

Bylaws for The Monarch at Royal Highlands, Inc.

**Dated 11/19/2005
(see last page for list of revisions)**

This Corporation shall be known as The Monarch at Royal Highlands, Inc., a Florida corporation with the principal offices located at 5325 St. Andrews Arc, Leesburg, FL 34748. It is the intent of the Corporation to own and maintain the golf club known as The Monarch at Royal Highlands including the golf course, driving range, restaurant/bar and any and all other amenities deemed appropriate by the Board of Directors. The Board of Directors shall have the authority to fix one-time charges and dues for all classes of memberships and fees for activities such as the driving range, etc. The fiscal year shall begin on **October 1st** and end on **September 30th**.

ARTICLE I - MEMBERSHIP

SECTION A: The membership of this club shall be divided into three major classes:

1. Charter Equity
2. Non-Charter Equity
3. General

References to 'Equity Members' shall mean both Charter Equity Members and Non-Charter Equity Members, unless otherwise specified.

All Equity members must be residents of the state of Florida.

References to the "Club" throughout these Bylaws shall mean The Monarch at Royal Highlands.

SECTION B: Charter Equity Members

Definition: Each Charter Equity Membership (Household or Single) shall be the owner of one share only of the capital stock of The Monarch at Royal Highlands, Inc.

Dues: All one-time charges, and dues shall be paid by Charter Equity Members in such amounts and at such times as may be fixed by the Board of Directors. The Charter Equity Members shall have their dues frozen at the January 1, 2005, rates through December 31, 2009.

Privileges: Charter Equity Members shall have the right to vote at membership meetings of The Monarch at Royal Highlands, Inc., and the right to hold office therein. All members of a Household Membership shall be entitled to privileges of the club subject to the limitations set forth in the

charter, bylaws and rules and regulations of The Monarch at Royal Highlands, Inc. Only one (1) individual from a Household Membership may serve on the Board of Directors at one time.

SECTION C: Non-Charter Equity Member

Definition: Each Non-Charter Equity Membership (Household or Single) shall be the owner of one share only of the capital stock of The Monarch at Royal Highlands, Inc.

Dues: All one-time charges, and dues shall be paid by Non-Charter Equity Members in such amounts at such times as may be fixed and determined by the Board of Directors.

Privileges: Non-Charter Equity Members shall have the right to vote at membership meetings of The Monarch at Royal Highlands, Inc., and the right to hold office therein. All members of a Household Membership shall be entitled to privileges of the club subject to the limitations set forth in the charter, bylaws and rules and regulations of The Monarch at Royal Highlands, Inc.

Only one (1) individual from a Household Membership may serve on the Board of Directors at one time.

SECTION C (1): Non-Charter Equity Seasonal Memberships are available for new Equity Memberships sold after October 5, 2007 subject to the following terms and conditions:

Definition: Each Non-Charter Equity Seasonal Membership (Household or Single) shall be the owner of one share only of the capital stock of this club. The club may issue Equity Seasonal Membership at the sole discretion of the Board of Directors with full rights and privileges of Equity Memberships, except for those rights excluded in this section C (1).

Dues: All one-time charges, annual dues/trail fees shall be paid by Non-Charter Equity Seasonal Members in such amounts at such times as may be fixed and determined by the Board of Directors. As of October 5, 2007, Non-Charter Equity Seasonal Memberships shall pay the then current Equity Fees and be responsible for payment of applicable dues for Equity Members for a period of 6 months, hereinafter November 1 – April 30 of each successive year and one hundred dollars (\$100.00) per month for the calendar months of May – October.

Privileges: Non-Charter Equity Seasonal Members shall have the right to vote at club meetings, but shall not have the right to hold office herein. All members of a Household membership shall be entitled to privileges of the club subject to the limitations set forth in the club charter, bylaws and rules and regulations adopted by the Board of Directors from time to time.

