

EXHIBIT C
AMENDED AND RESTATED BYLAWS OF
ROYAL TEE HOMEOWNERS ASSOCIATION, INC.
(d/b/a Cape Royal Homeowners Association)
WORKING DOCUMENT

This Working Document was last updated 7-15-2019 is a compilation of the original and all amendments (for resident convenience) from the following documents:

- Exhibit C -Amended and Restated Bylaws of Royal-Tee Homeowner Association, Inc., April 2015
- Certificate of Amendment to the Bylaws of Royal-Tee Homeowners' Association, Inc., July 26, 2012
- Certificate of Amendment of Bylaws of Royal-Tee Homeowners Association, Inc., November 15, 2007
- For Classes of Membership Section 2.5 Certification of Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions Royal-Tee Homeowners Association, Inc. D/B/A Cape Royal Homeowners Association, April 7, 2017

Each individual document listed above is available from the HOA Board, if needed.

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1. GENERAL.

These are the Bylaws of Royal-Tee Homeowners Association, Inc. ("Association"), a corporation not for profit organized under the laws of Florida as a community association for the purpose of operating a residential neighborhood homeowners' association. All prior Bylaws, if any, are hereby revoked and superseded in their entirety. The defined terms used herein shall have the meanings as set forth in the Declaration of Covenants, Conditions and Restrictions for Royal-Tee Homeowners Association, Inc. ("Declaration") as originally recorded in the Public Records of Lee County, Florida, at OR Book 2176, Page 4645 et. seq., and as amended.

1.1 **Principal Office.** The principal office of the Association shall be at 1242 SW Pine Island Road, Suite 42-444, Cape Coral, FL 33991.

1.2 **Seal.** The seal of the Association shall be inscribed with the name of the Association, the year of its organization, and the words "Florida" and "corporation not for profit". The seal may be used by causing it or a facsimile of it, to be impressed, affixed, reproduced or otherwise placed upon any document or writing of the corporation where a seal may be required.

2. MEMBERS.

The Members of the Association are the record Members of legal title to the Lots. In the case of a Lot subject to an agreement for deed, the purchaser in possession shall be deemed the Member of the Lot solely for purposes of determining use rights. Section 2.5 of these Bylaws sets forth the classes of membership.

2.1 **Change of Membership.** A change of Membership shall become effective after all the following events have occurred:

1. Recording in the Public Records of a Deed or other instrument evidencing legal title to the Lot in the Member.
2. Delivery to the Association of a copy of the recorded deed or other instrument evidencing title.
3. Designation, in writing, of an authorized person, which is required when title to a Lot is held in the name of a corporation or other entity which is not a natural person.

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2.2 **Voting Interests/Suspension of Voting Right.** The term "Voting Interests" means the total number of votes that may be cast by each class of membership. The voting interests are distributed as follows: The vote for such Lot shall be exercised as such Members may determine among themselves, but in no event shall more than one vote (1) be cast with respect to any Lot. The vote of a Lot is not divisible. The right to vote may be suspended by the Association's Board of Directors ("Board") for non-payment of Assessments, charges or fines owed to the Association that are delinquent in excess of ninety (90) days.

2.3 **Change of Membership.** A change of Membership in the Association shall be established by the new Member's Membership becoming effective as provided for in Section 2.1 above. At that time, the Membership of the prior Member shall be terminated automatically.

2.4 **Termination of Membership.** The termination of Membership in the Association does not relieve or release any former Member from liability or obligation incurred under, or in any way connected with, the Association during the period of his Membership, nor does it impair any rights or remedies the Association may have against any former Member or Member arising out of or in any way connected with such Ownership and Membership and the covenants and obligations incident thereto.

2.5 **Classes of Membership.** The Association shall have two classes of voting members as follows:

Class A. Class A members shall be all owners owning a Lot in the community and each member shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as such members may determine among themselves, but in no event shall more than one vote be cast with respect to any Lot owned by Class A members.

CLASS B: The Class B members are the Owners, their successors and assigns, of Tract D located on the West Side of Royal Tee Boulevard as reflecting in PB73, PG3. The number of votes shall be determined by the Board of Directors.

