary Lease.** In the event that any proprietary lease in full force and effect is lost, stolen, destroyed, or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof in the same form, in the same manner and upon the same conditions as is provided in these By-Laws for the replacement of a lost certificate for shares of stock of the corporation.



## ARTICLE VIII FINANCES

**Section 1. Dividends.** This corporation shall be run and operated on a cooperative basis, and no dividends shall ever be declared upon the stock of this corporation, except upon partial or final liquidation.

**Section 2. Fiscal Year.** The fiscal year of the corporation shall begin with the first day of January, or any other date established from time to time by the Board of Directors, and shall terminate on the 31st day of December, or one year from whatever date is established.

**Section 3. Funds of the Corporation.** The funds of the corporation shall be deposited in such banks or trust companies as the Board of Directors shall designate from time to time and shall be withdrawn only as provided by resolution of the Board of Directors.

**Section 4. Books of Account.** The corporation shall maintain books of account in accordance with recognized accounting practices, and shall permit access to such books of account by the tenant-stockholders, or their authorized representatives at such times and under such conditions as may be authorized by the Board of Directors.

**Section 5. Budget.** The Board of Directors shall adopt a budget of the estimated cash requirements for the corporation for the fiscal year. Such cash requirements shall be determined as the amount to be allocated and charged to each tenant-stockholder (after deducting any estimated rents or income, if any, to be received during such year other than rents under proprietary leases) on account of the estimated expenses and outlays of the corporation for the year, growing out of or connected with the ownership, maintenance and operation of the co-operative apartment building which sum or cash requirements may include, among other things, and/or be defined as: taxes, assessments, water rates, insurance premiums, operating expenses, management fees, employees' gratuity fund, alterations, replacements and repairs, expenses and liabilities incurred by the corporation under or by reason of leases, interest on mortgage indebtedness and/or mortgage amortization payments, if any, the payment of any other liens or charges, the payment of any deficit remaining from a previous period, the creation of a reasonable contingency

or other reserve or surplus fund and expenses for other corporate purposes. Such determinations may from time to time, by resolutions duly adopted up to the close of the year for which such Cash Requirements have been so fixed and determined, increase or diminish the amount previously fixed or determined for such year. Cash Requirements for any year may include any liabilities or items of expense which accrued or became payable in a previous year, or which might have been included in the Cash Requirements for a previous year but were not included therein, and also any sums which the Board of Directors may deem it necessary or prudent to provide as reserve against liabilities or expenses then accrued or hereafter to accrue although not payable in that year.

**Section 6. Assessment for Cash Requirements.** Each stockholder shall be obligated to pay to the corporation such proportion of the cash requirements as established by the budget adopted by the corporation as the number of shares which the stockholder owns and has issued in his name bears to the total number of shares of capital stock the corporation has issued and/or outstanding. The payment of this proportionate sum by each stockholder shall be due and payable on or before the 1st day of February of each year, or such other dates as may be determined by the Board of Directors. The Board of Directors may authorize installment payments.

**Section 7. Failure to Adopt Budget.** If for any reason whatsoever the Board of Directors shall fail to adopt an annual budget, then the last previously adopted budget shall for all purposes be the annual budget until modified by the Board of Directors. In no event shall the failure to adopt a budget relieve any tenant-stockholder of the obligation to pay his proportionate share of the cash requirements of the corporation.

## ARTICLE IX MANAGEMENT

**Section 1. Appointment of Manager.** Without affecting the power conferred upon it by the Certificate of Incorporation, or these By-Laws, the Board of Directors is authorized in its discretion:

- A. To appoint a general manager of the co-operative apartment building who shall have charge of the operation of the business of the corporation, including authority to appoint, direct or dismiss all employees. His term of office and compensation shall be determined by the



Board of Directors, and his acts shall at all times be subject to the approval of the Board of Directors.

- B. To appoint annually a House Committee consisting of three or more members as may be determined from time to time, one of whom shall be a director and the others tenant-stockholders, whose duties it shall be to receive and act upon all complaints and objections of the tenant-stockholders.