SECTION D: General Member

Definition: A General Member (Household or Single) is a member who does not own stock in The Monarch at Royal Highlands, Inc, but who is granted the use of the clubhouse and golf course upon the payment of required one-time charges, and dues. This membership class exists at the will of the Equity Memberships and may be discontinued at any time by a vote of 60% of the Equity Memberships. If discontinued a General Member shall be given the opportunity to convert to an Equity Member with a one-time payment established by the Board when the General classification is discontinued. If the General Member does not wish to convert to an Equity

Membership, their membership in the Club shall terminate at the end of the next 30 day period. There will be no reimbursement of one-time charges afforded the General Member who does not transition to an Equity Member.

Dues: All one-time charges and dues shall be paid by General Members in such amounts at such times as may be fixed and determined by the Board of Directors.

Privileges: A General Member has no voting rights nor the right to be a Board Member but is granted the use of the clubhouse, practice areas and golf course. All members of a Household Membership shall be entitled to privileges of the club subject to the limitations set forth in the charter, bylaws and rules and regulations of The Monarch at Royal Highlands, Inc

SECTION E: Membership Sub-Classes

Each of the major membership classes is divided into three sub-classes which are further divided into household and single classes. Each sub-class has its own combination of dues/trail fees structure set by the Board of Directors: The sub-classes are:

- 1) Bronze...this is a grand-fathered five-day membership and is no longer issued. Bronze members are required to pay the public prevailing rates on the weekends
- 2) Gold.....this is a grand-fathered membership covering the original members of the original club and is no longer issued. It is a seven-day membership.
- 3) Silver this is the only sub-class of membership being issued. It is a seven-day membership.

SECTION F: Reprimand, Suspension or Expulsion of Members

1. Action for Violation

In case the Board of Directors determines, in accordance with the procedure specified in F-2 below, that there has been a violation of any provision of the Bylaws or any rule of the Club, or any unbecoming conduct on the part of any member or of any household membership partner, or guest of a member, or conduct in or outside the Club premises which may, at the sole and absolute discretion of the Board of Directors, impair or be harmful to the good order, welfare, character or reputation of the Club or its members, the Board of Directors, at its discretion and by a majority vote of all Board members, may:

- (a) reprimand such member
- or
- (b) suspend by written ballot such member from all privileges of the Club for a period of not more than one (1) year. If, after being suspended, a member shall enter the Clubhouse or Grounds during the period of suspension or shall attempt to use any Club privileges, this shall constitute cause for expulsion of such member from the Club by the Board of Directors. In the case of a household membership, only the individual suspended shall be covered under this Section.
During any period of suspension, said member shall not be relieved of the requirement to pay dues, assessments, or other liabilities to the Club and may not use the facility as a daily fee player. The Board of Directors may waive or amend the dues required based on the severity of the violation.

or

- (c) expel by written ballot such member from the Club. Upon expulsion of an Equity Member the repurchase of the individual's stock will be handled as per Article I, Section H. The individual would have no voting rights while in the queue.

2. Determination of Violation

Before deciding whether a violation or other conduct referred to in F-1 above has taken place, the Board of Directors shall, by registered mail, notify the member of the charges made against him or her and of the time and place when the Board will meet to consider the matter. The said member may appear personally or be represented by another member before the Board of Directors and present such facts as such member or representative may desire and which, in the judgment of the Board, is pertinent. No such member or representative, however, shall have the right to be present at the deliberations of the Board and, in every case, the decision of the Board shall be final.

SECTION G: RESIGNATION OF MEMBERS

All resignations must be in writing and delivered to the club office and shall be effective upon action by the Board of Directors at the next scheduled Board Meeting in accordance with this Section H. Any Equity Member who resigns becomes "inactive" and shall lose all voting privileges upon the effective date of the resignation. However, this provision shall not affect the voting rights of those Equity Members who resigned prior to April 1, 2007 (referred to as "grandfathered" voters).

