

PEBBLE BEACH VILLAS, INC.

PREFACE TO BY-LAWS

Authorization of By-Laws. The Declaration of Condominium of Pebble Beach Villas and Articles of Incorporation of Pebble Beach Villas, Inc. (PBV) specifically delegate certain powers and authorities to the Association as provided for in the By-Laws of Pebble Beach Villas. The amended and restated By-Laws shall implement the powers delegated as follows:

A. Declaration of Condominium

1. Section 14. B. 2 of the Declaration of Condominium specifies that no alteration or further improvement to the Common Elements shall be made except as provided by the By-Laws.
2. Section 15 of the Declaration specifies that the making and collection of assessments for common expenses shall be pursuant to the By-Laws.
3. Section 19 F of the Declaration specifies that reasonable regulations concerning use of condominium property may be made and amended by the Association in the manner provided in the By- Laws.
4. Section 21 of the Declaration specifies that each Unit-owner shall be governed by and shall comply with the terms of the Declaration of Condominium, Articles of Incorporation and By-Laws.

B. Articles of Incorporation.

1. Article III. Section 3. 2. G of the Articles of Incorporation states that the transfer of units shall be as provided in the By-Laws.
2. Article III. Section 3. 5 of the Articles states that the powers of the corporation shall be in accordance with the provisions of the By- Laws.
3. Article IV. Section 4. 4 of the Articles states that the manner of voting shall be determined by the By-Laws.
4. Article V. Section 5. 1 of the Articles states that the number of directors shall be determined as specified in the By-Laws.
5. Article III. Section 3. 2. H of the Articles provides for enforcement of governing document provisions by reference to By-Laws.

6. The first By-Laws of the Corporation shall be adopted by the Board of Directors and may be altered, amended or rescinded in the manner provided in the By-Laws.

Purpose of By-Laws. The By-Laws are designed to provide both structure and guidance relating to the way the Condominium and the common affairs of the Unit-owners shall be administered, as required by the Florida Condominium Act and the Articles of Incorporation governing the Association's operation as a corporate entity as required by the Florida not for profit Corporation Act.

The By-Laws are subordinate to the Declaration of Condominium and the Articles of Incorporation. The By-Laws provide for the internal governance of the Association by which it shall fulfill its functions, establish the procedures for discharging the responsibilities of the Association and define the powers and the manner for exercising those powers by the Board of Directors and each of the Association's officers.

Amended By-Laws. These By-Laws have been *inter alia* amended to modernize, update, and comply with and incorporate changes to Chapter 718, Florida Statutes 2019. Definitions of terms used in these amended By-Laws and in Florida Condominium Law shall be as provided herein or in Florida Statute 718.103. All Unit-owners and all persons using or entering the Condominium properties or acquiring any interest in any Unit or the adjacent Common Elements are subject to and shall comply with the provisions and terms set forth in the Condominium Documents.

AMENDED AND RESTATED BY-LAWS OF PEBBLE BEACH VILLAS, INC.

The following is a substantial rewording of the Bylaws of Pebble Beach Villas, Inc. See the current Bylaws for the present text.

ARTICLE I

Section 1. Identity and Definitions. The following provisions constitute the amended and restated By-Laws of Pebble Beach Villas, Inc., a not-for-profit corporation under the laws of the State of Florida, hereinafter called “Association”. The corporation was organized for the purpose of administering a condominium pursuant to Chapter 718, Florida Statutes, the Condominium Act, which Condominium is identified by the name of PEBBLE BEACH VILLAS (hereinafter PBV):

- A. The Office of the corporation shall be located at 5100 North Highway A1A, Vero Beach, Florida 32963.
- B. The Fiscal Year of the corporation shall be the calendar year.
- C. The Seal of the corporation shall bear the name of the Corporation, the word “Florida,” the words “Corporation Not for Profit” and the year of incorporation.

Section 2. Definitions. The following terms shall have the respective meanings ascribed to them in this section, except where context clearly indicates a different meaning, or a specific, limited meaning is indicated:

- A. **Assessment.** A levy of a share of funds required for the payment of common expenses that from time to time, typically annually, is assessed against a Unit-owner.
- B. **Association.** Means Pebble Beach Villas, Inc., a Florida not for profit corporation, the entity responsible for the operation of the Condominium.
- C. **Board of Directors** or **Board.** The representative body of Unit-owners responsible for administration of the Association.
- D. **Buyer.** A person who purchases a condominium unit.
- E. **By-Laws.** Means these By-Laws of the Association, as amended from time to time.
- F. **Committee.** A group of Board members and/or Unit-owners appointed by the

President to make recommendations to the Board regarding and addressing the specific purpose of the committee.

G. **Common Elements.** The portions of the Condominium not included as part of the units.

H. **Common Expenses.** Means all those expenses defined in the Condominium Act as common expenses and those items described in paragraph 4, section E of the Declaration of Condominium as common expenses.

I. **Common Surplus.** Means the excess of all receipts of the Association collected on behalf of the Condominium, including, but not limited to, assessments, rents, profits, and revenues on account of the common elements, over and above the amount of the common expenses, excluding reserves.

J. **Condominium.** Means the form of ownership of real property created pursuant to the Condominium Act comprised of units that may be owned by one or more persons, in which there is, appurtenant to each unit, an undivided share in common elements.

K. **Condominium Documents** The Declaration of Condominium, Articles of Incorporation, By-Laws and Rules and Regulations.

L. **Confidential Data.** Confidential or sensitive information that requires care in handling and/or if disclosed and, as provided by Florida Statutes, may cause harm to one or more individuals. Such data includes but is not limited to legal and personal matters related to the Association.

M. **Limited Common Elements.** Means those Common Elements, the use of which is reserved to a certain Unit or Units to the exclusion of other units and is shown on the Condominium Plot Plan or otherwise specified in the Declaration of Condominium. PBV Limited Common Elements are ground floor patios, designated storage units and designated garage spaces. References to Common Elements also shall include all Limited Common Elements unless the context would prohibit or it is otherwise expressly provided.

N. **Material Alteration/Modifications.** Means to palpably or perceptively vary or change the form, shape, elements or specifications of a building or other common elements from the original design or plan, or existing condition, so as to appreciably affect its function, use or appearance.

