

BYLAWS

OF

ASHLEY DOWNS HOMEOWNERS ASSOCIATION, INC.

a Florida corporation not-for-profit

1. GENERAL PROVISIONS.

1.01 Identity. These are the BYLAWS of ASHLEY DOWNS HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "ASSOCIATION," a corporation not-for-profit formed under the laws of the State of Florida. The ASSOCIATION has been organized for the purposes stated in the ARTICLES and shall have all of the powers provided in these BYLAWS, the ARTICLES, the DECLARATION, and any statute or law of the State of Florida, or any other power incident to any of the above powers.

1.02 Principal Office. The principal office of the ASSOCIATION shall be at such place as the BOARD may determine from time to time.

1.03 Fiscal Year. The fiscal year of the ASSOCIATION shall be the calendar year.

1.04 Seal. The seal of the ASSOCIATION shall have inscribed upon it the name of the ASSOCIATION, the year of its incorporation and the words "Corporation Not-for-Profit." The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed or otherwise reproduced upon any instrument or document executed in the name of the ASSOCIATION.

1.05 Inspection of Books and Records. The books and records of the ASSOCIATION shall be open to inspection by all OWNERS or their authorized representatives, and all holders, insurers or guarantors of any first mortgage encumbering a LOT, upon request, during normal business hours or under other reasonable circumstances. Such records of the ASSOCIATION shall include current copies of the DECLARATION, ARTICLES and BYLAWS, and any amendments thereto, any contracts entered into by the ASSOCIATION, and the books, records and financial statements of the ASSOCIATION. The ASSOCIATION shall be required to make available to prospective purchasers of LOTS current copies of the DECLARATION, ARTICLES and BYLAWS, and the most recent annual financial statement of the ASSOCIATION, and current Budget of the ASSOCIATION.

1.06 Definitions. Unless the context otherwise requires, all terms used in these BYLAWS shall have the same meaning as are attributed to them in the ARTICLES, and the DECLARATION.

2. MEMBERSHIP IN GENERAL.

2.01 Qualification. Pursuant to the ARTICLES, all of the record owners of LOTS shall be members of the ASSOCIATION. Membership for each LOT shall be established upon the recording of the DECLARATION. Prior to the recording of the DECLARATION, the incorporator shall be the sole member of the ASSOCIATION, but its membership shall terminate upon the recording of the DECLARATION, unless it owns any LOT(S).

2.02 Changes in Membership. The transfer of the ownership of any LOT, either voluntarily or by operation of law, shall automatically terminate the membership of the prior owner,

and the transferee or new owner shall automatically become a member of the ASSOCIATION. It shall be the responsibility of any such transferrer and transferee of a LOT to notify the ASSOCIATION of any change in the ownership of any LOT, and the corresponding change in any membership, by delivering to the ASSOCIATION a copy of the deed or other instrument of conveyance which establishes a transfer of ownership. In the absence of such notification, the ASSOCIATION shall not be obligated to recognize any change in membership or ownership of a LOT for purposes of notice, voting, ASSESSMENTS, or for any other purpose.

2.03 Member Register. The secretary of the ASSOCIATION shall maintain a register in the office of the ASSOCIATION showing the names and addresses of the members of the ASSOCIATION.

3. MEMBERSHIP VOTING

3.01 Voting Rights. There shall be one vote for each LOT. In the event any LOT is owned by more than one person, or is owned by a person other than an individual, the vote for such LOT shall be cast as set forth below, and votes shall not be divisible. In the event any member owns more than one LOT, the member shall be entitled to one vote for each such LOT.

3.02 Majority Vote and Quorum Requirements. The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum is present shall be binding upon all members and OWNERS for all purposes, except where otherwise provided by law, in the DECLARATION, in the ARTICLES, or in these BYLAWS. Unless otherwise so provided, at any regular or special meeting, the presence in person or by proxy of persons entitled to cast the votes for thirty (30%) percent of the LOTS shall constitute a quorum.

3.03 Determination as to Voting Rights.

3.03.01 In the event any Lot is owned by one person, his right to cast the vote for the LOT shall be established by the record title to his LOT.

3.03.02 Upon purchase of the LOT, one person must be designated as the designated voter for all business in which votes of members shall be cast. An official form shall be made and kept in the official records of the Association designating such individuals. For purposes of this paragraph, the principals or partners of any entity (other than a corporation) owning a LOT shall be deemed co-owners of the LOT, and the directors and officers of a corporation owning a LOT shall be deemed co-owners of the LOT.