SECTION H: Return of Equity Value to Resigning Equity Members

The following applies only to Equity Memberships and for purposes of this Section, full membership is defined as 270 active dues paying Equity Memberships:

If the Club is full, a resigning Equity Member gets a return equal to the current initiation fee less the then current transfer fee. The transfer fee is equal to one third (1/3) of the then current price of an equity membership. An applicant for equity membership who is next on a waiting list will pay a one time charge, which is the current initiation fee.

If the Club is not full, a resigning member turns in their membership and the "certificate" goes into a queue waiting for the membership to be full and the membership is suspended. The Equity Member still owns the stock, but has no privileges until the club can buy the stock back. This provision shall not affect the voting rights of those Equity Members who resigned prior to April 1, 2007 (referred to as "grandfathered" voters). When membership is full, resigning members' stock certificates will be repurchased in the order of the waiting queue.

If an Equity Member sells his or her Royal Highlands home to someone who wants to become a member of the Club, the Equity Member can sell the Equity Membership to the new buyer for an agreed upon amount. Either the Equity Member or the buyer must pay The Monarch at Royal Highlands, Inc. a transfer fee as defined above.

SECTION I: MEDICAL LEAVES OF ABSENCE

Members may request a Medical Leave of Absence for a single membership, a household membership, or an individual of a household membership in writing to the Club Office. The reason given for the leave does not require a Medical Doctor's certification, but should be certified by the member and relies on member integrity, forethought and truthfulness. Requests may be made multiple times, however the Board of Directors may review a member's

frequency of leave occurrences for reasonability and may not grant requests or may terminate existing leaves, at its discretion.

If granted, dues and fees will be adjusted according to the current rates for leaves of absence as adopted by the Board of Directors, until the individual(s) is (are) reinstated. Requests and related dues/fees adjustments should be made to be effective on the 1st day of the following month, however may be prorated at a ½ month level at the discretion of the Club Manager. The minimum leave is 30 days. The maximum duration of the leave will be at the discretion of the Board of Directors.

Members on medical leave may use the golf course at current rates for public play on a limited basis to evaluate physical ability to return from medical leave, at the discretion of the Club Manager. Members on medical leave are not permitted to play in Club sponsored golf events.

The Leave of Absence may not be granted if the member has any outstanding charges for dues, fees, food, or services. The member will be responsible for payment of any assessment passed during their leave and cannot be reinstated until such assessment is paid. Voting rights shall continue during the medical leave.

ARTICLE II – MANAGEMENT

SECTION A: Board of Directors:

The club shall be managed and controlled by a Board of Directors consisting of a minimum of seven (7) and a maximum of nine (9) Equity Members referred to herein as the Board. The goal is to have nine members. A quorum of the Board shall consist of more than one half of the existing members.

SECTION B: Board terms and election:

The terms of office of a Board Member shall be three (3) years. At the Annual Meeting Equity Members shall be elected to the Board to succeed the Board members whose terms of office shall then expire. The Board shall, no later than sixty (60) days before the annual meeting, appoint a nominating committee to place in nomination and publish thirty (30) days prior to the annual meeting a sufficient number of Club Equity Members to achieve the Board minimum requirement.

Any other Equity Member may be nominated by Equity Memberships if their names are endorsed by at least thirty (30) Equity Memberships and filed with the secretary at least fifteen (15) days before the date of the annual meeting. Board members are elected at the annual meeting by secret ballot from those so nominated. In the event of a tie, those Equity Members present at the Annual meeting will vote between those tied by a show of hands while the candidates in question are out of the room.

The signatures from the 30 memberships required on the nomination form are as follows:

- If the membership is a single membership, only the individual who is a member signs the endorsement.
- If the membership is a Household Membership, both individuals who make up the Household Membership must sign the endorsement.

Board members shall serve a maximum of two (2) elected terms (unless there are not enough eligible candidates to fill the vacancies on the board). The terms may or may not be consecutive but will not exceed six (6) years in total, excluding any time served as an appointee to fill a vacated board member position.