O. **Notices.** Means of communication to Unit-owners or to the Board of Directors.

- P. **Occupant.** Means a person who occupies a Unit other than a Unit-owner.
- Q. **Operation or Operation of the Condominium.** The administration and management of the Condominium.
- R. **Quorum.** The minimum number of Association members or Board members required to conduct business at a membership meeting or Board of Directors meeting.
- S. **Rental/Lease Agreement.** Any written agreement providing for use and occupancy of a Unit.
- T. **Rules and Regulations.** The primary form of administration and control of the Association consistent with these By-Laws. The Rules and Regulations are from time to time updated and amended by a Rules and Regulations Committee, approved by the Board of Directors and by a majority vote of Unit-owners in attendance at a duly-authorized and noticed meeting, at which a quorum is present. A PBV *Rules & Regulations* booklet is distributed to all Unit-owners and other Occupants. Unit-owners and other Occupants are required to read and comply with all the Rules and Regulations in the booklet.
- U. **Special Assessment.** Means any assessment levied against any Unit Owner or Owners other than the assessment required by the annually adopted budget of the Condominium.
- V. **Unit.** A single residential property as a part of the Condominium which is subject to exclusive ownership.
- W. **Unit-owner.** A record owner of legal title to a condominium parcel.
- X. **Voting certificate.** A document which designates one of the record title owners or the corporate, partnership, or entity representative who is authorized to vote on behalf of a condominium unit owned by more than one owner or by any entity.

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ARTICLE II

MEMBERSHIP AND VOTING

Section 1. Association Membership. Each Unit-owner is a member of the Association. No other person is entitled to membership in the Association.

Section 2. Voting Rights. Except as limited in these By-Laws, each Unit-owner shall be entitled to one vote at any Association meeting of Unit-owners for each Unit owned. In the case of a Unit

owned by more than one Owner the voting rights associated with that Unit shall be exercised only as a single vote.

A. Evidence of Ownership and Qualification for Voting Purposes. No Unit-owner shall be entitled to vote at any Owners' meeting until he/she has presented evidence of ownership of a Unit and is good standing. The vote of each Unit-Owner may be cast by only one individual representative designated by the Unit-owner in the notice required in subsection B below.

B. Designation of Voting Representative. Each Unit with multiple Owners shall file a voting certificate with the Association designating the individual representative who shall vote at Owners' meetings and receive all notices and other Association communications on behalf of the Unit-owner. The certificate shall state the name and address, email address and telephone number of the designated individual representative and the number of the Unit owned.

C. Voting Method. Votes may be cast in person, electronically, or by directed proxy. The Board of Directors may permit the casting of votes by mail, email, facsimile, personal delivery, electronic transmission or by other Board-approved means consistent with the Condominium Act. Any written votes or other votes cast by permitted means must be filed with the Association's Secretary or the Association's management agent at or before the appointed time of the onset of the Association meeting or voting deadline if no meeting is held.

D. Voting Provisions. Unless otherwise provided herein, any action that could be proposed at a membership meeting at which a quorum is present shall be authorized by the vote of a simple majority of the votes cast.

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ARTICLE III

ASSOCIATION MEMBERSHIP MEETINGS

Section 1. Place and Protocol of Meetings. Association Membership Meetings shall be held at any suitable and convenient place as the Board may designate. Association meetings shall be in accordance with the Condominium Documents, and the Florida Condominium Act. A Unit-owner may address the Board or Unit-owners at membership meetings for up to five (5) minutes when recognized by the Board President. Any person violating the rules of order governing the

meeting may be excluded from participation or removed from the meeting.

Section 2. Quorum. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. Unit-owners shall be considered in attendance if they are physically present at the meeting, if they have appointed a Proxy who is physically present at the meeting or if they participate electronically.

Section 3. Annual Meetings. Annual members' meetings shall be held at 10:00 A.M., Eastern Standard time on the second Monday of January each year for the purpose of electing Directors and transacting any other business referred to in the notice of meeting and authorized to be transacted by the members. If that day is a legal holiday, the meeting shall be held at the same hour on the next day that is not a holiday.

Section 4. Special Meetings. Special meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors and must be called by such officers upon receipt of a written request from members entitled to cast one-third of the votes of the entire membership.

Section 5. Proxies. Votes may be cast in person, electronically or by proxy. A proxy may be made by any Unit-owner entitled to vote. Such proxy shall be valid only for the particular meeting designated in the proxy and any adjournments thereof, and it must be received by the secretary or other authorized representative of the Board before the appointed date and time of the meeting or any adjourned meeting.

Section 6. Order of Business. The order of business at annual members' meetings and, so far as applicable at other members' meetings, shall be as follows:

- A. Election of chairman of the meeting
- B. Calling of the roll
- C. Certifying of proxies
- D. Proof of notice of meeting or waiver of notice
- E. Approval/disapproval of prior meeting Minutes, or as amended
- F. Reports of Officers
- G. Reports of Committees
- H. Unfinished Business

- I. New business
- J. Confirmation of Directors (if applicable)
- K. Election of inspectors of election (Annual meeting only)
- L. Election of Directors (Annual meeting only)
- M. Adjournment

Section 7. Notice of Meetings. The Secretary or other Board authorized person shall mail, send electronically or personally serve each Unit-owner with a notice of each ANNUAL or SPECIAL MEMBERSHIP MEETING stating the purpose as well as the time and place where it is to be held, at least fourteen (14) but not more than sixty (60) days prior to the meeting. The notice of the ANNUAL or SPECIAL MEMBERSHIP MEETING shall be sent to each Unit-owner at the address requested by the Unit-owner. All meeting notices will also be posted on the bulletin boards of each condominium building at least fourteen (14) days prior to the meeting.

Section 8. Remote Communication Meetings. Unit-owners may participate in Association meetings by a conference telephone or by other means of remote communication through which all persons participating in the meeting are able to communicate with each other, if the Board authorizes such participation and if the means of remote communication permitted are specified in the notice of the meeting. Unit-owners participating in a meeting by means of remote communication are considered present in person and may vote at the meeting following procedures established by the Board of Directors.

Section 9. Adjournment for Lack of Quorum. If any meeting of Unit-owners cannot be held because a quorum is not in attendance or represented, the Unit-owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 10. Minutes. The Association shall keep Minutes in writing and electronically of the proceedings of all Association meetings and, when approved and signed by the Board, these Minutes shall be presumed to accurately represent the matters set forth therein. Approved Minutes shall be timely posted on the Pebble Beach Villas Website and will be maintained as part of the Association's records. A recitation in the Minutes of any meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

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ARTICLE IV

BOARD OF DIRECTORS

Section 1. Qualification and Number of Directors. The affairs of the Association shall be managed by a Board of seven (7) Directors. All Directors must be Unit-owners, trustees of trusts owning Units or officers or directors of business entities owning Units. No Co-owners of the same Unit or multiple Units may serve on the Board of directors at the same time. A Director or Officer more than ninety (90) days delinquent in the payment of any monetary obligation due the Association shall be deemed to have abandoned the office, creating a vacancy in the office to be filled according to these By-Laws.