3.04 Proxies. Every member entitled to vote at a meeting of the members, or to express consent or dissent without a meeting, may authorize another person or persons to act on the member's behalf by a proxy signed such member or his attorney-in-fact.

4. MEMBERSHIP MEETINGS

4.01 Who May Attend. In the event any LOT is owned by more than one person, all co-owners or the LOT may attend any meeting of the members. In the event any LOT is owned by a corporation, any director or officer of the corporation may attend any meeting of the members. However, the vote for any LOT shall be cast in accordance with the provisions of Paragraph 3 above. INSTITUTIONAL LENDERS have the right to attend all members meetings.

4.02 Place. All meetings of the members shall be held at the principal office of the ASSOCIATION or at such other place and at such time as shall be designated by the BOARD and stated in

the notice of meeting. At a minimum, there shall be one meeting annually of the members at a date, time, and place set by the Board of the ASSOCIATION.

4.03 Notices. Written notice stating the place, day and hour of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each member entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting, by or at the direction of the president, the secretary or the officer or persons calling the meeting.

4.04 Waiver of Notice. Whenever any notice is required to be given to any member under the provisions of the ARTICLES or these BYLAWS, or as otherwise provided by law, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except when the member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

4.05 Annual Meeting. The annual meeting for the purpose of electing directors and transacting any other business shall be held in the months of January or February of each year as shall be selected by the BOARD and as is contained in the notice of such meeting.

4.06 Special Meetings. Special meetings of the members may be called at any time by any director, the president, or at the request, in writing, by not less than 25% of the members, or as otherwise provided by law. Such request shall state the purpose of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the notice of meeting. Notice of any special meeting shall be given by the secretary, or other officer of the ASSOCIATION, to all of the members within thirty (30) days after same is duly called, and the meeting shall be held within thirty (30) days after same is duly called.

4.07 Adjournments. Any meeting may be adjourned or continued by a majority vote of the members present in person or by proxy and entitled to vote, or if no member entitled to vote is present, then any officer of the ASSOCIATION may adjourn the meeting from time to time.

4.08 Organization. At each meeting of the members, the president, the vice president, or any person chosen by a majority of the members present, in that order, shall act as chairman of the meeting. The secretary, or in his absence or inability to act, any person appointed by the chairman of the meeting, shall act as secretary of the meeting.

4.09 Order of Business. The order of business at the annual meetings of the members shall be:

- 4.09.01 Determination of chairman of the meeting;
- 4.09.02 Calling of the roll and certifying of proxies;
- 4.09.03 Proof of notice of meeting or waiver of notice;
- 4.09.04 Reading and disposal of any unapproved minutes;
- 4.09.05 Election of inspectors of election;
- 4.09.06 Determination of number of directors;

- 4.09.07 Election of directors;
- 4.09.08 Reports of directors, officers or committees;
- 4.09.09 Unfinished business;
- 4.09.10 New business; and
- 4.09.11 Adjournment

4.10 Minutes. The minutes of all meetings of the members shall be kept in a book available for inspection by the members or their authorized representatives, and the directors, at any reasonable time. The ASSOCIATION shall retain these minutes for a period of not less than seven years.

4.11 Actions Without a Meeting. Any action required or permitted to be taken at any annual or special meeting of the members of the ASSOCIATION, may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted.

5. DIRECTORS

5.01 Membership.

5.01.01 The affairs of the ASSOCIATION shall be managed by a BOARD of not less than three (3) nor more than seven (7) directors. So long as the DECLARANT is entitled to appoint any director pursuant to the ARTICLES, the number of directors will be determined, and may be changed from time to time, by the DECLARANT by written notice to the BOARD.

5.02 Election of Directors by Members. Election of directors to be elected by the members of the ASSOCIATION shall be conducted in the following manner:

5.02.01 Within sixty days after the members other than the DECLARANT are entitled to elect any directors, as provided in the ARTICLES, or within sixty (60) days after the DECLARANT notifies the ASSOCIATION that it waives its right to appoint one or more directors, the ASSOCIATION shall call, and have not less than thirty (30) days nor more than forty (40) days notice of, a special meeting of the members to elect any directors the members are then entitled to elect, or to replace the appropriate number of directors previously appointed by the DECLARANT.