2.6 **Primary Residents.** A Lot may be owned in a trust, or by a corporation, partnership or other entity which is not a natural person, if approved in the manner provided for other transfers of title. Lots owned in the name of a corporation, limited liability company, partnership or trust shall be treated as co-owned. Co-ownership of Lots is permitted. However, if the co-owners are other than husband and wife, the co-owners shall designate one (1) of the co-owners as the "primary resident." Both the initial approval and the continued approval of a trustee, corporation, or other entity as an owner, shall be conditioned upon designation of one (1) natural person to be the "primary resident", and the use of the Lot by other persons shall be as though the primary resident were the only actual owner. Those co-owner(s) whom have not been designated as the primary resident shall be treated

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as guests of the primary resident. Any change in the primary resident shall be treated as a transfer of ownership by sale or gift. No more than one (1) such change shall be approved in any twelve (12) month period. The intent of this provision is to allow flexibility in estate, financial or tax planning and not to create circumstances in which the Lot may be used as short-term accommodations for several families or individuals. For purposes of these Bylaws, "Primary Resident" means a natural person designated for occupancy of a Unit when title to the Unit is held in the name of two or more persons who are not husband and wife, or by a trustee or a corporation or other entity which is not a natural person.

3. MEMBERS' MEETINGS; VOTING.

3.1 Annual Meeting. There shall be an annual meeting of the Members in each calendar year. The annual meeting shall be held in Lee County, Florida, each year in the first calendar quarter at a date, time and place designated by the Board, for the purpose of electing Directors and transacting any other business duly authorized to be transacted by the Members.

3.2 Special Members' Meetings, Special Members' meetings must be held whenever called by the President or by a majority of the Directors and may also be called by Members having at least fifteen percent (15%) of the Voting Interests. The business at any special meeting shall be limited to the items specified in the notice of meeting.

3.3 Notice Meetings; Waiver of Notice. Notices of all Members' meetings must state the date, time and place of the meeting. Notice of special meetings must include a description of the purpose or purposes for which the meeting is called. The notice must be mailed to each Member at that Member's address as it appears on the books of the Association or may be furnished by personal delivery. The Members are responsible for providing the Association with any change of address. The meeting notice must be mailed or delivered at least fourteen (14) days prior to the date of the meeting. If Ownership of a Lot is transferred after notice has been mailed, no separate notice to the new Member is required. Notice may also be served via electronic transmission to any Member who consents, in writing, to receiving meeting minutes, proxies, meeting agenda and the like via electronic mail. Consent by a Member to receive notice by electronic mail may be revoked by the Member at any time. Such consent shall be deemed revoked if the Association is unable to deliver via electronic transmission on two (2) consecutive occasions. The inadvertent failure to treat such inability as a revocation, however, does not invalidate any meeting or other action. Notices will be sent via electronic mail at least fourteen (14) days in advance. Attendance at any meeting by a Member constitutes waiver of notice by that Member, unless the Member objects to the lack of notice at the beginning of the meeting. A Member may also waive notice of any meeting at any time by written consent.

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3.4 **Quorum.** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, thirty percent (30%) of the designated Voting Interests shall constitute a quorum for any action, except as otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws (collectively the "Governing Documents").

3.5 **Membership Approval.** The acts approved by a majority of the Voting Interests in person or by proxy, cast by the Members at a meeting of the Members at which a quorum has been attained shall be binding upon all Lots for all purposes, except where a different number of votes is expressly required by law or by any provision of the Governing Documents,

3.6 **Proxy Voting.** Members may cast their votes at a meeting in person or by proxy.

A proxy shall be valid only for the specific meeting for which originally given and any lawful adjournment of that meeting. 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. Every proxy shall be revocable at the pleasure of the person executing it. To be valid, a proxy must be in writing, dated, signed by the person authorized to cast the vote for the residential Lot specify the date, time and place of the meeting for which it is given, and the original must be delivered to the Secretary by the appointed time of the meeting or adjournment thereof. No proxy shall be valid if it names more than one (1) person as the holder of the proxy, but the holder shall have the right, if the proxy so provides, to substitute another person to hold the proxy. Holders of proxies must be Members of the Association.

3.7 **Adjourned Meetings.** Any duly called meeting of the Members may be adjourned to be reconvened at a later time by vote of the majority of the Voting Interests present, regardless of whether a quorum has been attained. When a meeting is so adjourned it shall not be necessary to give further notice of the time and place of its continuance if such are announced at the meeting being adjourned. Any business which might have been conducted at the meeting as originally scheduled may instead be conducted when the meeting is reconvened, but only if a quorum is present.

3.8 **Order of Business.** The order of business at Members' meetings shall be substantially as follows:

1. Call of the roll or determination of quorum
2. Reading or disposal of minutes of last Members' meeting
3. Reports of Officers
4. Reports of Committees
5. Election of Officers (annual meeting only)
6. Unfinished Business
7. New Business
8. Adjournment

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3.9 **Minutes.** Minutes of all meetings of the Members and of the Board shall be kept in a businesslike manner, available for inspection by Members, or their authorized representative(s), at all reasonable times. Minutes must be reduced to written form within thirty (30) days after the meeting.