Section 2. Term of Directors. The respective terms of office for the Directors are staggered. In alternate years groups of four or three Directors shall be elected for two (2) year terms. Group I (four Directors) must reapply or be elected in even years, and Group II (three directors) must reapply or be elected in odd years. No Director may serve more than eight (8) consecutive years after July 1, 2018. All Directors shall hold office until their successors have been elected. Outgoing Board members must relinquish all official records and other Association property within five (5) days of leaving the Board of Directors.

Section 3. Election of Directors. Election of Directors shall be conducted as follows:

- A. The regular election of Directors shall occur as the last item of business at the annual meeting.
- B. Not more than 60 days before a scheduled election, the Association shall mail, email or deliver, whether by separate Association mailing or included in another Association mailing or by delivery including regularly published newsletters, to each Unit Owner entitled to vote, a first notice of the date of the election. Any person desiring to be a candidate for the Board of Directors shall give written notice to the Association not less than 40 days before the scheduled election. Not less than 14 days before the election, the Association shall mail, email or deliver a second notice of the election to all Unit Owners entitled to vote therein, together with a ballot that shall include an information sheet (if provided by the candidate), no larger than 8½ inches by 11 inches.
- C. There is no quorum requirement necessary for an election; however, at least 20%

of the Voting Interests of the Association must cast a ballot in order to have a valid election, and elections shall be decided by a plurality of those votes cast.

D. In the event that there are only as many (or fewer) candidates pre-qualified for election as there are open seats on the Board, no election shall be held and the prequalified candidates shall automatically become members of the Board after the annual meeting.

E. The Board may establish additional election rules as it deems appropriate to ensure a fair election process. Substantial compliance with these Bylaws relative to election procedures is sufficient.

F. The election shall be by a plurality of votes cast. Each Unit-owner is entitled to cast one vote for each vacancy to be filled. There shall be no cumulative voting.

G. When the number of candidates is greater than the number of open Board positions, those receiving the highest number of votes shall be elected.

H. If additional open Board positions remain, the Board of Directors will vote at a Board of Directors meeting to appoint a Unit Owner to fill each open position.

Section 4. Management and Administration. The Board of Directors shall manage and administer the affairs of the Association, as provided in the Condominium Documents, including but not limited to:

A. **Collecting Assessments.** To collect assessments from the Unit-owners and to use the proceeds for the Association's purposes.

B. **Insurance.** To contract for and carry insurance and collect and allocate the proceeds.

C. **Rebuild Improvements.** To rebuild improvements after casualty in the manner set forth in the Condominium Documents.

D. **Contract and Employ Persons.** To contract for, employ and compensate persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Association.

E. **Borrow Money.** To borrow money and issue evidence of indebtedness in furtherance of any and all of the purposes of the Association's business and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided,

however, that any such action shall also be approved by the affirmative vote of a majority of the votes cast at a membership meeting.

F. Assign Right to Future Income. To assign its right to future income, including the right to receive Unit-owner assessment payments.

G. Enforce Documents. To enforce the Condominium Documents.

H. Administrator. To perform all acts required of or permitted to the Association as administrator of the Association under the Condominium Documents and under the Condominium Act.

I. General. To enter into any kind of activity, to make, perform and contract for and to exercise all powers necessary, incidental or convenient to the administration, management, repair, replacement and operation of the Condominium properties and the Association.

J. Association Power. To purchase, lease and mortgage Units.

K. Emergency Powers: Action Without Meeting. To mitigate damage to PBV properties in an emergency, the President and other Board members are authorized to act without a meeting. The emergency powers include making financial commitments and must be exercised in good faith with prudent care and in the best interests of the Association.

Section 5. Professional Management. The Board of Directors may employ for the Association a professional management agent to perform those duties and services as the Board shall authorize, including but not limited to, the duties listed in the Condominium Documents. The Board may delegate to the management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by the Board or to have the approval of the Unit-owners. The Board shall not be authorized to enter into any contract with a professional management agent in which the maximum term is greater than three (3) years, or which is not terminable by the Association upon ninety (90) days' written notice to the other party. The Board may not hire an attorney who represents the Property Manager.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by Unit-owner vote shall be filled by majority vote of the remaining Directors, even though they may constitute less than a quorum of four (4) Directors. Each person so appointed shall be a Director until the end of the term of the Director whom he/she has

replaced and a successor is elected at the Association's annual meeting.

Section 7. Removal of Directors. At any Annual or Special Association meeting duly called and held for that purpose, upon notice, any one or more of the Directors may be removed without cause by the affirmative majority vote of all Unit-owners, and a successor may then and there be elected to fill the vacancy created. Any director whose removal has been proposed by the Unit-owners shall have an opportunity to be heard at the meeting.

Section 8. First Meeting of New Board: Organizational Meeting. The first meeting of a newly elected Board, the Organizational Meeting, shall be held within ten (10) days of election at such place and time as shall be fixed by the Directors at the meeting these Directors were elected. No notice shall be necessary to the newly elected Directors to convene and to constitute a lawful meeting, provided a majority of the entire Board is present at such a meeting. At this Organizational Meeting, the newly elected Board members shall elect its Association Board Officers by majority votes.

Section 9. Regular Board Meetings. Regular Board of Directors Meetings may be called at times and places as shall be determined by the President or a majority of the Directors. At least two (2) meetings shall be held during each fiscal year. Notice of regular Board meetings shall be given to each Director via electronic transmission at least three (3) days prior to the date of the meeting unless such notice is waived by the Director. Unit owners shall be notified prior to any Board Meeting.

Section 10. Special Board Meetings. Special meetings of the Board of Directors may be called upon three (3) days' notice to each Director and given via electronic transmission, mail or hand delivery. The notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President, Secretary or other appropriate officer in like manner and on like notice on the written request of three Directors. Unit-owners shall be notified prior to any Special Board Meeting.

Section 11. Waiver of Notice. Before or at any Board meeting, any Director may in writing or orally waive notice of the meeting and the waiver shall be deemed equivalent to the giving of the notice. A Director's attendance at a Board meeting shall be deemed that Director's waiver of notice. If all the Directors are present at any Board meeting, no notice shall be required, and any business may be transacted at the meeting, unless specifically restricted by the Condominium

Documents. All notices of Board meetings shall be posted on Condominium Property at least forty-eight (48) hours prior to the meeting.

Section 12. Quorum and Voting by Directors. The presence in person, telephonically or via teleconference of a majority of the Directors at a meeting shall constitute a quorum for the transacting of business, and the acts of the majority of the Directors present at a meeting at which there is a quorum shall be the acts of the Board of Directors. A Director appearing in person is presumed to assent to action unless voting against the action. If at any Board meeting there is less than a quorum present, the majority of those present may adjourn the meeting. From time to time, upon resumption of any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Closing of Board of Director Meetings to Members: Confidential Data. The Board of Directors may under certain circumstances close a portion or all of any Board meeting to Unit-owners, but only when it is required to address confidential matters. A Unit-owner has the right to inspect, and make copies of, such Minutes of the meetings of the Board of Directors, provided that the Minutes do not reference confidential data.