5.02.02 Except as provided above, the members shall elect directors at the annual members' meetings.

5.02.03 Prior to any special or annual meeting at which directors are to be elected by the members, the existing BOARD may nominate a committee, which committee shall nominate one person for each director to be elected by the members, on the basis that the number of directors to serve on the BOARD will not be altered by the members at the members' meeting. Nominations for additional directorships created at the meeting shall be made from the floor, and other nominations may be made from the floor.

5.02.04 The election of directors by the members shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast by eligible members, each member voting being entitled to cast his vote(s) for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

5.03 Term of Office. All directors elected by the members shall hold office until the next annual meeting of the members and until their successors are duly elected, or until such director's death, resignation or removal, as hereinafter provided or as otherwise provided by statute or by ARTICLES.

5.04 Organizational Meeting. The newly elected BOARD shall meet for the purposes of organization, the election of officers and the transaction of other business immediately after their election or within ten (10) days of same at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

5.05 Regular Meetings. Regular meetings of the BOARD may be held at such time and place as shall be determined, from time to time, by a majority of the directors.

5.06 Special Meetings. Special meetings of the BOARD may be called by any director, or by the president, at any time.

5.07 Notice of Meetings. Notice of each meeting of the BOARD shall be given by the secretary, or by any other officer or director, which notice shall state the day, place and hour of the meeting. Notice of such meeting shall be delivered to each director either personally or by telephone or telegraph, at least 48 hours before the time at which such meeting is to be held, or by first class mail, postage prepaid, addressed to such director at his residence, or usual place of business, at least seven (7) days before the day on which such meeting is to be held.

5.08 Quorum and Manner of Acting. A majority of the directors determined in the manner provided in these BYLAWS shall constitute a quorum for the transaction of any business at a meeting of the BOARD. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the BOARD, unless the act of a greater number of directors is required by statute, the DECLARATION, the ARTICLES, or by these BYLAWS. A director may join by written concurrence in any action taken at a meeting of the BOARD but such concurrence may not be used for the purposes of creating a quorum.

5.09 Adjourned Meetings. A majority of the directors present at a meeting, whether or not a quorum exists, may adjourn any meeting of the BOARD to another place and time. Notice of any such adjourned meeting shall be given to the directors who are not present at the time of the adjournment, and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

5.10 Presiding Officer. The presiding officer of the BOARD meetings shall be the chairman of the BOARD if such an officer is elected; and if none, the president of the ASSOCIATION shall preside. In the absence of the presiding officer, the directors shall designate one of their members to preside.

5.11 Order of Business. The order of business at a BOARD meeting shall be:

- 5.11.01 Calling of roll;
- 5.11.02 Proof of due notice of meeting;
- 5.11.03 Reading and disposal of any unapproved minutes;
- 5.11.04 Reports of officers and committees;

- 5.11.05 Election of officers;
- 5.11.06 Unfinished business;
- 5.11.07 New business; and
- 5.11.08 Adjournment

5.12 Minutes of Meetings. The minutes of all meetings of the BOARD shall be kept in a book available for inspection by the members of the ASSOCIATION, or their authorized representatives, and the directors at any reasonable time. The ASSOCIATION shall retain these minutes for a period of not less than seven years.

5.13 Committees. The BOARD may, by resolution duly adopted, appoint committees to handle a variety of issues, inclusive of but not limited to, fine or suspension issues as provided by Florida law.

5.14 Resignation. Any director may resign at any time by giving written notice of his resignation to another director or officer.

5.15 Removal of Directors. Directors may be removed as follows:

5.15.01 Any director other than a director appointed by the DECLARANT may be removed by majority vote of the remaining directors, if such director (a) has been absent for the last three consecutive BOARD meetings, and/or adjournments and continuances of such meetings; or (b) is an OWNER and has been delinquent for more than thirty (30) days after written notice in the payment of ASSESSMENTS or other monies owed to the ASSOCIATION.

5.15.02 Any director other than a director appointed by the DECLARANT may be removed with or without cause by the vote of a majority of the members of the ASSOCIATION at a special meeting of the members called by not less than ten percent of the members of the ASSOCIATION expressly for that purpose. The vacancy on the BOARD caused by any such removal may be filled by the members at such meeting or, if the members shall fail to fill such vacancy, by the BOARD, as in the case of any other vacancy on the BOARD.