3.10 **Parliamentary Rules.** Robert's Rules of Order (last edition) shall guide the conduct of the Association meetings when not in conflict with the law, with the Declaration, or with the Articles or Bylaws. The presiding officer may appoint a Parliamentarian whose decision on questions of parliamentary procedure shall be final. Any question or point of order not raised at the meeting to which it relates shall be deemed waived.

3.11 **Action by Members Without Meeting.** Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting or written consents, setting forth the action to be taken, are signed by the Members having not less than a minimum number of votes that would be necessary to take such action at a meeting, or sixty percent (60%) of the total votes of the entire Membership, whichever is greater. Upon receiving the requisite number of written consents, the Board may take the authorized action upon adopting a resolution to that effect. Within ten (10) days after adopting the resolution, the Board shall send written notice of the action taken to all Members who have not consented in writing. Nothing in this paragraph shall be construed in derogation of Members' rights to call a special meeting of the Membership, as elsewhere provided in these Bylaws. The written consents used to authorize an action without a meeting shall become a part of the Association's records.

3.12 **Approval or Disapproval of Matters.** Whenever the decision of a Member is required on any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the vote of such Lot at an Association meeting unless the joinder of record Members is specifically required.

4. BOARD OF DIRECTORS.

The administration of the affairs of the Association shall be by the Board. All powers and duties granted to the Association by law, as modified and explained in the Declaration, Articles and Bylaws, shall be exercised by the Board, subject to approval or consent of the residential Members only when such is specifically required.

4.1 **Number and Terms of Office.** The number of Directors which constitutes the whole Board is currently seven (7) Directors. The terms of the Directors shall be staggered terms with the two (2) Directors receiving the highest number of votes to serve a three (3) year term. The next two (2) Directors receiving the next highest number of votes shall serve two (2) year terms. The Director receiving the least number of votes shall serve a one (1) year term. The staggered terms shall take effect at the Association's annual meeting in February 2009. Thereafter, all Director terms shall be for

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a three (3) year period, A Director's term will end at the annual election at which his successor is to be duly elected, unless he sooner resigns or is recalled as provided herein.

4.2 **Qualifications.** Each Director must be a Member or Primary Resident or the spouse of a Member or Primary Resident, In the case of a Lot owned by a corporation, any officer is eligible for election to the Board, If a Lot is owned by a partnership, any partner is eligible to be a Director, If a Lot is held in trust, the trustee, grantor or settler of the trust, or any one of the beneficial Members residing in the Lot is eligible to be elected to the Board.

4.3.1 **Nominations and Elections.** At each Annual Meeting the Members shall elect as many Directors as there are regular terms of Directors expiring. Any member may stand for election or nominate himself or herself from the floor at the annual meeting. The board has the authority to adopt election procedures and any member who wants his or her name to appear on the written ballot mailed to members with annual meeting notice must submit his or her notice of intent to run for election to the board at least 45 days before the scheduled annual meeting.

4.3.2 Directors shall be elected by a plurality of the votes cast at the annual meeting. In the election of Directors, there shall be appurtenant to each Lot as many votes for Directors as there are Directors to be elected. No Member may cast more than one vote for any person nominated as a Director, it being the intent hereof that voting for Directors shall be non-cumulative. The candidates receiving the highest number of votes shall be declared elected, except that a run-off shall be held at the annual meeting to break a tie vote.

4.3.3 The members of the board shall be elected by secret ballot, which may be by written ballot or electronic voting machine. Proxies may not be used in electing the board in general elections or elections to fill vacancies caused by recall, resignation, or otherwise, unless otherwise provided by law.

4.4 **Resignation; Vacancies on the Board.** Any Director may resign at any time by giving written notice to the Association, and unless otherwise specified therein, the resignation shall become effective upon receipt. Should the seat of any Director become vacant during the term of a Director's service due to death, resignation, or otherwise except recall, the remaining Members of the Board shall fill the vacancy by appointment. The appointed Director shall fill the vacancy for the remainder of the unexpired term. The remaining Board Members shall fill the vacancy with any person that is otherwise eligible. A recall of a director(s) shall be accomplished by a majority vote, either by written petition or at a meeting, of the entire Voting Interests (one Voting Interest per each Lot).

4.5 **Recalled Directors.** If a Director who is removed does not relinquish his office or turn over records as required, the circuit court in the county where the Association has its principal office may summarily order the Director to relinquish his office and turn over corporate records upon application of any Member. In any such action, the prevailing party shall be entitled to recover its

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attorney fees and costs, No Director that has been recalled shall be eligible to serve on the Board again until the next election following the expiration of the recalled Board Member's expired term,

4.6 **Removal of Directors.** Any or all Directors may be removed with or without cause by a majority of the Voting Interests, either by a written petition or at any meeting called for that purpose. If a meeting is held or a petition is filed for the removal of more than one Director, the question shall be determined separately as to each Director sought to be removed. If a special meeting is called by ten percent (10%) of the Voting Interests for the purpose of recall, the notice of the meeting must be accompanied by a dated copy of the signature list, stating the purpose of the signatures. The meeting must be held not less than fourteen (14) days nor more than sixty (60) days from the date that notice of this meeting is given.