At the conclusion of an officer's term, a transition period of up to sixty (60) days may be established to ensure a smooth transfer of responsibilities.

SECTION C: Officers, Agents and Duties:

Officers: The officers of this corporation shall consist of a president, a vice president, a secretary, and a treasurer, each of whom shall be elected by the Board of Directors at the first meeting of directors immediately following the annual meeting of shareholders of this corporation, and shall serve until the next annual meeting. Other officers and assistant officers and agents may be elected or appointed by the Board of Directors from time to time as it may be deemed necessary. The failure to elect a president, vice president, secretary or treasurer shall not affect the existence of this corporation.

Duties: The officers of this corporation shall have the following duties:

The President shall be the chief executive officer of the corporation, and shall have general and active management of the business and affairs of the corporation subject to the directions of the Board of Directors, and shall preside at all meetings of the Equity Members and Board of Directors.

The Vice President shall have such powers and perform such duties as the Board of Directors may prescribe or as the President may delegate. At the request of the President, the Vice President may, in the case of the President's absence or inability to act, temporarily act in the President's place.

The Secretary shall have custody of, and maintain, all of the corporate records except the financial records; shall record the minutes of all meetings of the Equity Members and Board of Directors, send all notices of meetings, and perform such other duties as may be prescribed by the Board of Directors or the President.

The Treasurer shall have custody of all corporate funds and financial records, shall keep full and accurate accounts of receipts and disbursements and render accounts thereof at the annual meetings of stockholders and whenever else required by the Board of Directors or the President, and shall perform such other duties as may be prescribed by the Board of Directors or the President.

Removal of Officers: Any officer elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the corporation will be served thereby.

Removal of a Board Member: A Board Member may be removed from the Board by a majority vote of all remaining Board Members for just cause. A Board Member may be removed by the Equity Members by a 67% vote of the Equity Membership.

Vacancies: Any vacancy, however occurring, in any office or Board Member shall be filled by the Board of Directors or left vacant until the next Annual Meeting. Any appointment shall last until the next annual membership meeting.

SECTION D: Club Policy and Rules:

The Board shall set policy for all affairs of the club, approve its new members and take cognizance of all infractions of its bylaws and rules and determine all Corporate Officers. The Board shall make rules for the government of the club and its members and it shall have all the powers not reserved to the members. Rules relating to the use of the clubhouse and golf course properties shall conform in all respects to the rules and regulations of the State of Florida Department of Business and Professional Regulation and all other statutes of the State of Florida.

SECTION E: Assessments:

If and when the Board decides that a special assessment is necessary, either to avoid a deficit in the operation of the Club or to make a necessary capital expenditure, the Board shall adopt a resolution fixing the amount of the special assessment, method of payment by Equity Members, and the purpose. The Board shall submit the resolution to the Equity Membership at any regular or special membership meeting. A special assessment is approved when the resolution is approved by 60% of the Equity Memberships voting either in person or with an absentee ballot.

In addition, upon affirmative vote of 60% of the Equity Memberships, voting in person or by absentee ballot at a shareholders' meeting, General Members may be assessed for an emergency capital, non-operational expense of the Corporation as initially approved by the Board of Directors and submitted to the shareholders for consideration.

SECTION F: Committees:

The President, with the approval of the Board, shall, at the first meeting after the elections, appoint all necessary committee chairs such as but not limited to Golf, Finance, Forward Planning, Social/Dining, Buildings, Grounds, Nominating, Audit and Membership. Each committee chair shall serve until their successors are appointed. The President will be an ex-officio member of all committees except the auditing committee. These committees may be combined or left vacant at the discretion of the Board.

SECTION G: Board Meetings:

The Board shall hold regular meetings at least once each month and at such times and at such places as they shall determine. The Board may hold special meetings upon twenty-four (24) hours notice to the Board members. Notice may be waived for special Board meetings. Emergency Board meetings can be held by telephone or email

communications and then ratified at the next regular meeting. The Board shall keep a record of its proceedings, and this record shall be open to inspection by all members at reasonable times and places.