Section 14. Remote Communication Participation. Board members may participate in any meeting by means of conference telephone or teleconference through which all persons participating in the meeting can communicate with the other participants. Participation in a meeting by these means constitutes such members presence in person at the meeting.

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ARTICLE V

OFFICERS

Section 1. Designation. The Association officers are a President, Vice President, Secretary, and Treasurer. The Directors may appoint other officers as they may deem necessary. Any two offices except that of President and Vice President may be held by one person. All Officers must be members of the Board of Directors and Officers shall serve without compensation.

Section 2. Appointment. The Board of Directors shall appoint the Association's officers annually at its organizational meeting, and all Officers shall hold office at the Board's discretion, by majority vote of the Board.

Section 3. Removal. The Board of Directors may remove any Officer either with or without

cause, and the successor to the removed Officer may be appointed at any Board meeting called for such purpose, by majority vote of the Board.

Section 4. President. The President shall be the Association's chief executive officer and shall preside at all Association and Board meetings. The President has all the general powers and duties which are usually vested in the office of the president of a nonprofit corporation including, but not limited to, the power to appoint committees from among the Directors and Unit-owners, in the President's reasonable discretion, to assist in the conduct of the Association's affairs.

Section 5. Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President is absent or unable to act. If neither the President nor the Vice President can act, the Board of Directors shall appoint some other Board member to do so on an interim basis. The Vice President shall also perform those other duties as shall from time to time be imposed by the President or the Board of Directors when acting in the President's absence or disability.

Section 6. Secretary. The Secretary shall keep the Minutes of all Board and Association meetings, maintain a record of the Minutes and of any books and other records as the Board of Directors may direct, and shall perform all duties normally incident to the office of the Secretary. The Secretary shall also insure Board compliance for records management. The Board may assign and delegate selected secretarial duties as it determines necessary to a Property Manager, for administrative support.

Section 7. Treasurer. The Treasurer shall keep and preserve full and accurate accounts of all receipts and disbursements in the Association's books. The Treasurer shall monitor monthly financial results and recommend, as appropriate, necessary action of the Board. The Treasurer shall also be responsible for depositing all money in the name of and to the Association's credit, in depositories that the Board may designate from time to time. The Board may assign and delegate any or a portion of such duties, as it determines necessary and appropriate, to a Property Manager for administrative and financial accounting. The Treasurer will work with the Property Manager to recommend and prepare draft and final annual budgets for Board approval.

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ARTICLE VI

ASSESSMENTS

Section 1. Taxes and Assessments. Property taxes and special assessments by governmental authorities imposed on Units are assessed separately against the individual condominium parcels and not upon the condominium property as a whole. Each Unit-owner is separately responsible for payment of these taxes and special assessments.

Section 2. Determination of Assessments. Assessments shall be determined in accordance with the budget requirements, including:

A. Annual Budget-Related Assessments. The Board of Directors shall establish an annual budget in advance for each fiscal year and the budget shall project all expenses for the forthcoming years that may be required for the proper operation, management, and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. The Board may determine a budget to provide for operating account balances equal to three months cash flow. An excess of three (3) months assessment shall be determined to be a common surplus and shall be used to reduce the next year's assessments. Any adopted budget shall include an allocation to reserve funds for repairs and replacement of those Common Elements that must be replaced on a periodic basis, as provided in Reserve Fund requirements identified below. Upon the Board of Director's adoption of the annual budget, copies of the budget shall be sent to each Unit-owner. The assessment due from each Unit-owner for each month shall be established pro rata based upon the budget. The failure to provide a copy of the budget to each Unit-owner shall not affect or in any way diminish the liability of any Unit-owner for payment of any existing or future assessments.

B. Special Assessments. The Board of Directors shall have the authority to increase the regular assessment or levy special assessments as it deems appropriate and necessary, provided that the same are only for the following purposes: (1) to meet deficits incurred or anticipated because current assessments are insufficient to pay the costs of operation and maintenance; (2) to provide repairs or replacements of existing Common Elements; (3) to provide additions to the Common Elements as authorized in these By-Laws; (4) for any emergencies; or (5) to replenish operation funds or reserves for any previous year deficits.

C. Reserve Funds. In addition to annual operating expenses, the Association's budget must include reserve accounts for capital expenditures and deferred maintenance.

These accounts must include, but are not limited to, roof replacement, building painting, and pavement resurfacing. The definitions of each Reserve Funds category are articulated in each annual budget.

Section 3. Payment of Assessments and Penalty for Default. All assessments levied against the Unit-owners shall be apportioned among and paid by the Unit-owners in accordance with the percentage of ownership of Common Elements allocated to each unit in the Declaration of Condominium. Annual assessments shall be payable by Unit-owners in twelve (12) monthly installments. Special Assessments shall be payable and due as determined by the Board of Directors. Payments received more than 10 days after the due date shall be in default and as such shall bear interest at the rate of eighteen percent (18%) per annum from the date when due until paid.

The Association may levy an administrative late fee, respecting payments in default, not to exceed the greater of \$25 or 5 percent (5%) of the monthly installment that is delinquent. The Association may also accelerate the due date(s) of assessments of a delinquent Unit-owner. In addition, the Association may suspend the voting rights of a Unit-owner who is more than ninety (90) days delinquent in any monetary obligation of \$1,000.00 or more. Rights of such Unit-owner or his/her Unit-occupant to use of recreational facilities and other Association property may be suspended until the delinquent obligation is satisfied. When a Unit is being rented by an Owner who is delinquent in any obligation due the Association, the Association may collect the delinquent sums from the Unit-occupant. The act of rental by a delinquent Unit-owner shall constitute an assignment to the Association of rents payable by the Unit-occupant to the Unit-owner, to the extent of the delinquency. The Association must first make a written demand on the Unit-occupant for payment. The payments sought from the Unit-occupant by the Association shall be limited to the unpaid amount and any late fee due from the Unit-owner and shall, when paid, be credited as payment made by the Unit-owner.

Section 4. Application of Payment of Delinquent Assessment. Claim of Lien. The association shall have a lien for all unpaid assessments and shall evidence and reflect its claim for a delinquent assessment or assessment installment by filing a “claim of lien” with the Clerk of the Circuit Court in Indian River County. Prior to filing the claim of lien, however, the delinquent Unit-owner shall receive thirty (30) days’ written notice by certified mail and regular first-class mail of the Association’s intent to make the filing.