4.7 **Organizational Meeting.** The organizational meeting of a new Board shall be held within ten (10) days after the election of new Directors, at such place and time as may be fixed and announced by the Directors at the annual meeting at which they were elected.

4.8 **Regular Meetings.** Meetings of the Board may be held at such time and place in Lee County, Florida, as shall be determined from time to time by the President or by a majority of the Directors. Notice of meetings shall be given to each Director, personally or by mail, e- mail, telephone or telegram at least forty-eight (48) hours. Except that at any meeting at which the Board will consider a special Assessment or a rule that regulates Lot use, the notice period shall be at least fourteen (14) days.

4.9 **Special Meetings.** Special meetings of the Board may be called by the President and must be called by the Secretary at the written request of one-third of the Directors. Not less than forty-eight (48) hours' notice of a special meeting shall be given to each Director, personally, by e-mail or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

4.10 **Notice to Members.** Meetings of the Board shall be open to Members except for meetings between the Board and its attorney with respect to proposed or pending litigation where the discussion would otherwise be governed by the attorney-client privilege, and notices of all Board meetings, together with an agenda, shall be posted conspicuously in the Community at least forty-eight (48) continuous hours in advance of each Board meeting, except in an emergency. Notice of any Board meeting at which Assessments are to be considered for any reason shall specifically contain a statement that Assessments will be considered and the nature of the Assessments. The location of official notices shall be established by the Board and announced at each annual meeting.

4.11 **Waiver of Notice.** Any Director may waive notice of a meeting before or after the meeting, and such waiver is deemed equivalent to the giving of notice. If all Directors are present at a meeting, no notice to Directors shall be required.

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4.12 **Quorum of Directors.** A quorum at a Board meeting shall be attained by the presence of a majority of all Directors. Directors may participate in any meeting of the Board, or meeting of an executive or other committee, by means of a conference telephone call or similar communicative arrangement whereby all persons present can hear and speak to all other persons. Participation by such means shall be deemed equivalent to presence in person at a meeting.

4.13 **Vote Required.** The acts approved by a majority of those Directors present and voting at a meeting at which a quorum has been attained shall constitute the acts of the Board, except when approval by a greater number of Directors is required by the Governing Documents or by applicable statutes. A Director who is present at a meeting of the Board is deemed to have voted in favor of every action taken, unless he voted against such action or abstained from voting because of an asserted conflict of interest. The vote or abstention of each Director present on each issue voted upon shall be recorded in the minutes of each meeting. Directors may not vote by proxy or secret ballot at Board meetings, except that secret ballots may be used in the election or removal of officers.

4.14 **Adjourned Meetings.** A majority of the Directors present at any meeting of the Board, regardless of whether a quorum exists, may adjourn the meeting to be reconvened at a specified later time. When the meeting is reconvened, provided a quorum is present, any business that might have been transacted at the originally called meeting may be transacted without further notice.

4.15 **The Presiding Officer.** The President of the Association, or in his/her absence, the Vice-President, is the presiding officer at all meetings of the Board. If neither officer is present, the presiding officer shall be selected by majority vote of the Directors present.

4.16 **Directors' Fees and Reimbursement of Expenses.** Neither Directors nor officers shall receive compensation for their services as such unless two-thirds (2/3) of the Voting Interests first consent. Directors and officers may be reimbursed for all actual and proper out-of-pocket expenses related to the proper discharge of their respective duties.

4.17 **Committees.** The Board may appoint committees, as the Board deems necessary for the efficient and effective operation of the Association. All such committees shall have the powers and duties assigned to them in the Bylaws and in the resolution creating the committee.

4.18 **Interested Director Transactions.** As to any contract or other transaction between an Association and one or more of the Directors or between the Association and any other corporation, firm, association, or entity in which one or more of the Directors are directors or officers or are financially interested:

- (a) the Association shall comply with the requirements of Section 617.0832, Florida Statutes;

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- (b) the disclosures required by s. 617.0832 shall be entered into the written minutes of the meeting;
- (c) approval of the contract or other transaction shall require an affirmative vote of two-thirds of the directors' present; and
- (d) at the next regular or special meeting of the members, the existence of the contract or other transaction shall be disclosed to the members.

Upon motion of any member, the contract or transaction shall be brought up for a vote and may be canceled by a majority vote of the members present. Should the members cancel the contract, the Association shall only be liable for the reasonable value of goods and services provided up to the time of cancellation and shall not be liable for any termination fee, liquidated damages, or other form of penalty for such cancellation.