**Section 2. Sub-leasing.** The Board of Directors may establish such rules and regulations as it may determine proper governing the sub-leasing of apartments by the tenant-stockholders thereof, provided that such rules and regulations shall not conflict with the terms of the proprietary lease, the Articles of Incorporation, or these By-Laws, and shall at all times be subject to the sub-lessee or occupant being approved by the Board of Directors, the same as if he were tenant-stockholder. Nothing contained herein shall be construed as obligating the Board of Directors to establish any rule so as to permit sub-leasing, the right granted being discretionary and not mandatory.

**Section 3. House Rules.** The Board of Directors shall establish uniform rules and regulations for the conduct of the occupants and guests of the co-operative apartment buildings and grounds. The house rules and regulations may be modified or amended by an affirmative vote of a majority of the Board of Directors at the annual meeting, or at any regular or special meeting, provided, however, that no house rule shall be changed until written notice of the proposed change shall be given to each Director and stockholder not less than ten (10) days prior to the meeting.

**Section 4. Enforcement of House Rules.** In addition to all other remedies that may be available, the corporation may enforce the House Rules by fines to be collected from any tenant-stockholder or sub-lessee who violates one or more of such rules. Upon written complaint to the Board of Directors alleging that a tenant-stockholder or sub-lessee has violated a house rule, the Board shall set a date for hearing the complaint and give the parties involved at least 10 days written notice thereof. After hearing the evidence the Board may (1) dismiss the complaint, or (2) issue a warning, or (3) fine the violator an amount up to fifty dollars for each infraction of the rule. Each day that an infraction continues shall constitute another offence. If the fine is not paid within three days the amount shall be added to the maintenance bill and collected as part thereof.

## ARTICLE X. INDEMNITY TO DIRECTORS, OFFICERS AND EMPLOYEES

**Section 1. Indemnity to Directors, Officers and Employees.** Any person made a party of any action, suit or proceeding by reason of the fact that he, his testator, or intestate is or was a Director, Officer or employee of the corporation shall be indemnified by the corporation against reasonable expenses, including attorney's fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Officer, Director or employee is liable for negligence or misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which Director, Officer or employee may be entitled.

## ARTICLE XI WAIVER OF NOTICE

Whenever any notice whatever is required to be given under the provisions of the laws of Florida governing corporations, or under the provisions of the Articles of Incorporation, or the By-Laws of the corporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

## ARTICLE XII AMENDMENTS

**Section 1. How Made.** The By-Laws may be modified or amended from time to time at any regular or special stockholders meeting, provided that the proposed amendment has been inserted in the notice of the meeting or that all the stockholders are present in person or by proxy upon the affirmative vote or written consent of the owners of at least seventy (70%) percent of the issued and outstanding stock.

## ARTICLE XIII. SEAL

The seal of this corporation shall be a circular impression bearing the words "THE ISLAND HOUSE APARTMENTS, INC." around the border and in the center the words "CORPORATE SEAL 1962".



**ARTICLE XIV  
SALE AND LIQUIDATION**

**Section 1. Sale or Mortgage of Property.** Any proposed sale or other disposition or proposed mortgaging of the real property and co-operative apartment building erected thereon shall require the affirmative vote or written consent of the owners of at least eighty (80%) percent of the issued and outstanding stock.

**Section 2. Distribution or Liquidation.** In the event that the corporation shall, pursuant to Section 1 of this article, sell or otherwise dispose of the real property and co-operative apartment building thereon, the corporation shall proceed to liquidate by realizing on the remaining assets of the corporation, if any, paying and discharging any and all obligations and indebtedness of the corporation, and then distributing such funds as shall remain to the tenant-stockholders of the corporation as of the date of the sale of such property; such distribution to be made to the tenant-stockholders in the same proportions as is provided for the assessments of the cash requirements of the corporation.

**Section 3. Sale of personal property.** The Board of Directors shall not sell or offer for sale any personal property of the corporation having a fair market value in excess of \$20,000 without prior approval by a majority of the outstanding shares of stock given at an annual meeting or at a special meeting called for that purpose.

**ARTICLE XV  
DEFINITION**

**Section 1.** The word 'rent' or 'rental' as used herein means as may be applicable, any maintenance charge, or charges and/or any regular or special assessment or assessments.

**ARTICLE XVI  
VOLUNTARY ARBITRATION OF DISPUTES**

Disputes arising from the operation of the corporation among unit owners and the corporation may be submitted to binding arbitration in accordance with section 719.1255 of Florida Statutes.