Section 5. Waiver of Use or Abandonment of Unit. Unit-owners shall not be exempt from assessment or liability for their contribution toward the expenses of the Association by waiver of the use or enjoyment of the Common Elements or by the abandonment of their unit.

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ARTICLE VII

FINANCES, BOOKS AND RECORDS

Section 1. Fiscal Year. The Association's fiscal year shall be an annual period commencing January 1st and ending on December 31st each year. The Association's fiscal year is subject to change by the Board of Directors for accounting reasons or other good cause.

Section 2. Banking: Investments of Funds. Association funds shall be deposited in a bank, credit union, or other depository as the Board may designate and shall be withdrawn only upon the check or order of such Association officers, employees or agents as are designated by Board resolution from time to time. Association funds shall only be held in accounts that are fully insured or backed by the full faith and credit of the United States Government.

Section 3. Unit-owner's Share of Funds. A Unit-owner's share in the Association's funds and assets cannot be assigned, pledged or transferred in any manner except as a Unit appurtenance.

Section 4. Association Records and Books. The Association shall maintain current copies of the Condominium Documents. The Association shall also keep detailed books of accounts showing all expenditures and receipts of administration of the Condominium, which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on the Association's and the Unit-owners' behalf. The Association's books shall be maintained in accordance with the Florida Condominium Act. The Association shall maintain separate records related to receipts and expenditures for operating expenditures and separate records related to receipts and expenditures for all reserves.

Section 5. Audit or Review. The Association shall have its books, records and financial statements independently audited or reviewed on an annual basis, within ninety (90) days of year's end, by a certified public accountant. Any audit or review shall be performed in accordance with the statements on auditing standards or the statements on standards for accounting and review services, respectively, of the American Institute of Certified Public

Accountants. The audit report shall be mailed or electronically delivered to all unit owners by April 30 of each year and also be posted on the Association's website.

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ARTICLE VIII

ALTERATIONS AND MODIFICATIONS

Section 1. Alterations and Restrictions. No Unit-owner may make alterations in exterior appearance or make material structural modifications to any Unit, including interior walls through or in which there exist easements for support or utilities, or make changes in the appearance or use of any of the Common Elements.

Section 2. Alterations or Modifications to Facilitate Access to or Movement within a Unit. The Association shall have no duty to provide for alterations or modifications within the Unit.

Section 3. Sound Conditioning. A Unit-owner shall not damage, attach anything to, or alter walls between Units to compromise sound deadening.

Section 4. Installation of Antennas/Satellite Dishes. The installation of antennas, direct broadcast satellites and other similar technologies on common elements is not permitted.

Section 5. Unit Maintenance. Article XIII of the By-Laws identifies Unit-owner responsibilities for maintenance and care of Units. Requirements identified in Sections 1 and 2 above must be adhered to when complying with requirements of Article XIII.

Section 6. Doors, Windows, Shutters. The Board shall adopt for each unit specifications for unit entry doors, sliding doors, unit windows, screens and hurricane shutters. The specifications shall include color, style and other factors deemed relevant by the Board, consistent with applicable building code.

Section 7. Electric Vehicles. A Unit-owner is permitted to install an electric vehicle charging station within the boundaries of his/her Limited Common parking garage. Such permission is only provided if all requirements of FL 718.113 or future amended Florida laws are satisfied and complied with.

ARTICLE IX

INSURANCE

Section 1. Extent of Coverage; Responsibility for Coverage. Association Responsibilities.

A. Casualty. The Association shall maintain property insurance for all common elements that the Association has responsibility for maintaining, repairing and replacing in an amount equal to one hundred percent (100%) of the current replacement cost as determined by an independent insurance appraisal at least once every thirty-six (36) months, excluding foundation and excavation costs, and with a maximum deductible amount, determined by the Board consistent with industry standards and prevailing practice for communities of similar size and age and having similar construction and facilities in the locale where the Condominium is situated, all as approved annually by the Board of Directors.

B. Liability, Worker's Compensation, Fidelity Bond, Directors and Officers, and Other Required Coverage. The Association shall also carry

1. liability insurance with coverage in amounts to be determined by the Board for a single occurrence;
2. worker's compensation insurance, where applicable;
3. fidelity bond or equivalent employee dishonesty/crime coverage in the minimum amount of a sum equal to the maximum amount that will be in the custody of the Association or its management agent at any one time, with such fidelity bond or equivalent employee dishonesty/crime insurance covering all Association officers, directors, and employees and all other persons, including any management agent, handling or responsible for any monies received by or payable to the Association. If the management agent or others cannot be added to the Association's coverage, they shall be responsible for obtaining the same type and amount of coverage on their own at Association cost before handling any Association funds;
4. directors and officers Liability coverage; and
5. any other insurance as the Board of Directors deem advisable.

C. Umbrella Insurance. The Association may purchase an umbrella insurance policy that covers any risk the Association is required to cover but is not otherwise covered due to lapse or failure to procure.

D. Benefited Parties. All insurance shall be purchased by the Association for the benefit and of the Association, the Unit-owners, and their mortgagees, as their interests may appear.

E. Insurance Records. All information in the Association's records regarding Common Element insurance coverage shall be made available to all Unit-owners and mortgagees upon written request.

F. Cost of Insurance. All premiums for insurance purchased by the Association shall be expenses of Condominium administration.

G. Proceeds of Association: Casualty Insurance Policies. Proceeds of all Association insurance policies shall be received by the Association, deposited and held in a separate account at a bank designated by the Association Board and distributed to the Association, the Unit-owners and their mortgagees as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium is required, the proceeds of any insurance that the Association receives as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction.

H. Limitations on Association Liability. The Association's insurance coverage must exclude all personal property within the Unit or Limited Common Elements as well as floor, wall, and ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets and countertops, window treatments including curtains, drapes, blinds, hardware and similar window treatment components, or replacements of any of the foregoing which are located within the boundaries of the Unit and serve only such unit. Such property and any insurance thereupon are the responsibility of the unit owner.

I. Unit-owner Responsibilities. Unit-owners are directed to consult with their own insurance advisors to determine what additional insurance they should obtain upon their Units and Common Elements and Limited Common Elements at their expense in addition to the coverage carried by the Association. Each Unit-owner shall obtain all risk insurance coverage for

1. those Common Elements and items that the Unit-owner is assigned repair and replacement responsibility including, without limitation, all drywall, windows, door-walls, patios, decks, and utility systems serving the individual unit.

2. the interior of their Unit, including all fixtures, equipment, and trim located within the Unit;
3. personal property located within a Unit or elsewhere in the Condominium, all improvements and betterments to the unit and Limited Common Elements;
4. personal liability and property damage for occurrences within a Unit or upon its Common Elements and Limited Common Elements that for which the Unit- owner is assigned responsibility;
5. alternative living expense in event of fire or other casualty; and
6. any insurance deductible or uninsured amount that the Unit- owner may be required to pay under these By-Laws.