4.19 Standards for Directors.

- (1) A director shall discharge his or her duties as a director, including his or her duties as a member of a committee:
 - (a) In good faith;
 - (b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - (c) In a manner he or she reasonably believes to be in the best interests of the corporation.
- (2) In discharging his or her duties, a director may rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
 - (a) One or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;
 - (b) Legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the persons' professional or expert competence; or
 - (c) A committee of the board of directors of which he or she is not a member if the director reasonably believes the committee merits confidence.
- (3) A director is not acting in good faith if he or she has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (2) unwarranted.
- (4) A director is not liable for any action taken as a director, or any failure to take any action, if he or she performed the duties of his or her office in compliance with this section.

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5. ARCHITECTURAL REVIEW BOARD.

The Architectural Review Board ("ARB") provided for in Section 10.10 of the Declaration shall be selected, and conduct its affairs as provided for in this Section 5.

5.1 Members; Qualification. The ARB shall consist of five (5) persons who must be members or a spouse of a member of the Association and, as otherwise provided for in Section 10.10, no member of the ARB shall be a Director. Whenever possible and practical, one of the committee members should be an architect, general contractor or other person with professional expertise in building, landscaping or architectural design.

5.2 Selection; Terms. The members of the ARB shall be appointed by the Association's President to serve terms of one (1) year beginning on or immediately after the date of the Association's annual meeting. If a mid-term vacancy occurs for any reason, the Association's President shall appoint a successor to fill the unexpired term.

5.3 Compensation. If approved by the Board, any or all members of the ARB may be compensated for their services.

5.4 Meetings. The ARB shall meet at least one (1) time during each quarter, which may be by teleconference, and otherwise at the call of the ARB's Chairman, as necessary, to carry out its duties and functions, The ARB shall meet with the same formalities and notice requirements as is required for Board meetings, unless otherwise permitted by law. Written notice of meetings shall be provided to each Member at least fourteen (14) days in advance, and any Member wishing to appear before the ARB, may do so. Special meetings may be called as needed by the ARB's Chairman.

5.5 Procedures; Voting. A majority of the ARB members present, in person, at any duly called meeting shall constitute a quorum. All questions shall be decided by a majority of the entire committee. Where a question involves proposed changes to a Lot owned by an ARB member, that ARB member shall be disqualified from participation in the proceedings, and his place shall be taken by the then Association President. If a proposed change is not approved, the reasons for disapproval shall be stated in writing. Minutes of all ARB meetings shall be kept in a business-like manner and shall be available at reasonable times for inspection or photocopying by any Association Member, Copies of the plans and specifications for all approved changes and construction shall be kept for at least five (5) years

6. OFFICERS.

6.1 Officers and Elections. The executive officers of the Association shall be a President, a Vice-President, a Treasurer and a Secretary, all of whom must be Directors and shall be elected by

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a majority vote of the Board. The term for each officer shall be one (1) year. Any officer may be removed, with or without cause, at any meeting by vote of a majority of the Directors. Any officer so removed shall return all books, records and property of the Association to the Association within seventy-two (72) hours. Any person, except the President, may hold two (2) or more offices, The Board may, from time to time, appoint such other officers, and designate their powers and duties, as the Board shall find to be required to manage the affairs of the Association. If the Board so determines, there may be more than one (1) Vice-President.

6.2 **President.** The President shall be the chief executive officer of the Association; shall preside at all meetings of the Members and Directors; shall be an ex-officio Member of all committees; shall oversee management of the business of the Association; and, shall see that all orders and resolutions of the Board are carried into effect. The President shall execute bonds, mortgages and other contracts and documents requiring the seal of the Association, except where such are permitted by law to be otherwise signed and executed, and the power to execute is delegated by the Board to some other officer or agent of the Association.

6.3 **Vice-President.** The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and they shall perform such other duties as the Board shall assign.

6.4 **Secretary.** The Secretary shall attend meetings of the Board and all meetings of the Members and shall cause all votes and the minutes of all proceedings to be recorded and kept in accordance with acceptable practices and shall perform like duties for standing committees when required. The Secretary shall give, or cause to be given, proper notice of all meetings of the Members, and of the Board, and shall perform such other duties as may be prescribed by the Board or the President, The Secretary shall keep in safe custody the seal of the Association and, when authorized by the Board, affix the same to any instrument requiring it. The Secretary shall be responsible for the proper recording of all duly adopted amendments to the Governing Documents. Any of the foregoing duties may be performed by an Assistant Secretary, if one has been designated.