SECTION H: Board empowerment:

The Board shall be empowered to make rules and regulations on matters not covered by these bylaws.

SECTION I: Board interpretation:

The interpretation of the bylaws, rules and regulations shall rest with the Board within its sole and absolute discretion.

SECTION J: Annual review of finances:

An annual review of the Corporation's books will be done by a licensed public accountant. The results of the review will be made available to the Equity Memberships to review.

SECTION K: Spending for Capital Items:

Capital expenditures that have not required an assessment (Article II, Section E of these Bylaws) may not exceed 5% of the current Fiscal Year total Expense Budget without approval at any regular or special membership meeting by 60% of the Equity Memberships voting either in person or with an absentee ballot.

ARTICLE III - ANNUAL MEETING

SECTION A:

There shall be an annual meeting of the Equity Members of the club for the election of a Board of Directors and for such business as may properly come before it. The meeting will be held no later than December 31st of the current year. The annual meeting shall be held at such place as the Board may indicate within five miles of the clubhouse. Notice of such annual meeting and a meeting agenda shall be mailed and or emailed to all active equity members at least thirty (30) days prior to the date of such meetings.

SECTION B:

The Board of Directors of its own motion or on the written request of thirty (30) Equity Memberships shall call a special meeting of the club at any time. In the event such special meeting is called, written notice to all active Equity Members shall be sent and/or emailed at least ten (10) days prior to such meeting. Such notice shall state the specific purposes for which such special meeting is being held, including a reference to general business before the equity members. Business transacted at such special meetings shall be confined to the purpose stated in the notice. If the special meeting is requested by the memberships, the Board will act on this request at the next regularly scheduled Board Meeting.

SECTION C:

Twenty percent (20%) of active Equity Memberships must be present and at least 60% of the active Equity Memberships must have cast a ballot either in person or with an absentee ballot to constitute a quorum at all annual or special meetings.

SECTION D:

Annual meeting shall be called to order by the president or presiding officer and business conducted in the following order:

1. Roll call by secretary if necessary to establish eligibility of those in attendance and to determine if a quorum is present.
2. Reading and approval of minutes of prior meeting.

3. Treasurer's Report
4. President's Report
5. Election of new Board Members
6. Vice President's Report
7. Committee Reports
8. Old Business
9. New Business
10. Report of judge and tellers for election of directors and other matters which required a vote.

All meetings shall be governed by rules and procedures as determined by the Board of Directors.

SECTION E:

In order to exercise voting rights, an Equity Member must be present, in person, or obtain an absentee ballot from the club business office in time to be counted at any annual or special meeting wherein vote action is taken. The absentee ballot must be delivered to the Secretary prior to the start of the annual or special meeting. Proxy votes are not valid, and will not be accepted for resolution of any issue, financial or otherwise.

SECTION F:

Cumulative voting on any subject or election is prohibited.

ARTICLE IV - GUESTS

SECTION A:

Only members and their guests shall be entitled to the privileges of the club. Guests shall be limited to the membership privileges of their host.

SECTION B:

Members having guests who use the golf course shall be required to register such guests at the pro shop. The fee for such guest privileges shall be fixed by the Board of Directors; provided, however, that no person be granted the guest rate more than six (6) times per year. Member-Guest tournaments do not count against the six times limit.

SECTION C:

Members shall be responsible for the conduct and all debts incurred by their guests.

ARTICLE V - CAPITAL STOCK

SECTION A:

The property and assets of the club shall be represented by capital stock consisting of 500 shares of stock with a par value of \$1.00 each. The shareholders may at any special meeting authorize a change in the number of shares of capital stock.