J. **Waiver of Subrogation: Cross-Liability Endorsements.** The Association and all Unit-owners shall use their best efforts to see that all property and liability insurance carried by the Association or any Unit-owner contains provisions whereby the insurer waives its right of subrogation as to any claims against any Unit-owner or the Association. The Association's liability insurance shall, where appropriate, contain cross-liability endorsements to cover liability of the Unit-owners as a group to another Unit-owner.

K. **Association as Attorney-in-Fact.** All Unit-owners are deemed to appoint the Association as their true and lawful attorney-in-fact to act on their behalf regarding any insurance matters pertinent to the Association. Without limiting the generality of the previous sentence, the Association shall have full power and authority to purchase and maintain insurance, to collect and remit premiums, to collect proceeds and to distribute the same to the Association, the Unit-owners and respective mortgagees, as their interests may appear, subject to the Condominium Documents, to execute releases of liability, and to execute all documents and to do all things on behalf of the Unit-owner and the Association as necessary or convenient to the accomplishment of the foregoing.

ARTICLE X

MORTGAGES

Section 1. Notification of Mortgage. Any Unit-owner who mortgages his/her Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain the information in a book entitled "Mortgages of Units". The Association may, at the written request

of a mortgagee of any unit, report any unpaid assessments due from the Unit-owner of the Unit.

Section 2. Notification to Mortgagee of Insurance Company. Upon written request submitted to the Association, the Association shall notify a mortgagee appearing in the “Mortgages of Units” book of the name of each company insuring the Common Elements against fire and perils covered by extended coverage for vandalism and malicious mischief and the amounts of coverage.

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ARTICLE XI INDEMNIFICATION

Section 1. Indemnification of Directors, Officers and Committee Members. The Association shall indemnify every Director, officer and committee member of the Association against all expenses and liabilities, including reasonable attorney fees and costs and amounts paid in settlement incurred by or imposed upon the Director, officer or committee member in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, to which the Director, officer or committee member may be a party or in which they may become involved by reason of their being or having been a Director, officer or committee member of the Association, whether or not they are a Director, officer, or committee member at the time the expenses are incurred, so long as such person acted in good faith and in a manner that they reasonably believed to be in and not opposed to the Association’s best interests.

Section 2. Directors,’ Officers’ and Committee Members’ Insurance. The Association shall provide liability insurance for every Director, every officer and committee member of the Association for the same purposes provided above in Section 1 and in amounts as may reasonably insure them against potential liability arising out of the performance of their respective duties. No Director, officer or committee member shall collect for the same expense or liability under Section 1 above and under this Section 2; however, to the extent that the liability insurance provided to a Director, officer or committee member is inadequate to pay any expenses or liabilities otherwise properly indemnifiable under the terms of this Article, a Director, officer or committee member shall be reimbursed or indemnified only for the excess amounts recoverable under Section 1 above or other applicable statutory indemnification.

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ARTICLE XII

COMPLIANCE/AMENDMENTS

Section 1. Compliance with Condominium Documents. The Association and all present or future Unit-owners and their Unit-occupants are subject to and shall comply with the Condominium Documents and the Florida Condominium Act. If any provisions in the Condominium Documents conflict with the provisions of the Florida Condominium Act, the Statutes shall take precedence.

Section 2. Amendment. The By-Laws, may be amended as follows:

- A. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.
- B. A resolution adopting a proposed amendment may be proposed by a majority of the Board of Directors or a majority of the members of the Association Except as elsewhere provided, such amendment approvals must be by an affirmative vote of at least two-thirds (2/3) of all those voting in person, electronically or by proxy at a meeting in which a quorum has been established.
- C. Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment, which certificate shall be executed by the officers of the Association. The amendment shall be effective when such certificate of the amendment is recorded in the Public Records of Indian River County, Florida.

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ARTICLE XIII

RESTRICTIONS, USE AND CARE

Section 1. Use and Care of Unit.

- A. Single Family Use. No Unit shall be used for other than a single-family residence. No Unit may be divided or subdivided into a smaller unit or any portion sold or otherwise transferred.
- B. Required Unit Maintenance. Each Unit-owner is responsible at his/her expense for all maintenance, repairs and replacements in the Unit and in certain Limited Common Elements. The Unit-owner's responsibilities include, without limitation:
 - 1. Maintenance, repair, and replacement of screens, screen and storm doors,

windows, window glass and window frames, including caulking.

2. The main entrance door to the unit, its locks and door hardware and its interior surfaces, including painting and, if necessary, replacement.
 3. All doors within and for Unit access.
 4. The electrical, mechanical, and plumbing lines, pipes, fixtures, switches, valves, drains, and outlets, including connections, located partially or entirely within the Unit or serving only the Unit. Drain line maintenance shall be a joint responsibility of affected upstairs and downstairs owners.
 5. The circuit breaker panel and all electrical wiring going to the unit from the panel.
 6. Appliances, water heater, smoke alarms, vent fans and garage door openers.
 7. All air conditioning and heating equipment, thermostats, ducts, and installations serving the unit exclusively, both inside and outside the Unit.
 8. Carpeting and other floor coverings.
 9. Window hardware and locks.
 10. Shower pans.
 11. The main water shut-off valve for the unit water supply, whether inside or outside the unit.
 12. Built-in cabinets, other facilities or fixtures that are located or contained entirely within the unit and serve only that unit.
 13. Limited Common Elements: Designated garage space, Designated storage area, and Ground-floor Unit patio.
 14. All elements of units that are externally visible must comply with PBV standards related to color, design, and functionality.
- C. Teleworking. As an accommodation by the Association, a Unit-owner may work from his/her home office, provided this work does not
1. include the presence of any employees within the Unit;

2. interfere with the rights and ways of neighboring Unit-owners;
3. adversely impact other unit-owners in their enjoyment of PBV;
4. involve the storage of bulk goods for resale;
5. create pedestrian or vehicular traffic or congestion by delivery people, customers, users or beneficiaries of the services being performed;
6. add additional expenses, requirements, or burdens on the Association; or
7. constitute a violation of any ordinances or regulations of Indian River Shores or the Condominium Documents.

D. Common Elements. The Common Elements shall be used only for their intended purpose, to furnish services and facilities for the Unit-owners.

E. Nuisances. Any source of annoyance to residents that interferes with the peaceful possession and proper use of the property is unacceptable. All parts of the Condominium property shall be kept clean and sanitary, devoid of fire hazards, unpleasant smells, litter and refuse.