6.5 **Treasurer.** The Treasurer shall have the custody of Association funds and securities and be responsible for the keeping of full and accurate accounts of receipts and disbursements in books belonging to the Association. The Treasurer is responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as are selected by the Board. The Treasurer shall oversee the disbursement of Association funds, keeping proper vouchers for such disbursements, and shall render to the President and Directors, at meetings of the Board, or whenever they may require it, a full accounting of all transactions and of the Association's financial condition. The Treasurer shall prepare an annual budget of estimated revenues and expenses to present to the Board for approval. Any of the foregoing duties may be performed by an Assistant Treasurer, if one is elected.

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6.6 **Compensation of Officers.** No compensation shall be paid to any officer for services as an officer of the Association, This provision does not preclude the Board from employing officers as employees of the Association,

6.7 **Professional Management.** The Association has the power through its Board to contract with a licensed professional property management company. Pursuant to a written contract between the Association and such professional property management company, it is expressly understood that each officer may delegate certain duties to be handled by such property management company, but that such officer will continue to possess oversight authority and accountability.

7. FISCAL MATTERS.

The provisions for the Association's fiscal management set forth in the Declaration shall be supplemented by the following provisions:

7.1 **Depository.** The Association shall maintain its funds in such federally insured accounts at financial institutions in the State of Florida as shall be designated from time to time by the Board. Withdrawal of monies from such accounts shall be only by such persons as are authorized by the Board. The Board shall invest Association funds in interest-bearing accounts, money market funds, certificates of deposit, U.S. Government securities and other similar investment vehicles which are non-speculative in nature.

7.2 **Accounts of the Association.** The Association shall maintain its accounting books and records according to generally accepted accounting principles. There shall be an account for each Member. Such accounts shall designate the name and mailing address of each Member, the amount and due date of each Assessment or charge, amounts paid, date of payment and the balance due.

7.3 **Budget.** The Treasurer shall prepare, and the Board shall adopt a budget of Association estimated revenues and expenses for each coming fiscal year. Once adopted, the Association shall provide to each Member a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the Member. The proposed budget shall be detailed and shall show the amounts budgeted by accounts and revenue and expense classifications. The estimated surplus or deficit as of the end of the current year shall be shown as a separate line item in the Budget. A copy of the proposed budget and a notice stating the time, date and place of the meeting of the Board at which the budget will be considered shall be mailed to or served on each Member not less than fourteen (14) days prior to that meeting.

7.4 **Reserves.** The Board or the Members, by a majority vote, may establish in the budget one (1) or more restricted reserve accounts for capital expenditures and deferred maintenance. Contingency reserves for unanticipated operating expenses shall be included, if at all, in the operating portion of the budget. These funds may be spent for any purpose approved by the Board. The

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purpose of reserves is to provide financial stability and to avoid the need for special Assessments. The annual amounts proposed to be so reserved shall be shown in the annual budget. If the Association's budget does not provide for reserve accounts, then the following disclosure must be provided in the budget in conspicuous type:

THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR RESERVE ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT MAY RESULT IN SPECIAL ASSESSMENTS. OWNERS MAY ELECT TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO FLORIDA STATUTE SECTION 720.303(6), UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A MEETING OR BY WRITTEN CONSENT.

If the budget of the association does provide for funding accounts for defined expenditures, including, but not limited to, funds for capital expenditures and deferred maintenance, but such accounts are not created or established pursuant to Florida Statute §720.303(6)(d), each financial report for the preceding fiscal year must also contain the following statement in conspicuous type:

THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

7.5 Assessments; Installments. The regular annual Assessment shall be paid in advance, due on the first day of January of each year. Written notice of the annual Assessment shall be sent to each Member prior to the annual installment being due, but failure to send (or receive) such notice does not excuse the obligation to pay. If an annual budget for a new fiscal year has not been adopted, or if notice of any increase has not been made at the time the payment for the annual installment is due, it shall be presumed that the amount of such installment is the same as the last annual installment, and payments shall be continued at such rate until a budget is adopted and the new annual Assessment is calculated, at which time an appropriate adjustment shall be added to or subtracted from each Member's next due annual installment. Any Assessment which is not paid when due shall be delinquent. If the Assessment is not paid within thirty (30) days after the due date interest shall accrue from the due date at the rate of eighteen percent (18%) per annum and Member shall incur a late fee of Twenty-Five and 00/100 Dollars (\$25.00) or the maximum permitted by law, whichever is greater.

7.6 Special Assessments. Duly approved special Assessments may be imposed when necessary to meet unusual, unexpected, unbudgeted or non-recurring expenses, or for such other purposes as are authorized by the Declaration and these Bylaws. Special Assessments are due on

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the day specified in the resolution of the Board approving such Assessment. The notice of any Board meeting at which a special Assessment will be considered shall be given as provided in Section 4.8 above; and the notice to the Members that the Assessment has been levied must contain a statement of the purpose(s) of the Assessment. The funds collected must be spent for the stated purpose(s) or returned to the Members as provided by law. The total of all special Assessments coming due in any fiscal year shall not exceed fifteen percent (15%) of the total annual budget for that year, including reserves, unless a majority of the Voting Interests first consent.