SECTION B:

Each certificate of stock shall bear the following legend: "The stock is issued to the owner as a certificate of membership in The Monarch at Royal Highlands, Inc. The ownership, sale or transfer of this certificate is restricted, governed and controlled by the charter, bylaws and rules adopted from time to time by the club which the club will furnish upon request, and without charge. Each transferee of stock shall take the same, subject to any unpaid dues or assessments, or any unpaid account on the books of said club, owned by the transferor."

No Equity Member shall sell, transfer, assign, gift, dispose of, hypothecate, pledge, encumber or in any way alienate ("Transfer") any of the Stock of the Corporation now owned or hereafter acquired, or any right or interest therein (including any beneficial interest in a trust or other entity holding legal title), whether voluntarily, involuntarily, by operation of law, or by gift or otherwise, without receiving the written consent of the Board of Directors. Any purported Transfer shall be null and void and of no force or effect, shall not operate to transfer any interest or title to the purported transferee, nor shall the purported transferee be entitled to vote the Shares unless and until the transferee is admitted as an Equity Member.

SECTION C:

Every person or household elected as an Equity Member shall procure from the club, or have transferred to them in accordance with the rules of the club, one (1) share of stock. No one person or household may own more than one (1) share of the club stock except as otherwise permitted by Article I, Section F.

SECTION D:

A stock book of the club shall be kept and transfer of the stock shall be made by the President and Secretary under the direction of the Board. No transfer of the stock shall be made until all dues and indebtedness to the club, chargeable against said stock, shall have been paid, and no transfer shall be made until the applicant is approved by the Board of Directors.

SECTION E:

The Board of Directors shall have authority to determine the sale price from time to time of the club's authorized but unissued common stock.

SECTION F:

The club shall have a lien upon the stock of each Equity Member for all dues and indebtedness of such Equity Member. Upon the death, resignation or expulsion of any Equity Member, or upon the Board's ordering the stock of any Equity Member sold for nonpayment of dues or other indebtedness, the club shall at a time in its discretion, notify such Equity Member or their personal representative to deliver to the secretary the share of stock held by such Equity Member, properly endorsed for transfer.

In the event of the death of an Equity Household Member, his or her stock shall transfer to the surviving member of the Household. In the event of the death of any other Equity Member, then the Corporation shall have the option, but not requirement, to purchase the deceased Equity Member's stock from his or her estate at the fair market value of the stock based on what a willing buyer would pay a willing seller for the stock minus any amount owed to the Club and minus the transfer fee in effect at that time. To exercise the option, the Corporation shall give the deceased Equity Member's personal representative 30 days notice of its intent to purchase, and the personal representative shall be required to sell and shall accordingly deliver the stock certificate to the corporation at closing.

SECTION G:

In the event of the failure of any Equity Member or their personal representative to deliver their stock within thirty (30) days after such notification as provided in Section F of this Article, then such stock shall automatically become null and void, and of no force and effect, and the Club may issue another share in its place and stead. Any such share and any share delivered to the secretary as aforesaid in Section F of this Article shall thereupon be sold in such manner as may be determined by the Board. Out of the proceeds of such sale the treasurer shall retain all the dues and indebtedness for which former owner of stock was liable at the termination of their membership and the transfer fees and taxes herein before mentioned and shall pay the residue to such former owner or their representatives, but such payment shall not be made until the old certificate shall be surrendered, duly endorsed or indemnity provided to protect the club in the event the certificate has been lost. Upon termination of a member's dues, pursuant to Section F above, they shall cease to be a member of the club.

ARTICLE VI – ACCOUNTS

SECTION A:

As soon as practicable after the end of each month the treasurer shall cause to be rendered to each member a statement of their indebtedness to the club as of the date of this statement. Such statements shall be payable by the 20th of the month in which it is rendered.

SECTION B:

All obligations for unpaid dues and other indebtedness chargeable against any share of stock shall continue, and the remedies for the enforcement of the same shall exist in full force irrespective of the resignation, suspension, or death of the member owning said share unless dues are terminated by the Board of Directors.