F. Lawful Use. No immoral, improper, offensive, or unlawful use shall be made of any part of the Condominium property.

G. Regulations. The PBV *Rules & Regulations* concerning the use of the Condominium property may be made and amended from time to time by the Association in the manner provided by these By-Laws. Copies of such *Rules & Regulations* and amendments shall be furnished by the Board to all Unit-owners and their Unit-occupants.

Section 2. Leasing and Rental.

A. Procedures and Approval for Leasing/Rental.

1. The renting/leasing of Units shall conform to disclosure and compliance requirements as specified in the Pebble Beach Villas *Rules & Regulations*.
2. A Lease/Rental Approval Application, available on the PBV Website (www.pbvillas.org), shall be completed and submitted as specified on the Website.
3. If approved, the applicant will be required to read a copy of the PBV *Rules & Regulations* and certify to abide by them.

B. Leasing/Renting. After approval by the Association, entire Units may be leased/rented provided the occupancy is only by the lessee/renter and lessee's/renter's

family and guests. No rooms may be leased or rented, and no transient occupants may be accommodated. Renters' children must be sixteen (16) years of age or older.

C. Frequency of Leases/Rentals. No Unit can be leased/rented for less than one (1) month. Unit-owners are permitted to lease/rent their Units only three (3) times in any year. A Unit-owner who wishes to rent more than three times per year may request an exemption from the Board of Directors, but only if the Unit-owner provides documents confirming compliance with Indian River Shores Ordinance 546.

D. No subleases. No sublease shall be permitted.

E. Terms. The terms of all non-owner occupancy arrangements shall incorporate, or be deemed to incorporate, all the Condominium Document provisions. The Association shall require the use of a standard lease addendum to ensure compliance with the requirements of this Section.

Section 3. Animals within the Condominium.

A. Number and Type. A Unit-owner shall house, keep, or maintain only one (1) domestic pet. The term "pet" as used in this section includes only dogs or cats weighing less than 25 pounds and small birds that are continuously caged. All other pets are prohibited. The Board retains the authority to mandate the removal of a pet determined to be detrimental to the overall well-being of PBV.

B. Restrictions Applicable to Pets.

1. Pets are not allowed in the Clubhouse or pool area.
2. Consistent with Indian River County ordinances, a Unit-owner's dog or cat must have a current rabies vaccination and an annual county license.
3. The Board of Directors may require Unit-owners to register their pets with the Association before the pet may be maintained on or within the Condominium.
 - a. No animals may be kept by Non-owner Occupants.
 - b. No pet may be housed outside of a Unit.
 - c. Each Unit-owner shall be responsible for the immediate collection and disposal of all fecal matter deposited by his /her pet.

C. Association Remedies. The Association may, after notice and hearing and without liability to the Association, remove or cause to be removed any animal from the

Condominium that the Board determines to be in violation of the restrictions imposed.

Section 4. Use of Common Elements.

A. Recreational facilities.

1. Recreational facility privileges are extended to Unit-owners and their Unit-occupants.
2. Unit-owners' guests and lessees' guests may enjoy recreational facility privilege. Renters' guests, however, must be overnight guests to use recreational facilities unless an exception is approved in writing by any Board member.
3. Unit-owners shall relinquish their clubhouse, pool, and recreational privileges when their unit is occupied by a lessee or renter.
4. Special or reserved use of the Clubhouse is extended only to Unit-owners and Lessees.

B. Obstruction and Use of Common Elements and Units. The Common Elements shall not be obstructed in any way. No bicycles, toys, baby carriages or other personal property may be left unattended on or about the Common Elements. No activity shall be carried on or condition maintained either in the Unit or upon the Common Elements that detracts from or spoils the Condominium appearance. Unit-owners may not alter or change any common area in any manner whatsoever.

C. Unsightly Conditions. The Common Elements, such as railings and shrubbery, shall not be used for the drying or airing of clothing or towels. Only furniture and plants consistent with ordinary deck or patio use and authorized by the PBV **Rules and Regulations** may be placed on ground floor Unit patios, and all items must be removed from patios when a Unit-owner is away from his/her Unit for an extended time.

D. Refuse/Garbage. Trash, garbage, and recyclables shall be sorted and disposed of in accordance with Pebble Beach Villas **Rules & Regulations**. Any Unit-owners or Non-owner Occupants who do not comply shall be subject to fines as provided for in these By-Laws.

E. Limited Common Elements. These areas must be maintained and kept in compliance with the **Rules & Regulations**. As specified in the Declaration of Condominium, PBV has three Limited Common Elements:

1. designated storage areas,
2. designated garage parking spaces and
3. ground-floor unit patios.

Section 5. Vehicles on the Condominium. PBV provides one (1) garage parking space for each Unit and one (1) space in general outdoor parking spaces. Outdoor parking spaces are marked, and all are available to all unless the Board designates in writing any other use restriction.

A. Permitted Vehicles. Only currently licensed automobiles, SUVs, passenger vans, and standard model and size pickup trucks used as an occupant's primary means of transportation and not for any commercial purposes, which do not exceed 22 feet in overall length and fit in the Unit-owner's designated garage parking space, may be parked on the Condominium property. House trailers, watercraft, boats, motor homes, camping vehicles, camping trailers, recreational vehicles, or all-terrain vehicles shall not be parked on the Condominium property except as prescribed in the Vehicles Sections of PBV ***Rules & Regulations.***

B. Temporary Presence. The Board of Directors has the discretion to issue rules and regulations that provide for the temporary presence of the above vehicles on the Condominium for purposes of loading, unloading and maintenance.

C. Commercial Vehicles. Commercial vehicles may be parked in or about the Condominium as authorized by the Board while providing vendor services to the Association or to a Unit or making deliveries and pickups in the normal course of business.

D. Standing Vehicles, Repairs. Nonoperational vehicles or vehicles with expired license plates shall not be parked on the Condominium property without the Board's written approval. Such non-licensed vehicles kept in a Unit-owner's garage must be in operational order and must be removed if any oil/gas leaks or if a dangerous condition exists. Nonemergency maintenance or repair of vehicles is not permitted on the Condominium property.

E. Parking Restrictions. No person shall park a vehicle in any area unless specifically marked for parking. How, when, and where vehicles can be parked is defined in the PBV ***Rules & Regulations.*** Each vehicle shall display a parking pass, as defined in the ***Rules & Regulations.***

F. Garage Parking. One garage parking space is assigned to each Unit- owner. Each

Unit-owner is required to maintain this space in a clean and safe manner. A Unit-owner may not restrict passage around his/her parked vehicle in any manner. Except for lessees and renters, a Unit-owner may not allow any non-Owner the use of this garage space. If a Unit-owner is absent from the Condominium, then he/she is permitted to allow another Unit-owner to use or rent his/her garage parking space only if the unit is not rented or leased. The Board reserves the right to amend this privilege as determined necessary.