7.7 Fidelity Bonds. The President, Treasurer, and all other persons who are authorized to sign checks, shall be bonded in such amounts as may be required by law or otherwise determined by the Board but in no event shall be an amount less than the Association's annual budget to the extent that the Association is able to obtain a fidelity insurance policy with such policy limits. The premiums on such bonds are a common expense,

7.8 Financial Reports. Not later than ninety (90) days after the close of each fiscal year, the Board shall cause to be prepared a financial report showing in reasonable detail the financial statements prescribed in conformity with generally accepted accounting principles or a cash basis financial report of actual receipts and expenditures showing the amount of receipts and expenditures by classification and the beginning and ending cash balances of the Association. The Association shall provide each Member with a copy of the financial report or a written notice that a copy of the financial report is available upon request at no charge to the Member.

7.9 Audits. A formal, certified audit of the Association's accounts, if required by law, by vote of a majority of the voting interests, or by a majority of the Directors, shall be made by a certified public accountant, and a copy of the audit report shall be available to all Members.

7.10 Co-Mingling of Funds. All monies collected by the Association may be co-mingled in a single fund or divided into two (2) or more funds, as determined by the Board.

7.11 Application of Payments. Regardless of a restrictive endorsement, all payments on account by a Member shall be applied as to interest, delinquencies, costs and attorney's fees, other charges, and regular or special Assessments, in such manner and amounts as the Board may determine.

7.12 Fiscal Year. The fiscal year for the Association shall begin on the first day of January of each calendar year and end on December 31 of each year. The Board may change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed in the Internal Revenue Code of the United States of America, only with the prior consent of the Membership.

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8. RULES AND REGULATIONS; USE RESTRICTIONS.

The Board may, from time to time, adopt and amend administrative rules and regulations governing the use, maintenance, management and control of the common elements, Lots and the operation of the Association. Copies of such rules and regulations shall be furnished to each Member.

9. COMPLIANCE AND DEFAULT; REMEDIES.

In addition to the remedies provided in the Declaration, the following shall apply:

9.1 Fines; Suspensions. The Association may levy fines and/or suspensions against Members, or Members' tenants or Guests, or both, who violate any provision contained in the Governing Documents, the rules and regulations or who condone such violations by their Family Members, Guests or lessees. Fines shall be in amounts deemed necessary by the Board to deter future violations, but in no event shall any fine exceed the maximum amount allowed by law. However, no fine may be levied unless the committee appointed by the Board votes by a majority to levy the fine against the violator. A fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing. The fine for a continuing violation shall not exceed amounts \$100 per day for each day the violation continues but not to exceed \$2,500. Suspensions of the use of Common Areas and facilities may be imposed for a reasonable period of time to deter future violations. The procedure for imposing fines or suspending use rights shall be as follows:

1. **Notice.** The party against whom the fine and/or suspension is sought to be levied or imposed shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days, and the notice shall include:

- (1) a statement of the date, time and place of the hearing;
- (2) a specific designation of the provisions of Florida Statute §720, the Governing Documents or the rules which are alleged to have been violated;
- (3) a short and plain statement of the specific facts giving rise to the alleged violation(s); and
- (4) the possible amounts of any proposed fine and/or possible use rights of Common Areas or facilities to be suspended.

2. **Hearing.** At the hearing the party against whom the fine and/or suspensions may be levied shall have a reasonable opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved, and to review, challenge, and respond to any evidence or testimony presented by the Association. The hearing shall be conducted before a panel of three (3) Members appointed by the Board, none of whom may then be serving as

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Directors or officers, who are employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee. If the committee, by majority vote, does not agree with the proposed fine and/or suspension, it may not be levied or imposed. If the committee agrees with the proposed fine and/or suspensions, the Board shall levy the fine.

3. **Collection of Fines.** The fined Member shall pay the fine within thirty (30) days from the date the fine was levied. Any fine not paid within thirty (30) days shall begin accruing interest at the maximum rate allowed by law (eighteen percent [18%]) on the thirty first (31st) day and continuing thereafter until paid. If the Association is forced to file suit in the Lee County courts to collect any fine (including interest) due to the Association, the Association shall be entitled to recover its reasonable attorneys' fees and costs in addition to the unpaid fine and any interest accrued thereon,

4. **Committee Structure.** The committee shall consist of at least three (3) Members who are not board members, related to board members, by blood or marriage, or living with a board member.

9.2 **Correction of Health and Safety Hazards.** Any violations of the Association's rules, which create conditions deemed by the Board to be hazardous to the public health or safety, may be dealt with immediately as an emergency matter by the Association, and the cost thereof shall be charged to the Member.

10. AMENDMENT OF BYLAWS.

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

10.1 **Proposal.** Amendments to these Bylaws may be proposed by a majority of the Board members or by a written petition signed by at least one fourth (1/4) of the Voting Interests.

1. **Procedure.** Upon any amendment or amendments to these Bylaws being proposed by the Board or Members, such proposed amendment or amendments shall be submitted to a vote of the Members not later than the next annual meeting for which proper notice can be given.

2. **Vote Required.** Except as otherwise provided by law, or by specific provision contained in the Association's Governing Documents, a proposed amendment to these Bylaws shall be adopted if approved by at least fifty-one percent (51%) of the Voting Interests, in person or by proxy, and at any annual or special meeting called for the purpose, provided that the text of any proposed amendment has been given to all the Members with notice of the meeting. Amendments may be adopted without a meeting by following the procedure set forth in Section 3.11 of these Bylaws.

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10.2 **Effective Date.** An amendment is effective upon the recording of a copy in the Public Records of Lee County, Florida with the same formalities as are required in the Declaration for recording amendments to the Declaration.

11. EMERGENCY POWERS.

In the event of any "emergency" as defined in Section (G) below, the Board may exercise the emergency powers described in this Section, and any other emergency powers authorized by Florida Statutes §§ 617.0207 and 617.030, as amended from time to time.

(A) The Board may name as assistant officers' persons who are not Directors, which assistant officers shall have the same authority as the executive officers to whom they are assistant during the period of the emergency, to accommodate the incapacity of any officer of the Association.

(B) The Board may relocate the principal office or designate alternative principal offices or authorize the officers to do so.

(C) During any emergency the Board may hold meetings with notice given only to those Directors with whom it is practicable to communicate, and the notice may be given in any practicable manner, including publication or radio. The Director or Directors in attendance at such a meeting shall constitute a quorum.

(D) Corporate action taken in good faith during an emergency under this Section to further the ordinary affairs of the Association shall bind the Association; and shall have the rebuttable presumption of being reasonable and necessary.

(E) Any officer, director or employee of the Association acting with a reasonable belief that his/her actions are lawful in accordance with these emergency Bylaws shall incur no liability for doing so, except in the case of willful misconduct,

(F) These emergency Bylaws shall supersede any inconsistent or contrary provisions of the Bylaws during the period of the emergency.

(G) For purposes of this Section only, an "emergency" exists only during a period of time that the Community, or the immediate geographic area in which the Community is located, is subjected to:

- (1) a state of emergency declared by local civil or law enforcement authorities;
- (2) a hurricane warning;
- (3) a partial or complete evacuation order;
- (4) federal or state "disaster area" status; or

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(5) a catastrophic occurrence, whether natural or manmade, which seriously damages or threatens to seriously damage the physical existence of the Community, such as an earthquake, tidal wave, fire, hurricane, tornado, war, civil unrest, or act of terrorism.

An "emergency" also exists for purposes of this Section during the time when a quorum of the Board cannot readily be assembled because of the occurrence of a catastrophic event, such as a hurricane, earthquake, act of war or terrorism, or other similar event. A determination by any two (2) Directors, or by the President, that an emergency exists shall have presumptive validity.

(H) The Board may change or postpone the annual meeting date to a date and time determined by the Board, even if such change will result in not holding an annual meeting in a particular calendar year, as long as the annual meeting is held no more than eighteen (18) months after the prior annual meeting date.

(I) Corporate action taken in good faith during an emergency under this Section to further the ordinary affairs of the Association shall bind the Association; and shall have the rebuttable presumption of being reasonable and necessary.

(J) The Board may use reserve funds to meet Association needs and may use reserve funds as collateral for Association loans. By adoption of this provision, the Members specifically authorize the Board to use reserve funds for nonscheduled purposes in the event of any emergency as defined in this Section 11. The Board may adopt emergency assessments with such notice deemed practicable by the Board.

(K) The Board may adopt emergency Rules and Regulations governing the use and occupancy of the Lots, common elements, limited common elements, and Association property, with notice given only to those Directors with whom it is practicable to communicate.

12. MISCELLANEOUS.

12.1 Gender; Number. Whenever the masculine or singular form of a pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine or neuter; singular or plural, as the context requires.

12.2 Severability. If any portion of these Bylaws is void or becomes unenforceable, the remaining provisions shall remain in full force and effect.

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12.3 **Conflict.** If any irreconcilable conflict should exist, or hereafter arise, with respect to the interpretation of these Bylaws, the Declaration or the Articles of Incorporation, the provisions of the Declaration or the Articles of Incorporation shall prevail over the provisions of these Bylaws.