G. Association Rights. The Board may cause vehicles parked or stored in violation of this Section to be towed from the Condominium. The Unit-owner or vehicle owner shall be responsible for towing company costs incurred, even if the vehicle is moved and properly parked before the towing contractor arrives at the condominium.

Section 6. Prohibition of Certain Items upon the Condominium. Unit-owners shall not use or permit any drones, air rifles, pellet guns, BB guns, bows and arrows, fireworks, slingshots or similar projectiles and devices on Common Elements. Unit-owners shall not use or permit to be brought onto Condominium Property any unusually volatile liquids or materials deemed to be extraordinarily hazardous to life, limb, or property.

Section 7. Signs. Except for a United States flag no larger than 4 by 6 feet located in a Board-approved area, no flags, notices, advertisements, pennants or signs are permitted. Temporary “open house” signs, shall not be displayed without the Board’s advanced written approval.

Section 8. Rules and Regulations Consistent with Florida Condominium Act. The Board shall provide all-owners with the current PBV *Rules & Regulations* booklet, which is consistent with PBV By-Laws, Condominium Documents, and the Florida Condominium Act. The Board may enact and amend *Rules & Regulations* from time to time concerning the use of the Common Elements or the rights and responsibilities of the Unit-owners and the Association. Any rule, regulation or amendment may be approved at any time by the affirmative vote cast in person or by proxy by a majority of Unit-owners voting.

Section 9. Association Access to Units and Common Elements. Each Unit-owner is required to provide to our Property Manager the door key and storm-door key to his/her unit. The Association or its duly authorized agents shall have the right of access to each Unit and to any Limited Common Elements or Common Elements, including in the Unit-Owner’s absence, during reasonable working hours as may be necessary for emergency maintenance, repair or replacement.

A. If the Unit-owner fails to provide means of access, the Association may gain access as may be reasonable under the circumstances, including removing any object that restricts access. Unit-owners shall not restrict access to plumbing, water lines, water line valves, water meters, or other elements that must be accessible to service the Common Elements.

B. Should emergency access to a Unit be required, the Association may remove coverings or attachments that restrict access and the Association will have no responsibility or liability for repairing, replacing or reinstalling any removed obstructions or materials that are damaged in the course of gaining Association access. The Association shall not be liable to the Unit-owner for damage to his/her Unit, or to any Common Elements caused in such emergency access.

Unit-owners are required to provide access to their unit for inspection by the Property Manager upon submission of a Purchase Approval Application. Additionally, Unit-owners are required to resolve any Unit maintenance issues identified before the board can approve the transfer.

Section 10. Landscaping and Decoration of Common Elements. No Unit-owner shall perform any landscaping or plant any trees, shrubs or flowers unless approved in advance, in writing, by the Board. Unit-owners shall not place ornamental materials, including but not limited to statuary, bird feeders, exterior lighting, rocks or boulders, fencing or any other decorative item upon the General or Limited Common Elements.

Section 11. Unit-owner Maintenance of Unit and Limited Common Elements

A. Unit-owners shall maintain their Units and their Limited Common Elements in a safe, clean and sanitary condition. All Units must have operational smoke detectors and carbon monoxide detectors installed and a portable fire extinguisher. Unit-owners shall implement reasonable precautionary maintenance measures with respect to any vacant Unit, including mandatory shutting off the Unit water supply and arranging for regular inspections during the times when the Unit is vacant.

B. Each Unit-owner shall use due care to avoid damaging any of the Common Elements, including, but not limited to, the telephone, water, gas, plumbing, electrical,

cable TV or other utility conduits and systems, which serve, and may affect, another Unit.

C. Each Unit-owner shall be liable for collateral damages resulting from misuse of his/her Unit or misuse of another Unit or any of the Common Elements or Limited Common Elements, by the Unit-owner or his/her Occupant. The Unit-owner shall be liable for casualty loss and occurrences, whether or not resulting from Unit-owner negligence, occurring to items that are the Unit-owner's responsibility to maintain, repair and replace. Any costs or damages to the Association or to other Unit-owners, including responsible attorneys' fees and costs, may be assessed to the Unit-owner as a part of the damages and liability.

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ARTICLE XIV

RECONSTRUCTION OR REPAIR IN CASE OF CASUALTY

If any part of the Condominium is damaged by casualty, whether or not it shall be repaired or reconstructed shall be determined as specified in the Declaration of Condominium.

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ARTICLE XV

FINES

Section 1. General. The violation of the Condominium Documents by any Unit-owner or his/her Occupant shall be grounds for assessment by the Association acting through its Board of Directors, of monetary fines against the involved Unit-owner. The Unit-owner shall be deemed responsible for the violation, whether it occurs as a result of his/her personal actions or inactions, or the actions or inactions of his/her Occupant or of any other person admitted through the Unit-owner to Pebble Beach Villas.

Section 2. Procedures. Prior to imposing any fine, the Board shall adhere to the following procedures:

A. Notice of the violation, including citation of the provision violated with a description of the factual nature of the alleged offense set forth with reasonable specificity shall be sent by first class mail, postage prepaid, electronic transmission, or personally hand-delivered to the Unit-owner, representative of the Unit-owner or Unit-occupant at the address as shown in the notice required to be filed with the Association. Such notice

shall place the Unit-owner on notice as to the violation.

B. **Hearing and Decision.** The offending Unit-owner shall be provided a scheduled hearing before a committee appointed by the President of Unit-owners (excluding officers, directors, or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director, or employee) at which the Unit-owner may offer evidence in defense of the alleged violation. The Committee shall, by majority vote, decide whether a violation has occurred and a fine should be levied. The Board shall follow the Committee's decision.

Section 3. Collection of Fines. The fines levied pursuant to this Article shall be assessed against the Unit-owner and shall be immediately due and payable. Failure to pay the fine will result in the Unit-owner not being in good standing and suspension of access to Clubhouse, pool, and recreational facilities.

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ARTICLE XVI

REMEDIES FOR DEFAULT

Section 1. Default by a Unit-owner. Any Unit-owner default shall entitle the Association or another Unit-owner or Unit-owners to the following relief:

A. **Association's Right to Abate.** The violation of the Condominium Documents shall give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements or into any Unit where reasonably necessary and summarily remove and abate, at the expense of the Unit-owner in violation, any structure, thing or condition existing or maintained contrary to the Condominium Documents. The Association shall have no liability to any Unit-owner arising from exercising its removal and abatement power.

B. **Failure to Enforce Rights.** The failure of the Association or of any Unit-owner to enforce, on a particular occasion, any right, provision, covenant or condition granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any Unit-owner to enforce the right, provisions, covenant or condition in the future.

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