5.16 Vacancies. Vacancies in the BOARD may be filled by a majority vote of the directors then in office, though less than a quorum, or by a sole remaining director, and a director so chosen shall hold office until the next annual election and until his successor is duly elected, unless sooner displaced.

5.17 Directors Appointed by the DECLARANT. Notwithstanding anything contained herein to the contrary, the DECLARANT shall have the right to appoint the maximum number of directors in accordance with the privileges granted to the DECLARANT pursuant to the ARTICLES.

5.18 Compensation. The Directors shall not be entitled to any compensation for serving as Directors unless the members approve such compensation, provided however, the ASSOCIATION may reimburse any Director for expenses incurred on behalf of the ASSOCIATION without approval of the members.

5.19 Powers and Duties. The directors shall have the right to exercise all of the powers and duties of the ASSOCIATION, express or implied, existing under these BYLAWS, the ARTICLES, the DECLARATION, or as otherwise provided by statute or law.

6. OFFICERS.

6.01 Members and Qualifications. The officers of the ASSOCIATION shall include a president, a vice president, a treasurer and a secretary, all of whom shall be elected by the directors and may be pre-emptively removed from office with or without cause by the directors. Any person may hold two or more offices except that the president shall not also be the secretary. The BOARD may, from time to time, elect such other officers and designate their powers and duties as the BOARD shall find to be appropriate to manage the affairs of the ASSOCIATION from time to time. Each officer shall hold office until the meeting of the BOARD following the next annual meeting of the members, or until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall have resigned, or until he shall have been removed, as provided in these BYLAWS.

6.02 Resignations. Any officer may resign at any time by giving written notice of his resignation to any director or officer.

6.03 Vacancies. A vacancy in any office, whether arising from death, resignation, removal or any other cause may be filled for the unexpired portion of the term of the office which shall be vacant in the manner prescribed in these BYLAWS for the regular election or appointment of such office.

6.04 The President. The president shall be the chief executive officer of the ASSOCIATION. He shall have all of the powers and duties which are usually vested in the office of president of an association or corporation including, but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion deem appropriate to assist in the conduct of the affairs of the ASSOCIATION.

6.05 The Vice President. The vice president shall, in the absence or disability of the president, exercise the powers and perform the duties of the president. He shall also assist the president generally and exercise such other powers and perform such other duties as may be prescribed by the directors.

6.06 The Secretary. The secretary shall prepare and keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors and other notices required by law. He shall have custody of the seal of the ASSOCIATION and affix the same to instruments requiring a seal when duly executed. He shall keep the records of the ASSOCIATION, except those of the treasurer, and shall perform all other duties incident to the office of secretary of an association, and as may be required by the directors or the president.

6.07 The Treasurer. The treasurer shall have custody of all property of the ASSOCIATION, including funds, securities, and evidences of indebtedness. He shall keep books of account for the ASSOCIATION in accordance with good accounting practices, which, together with substantiating papers, shall be made available to the BOARD for examination at reasonable times. He shall submit a Treasurer's Report to the BOARD at reasonable intervals and shall perform all other duties incident to the office of treasurer. He shall collect all ASSESSMENTS and shall report to the BOARD the status of collections as requested.

6.08 Compensation. The officers shall not be entitled to compensation unless the BOARD specifically votes to compensate them.

7. FINANCES AND ASSESSMENTS.

7.01 ASSESSMENT ROLL. The ASSOCIATION shall maintain

an ASSESSMENT roll for each LOT, designating the name and current mailing address of the OWNER, the amount of each ASSESSMENT against such OWNER, the dates and amounts in which the ASSESSMENTS come due, the amounts paid upon the account of the OWNER, and the balance due.

7.02 Depositories. The funds of the ASSOCIATION shall be deposited in such banks and depositories as may be determined and approved by appropriate resolutions of the BOARD from time to time. Funds shall be withdrawn only upon checks and demands for money signed by such officers, directors or other persons as may be designated by the BOARD.

7.03 Application of Payments and Co-mingling of Funds. All sums collected by the ASSOCIATION from ASSESSMENTS may be co-mingled in a single fund or divided into more than one fund, as determined by the BOARD.

7.04 Accounting Records and Reports. The ASSOCIATION shall maintain accounting records according to good accounting practices. The records shall be open to inspection by OWNERS and INSTITUTIONAL LENDERS or their authorized representatives, at reasonable times. The records shall include, but not be limited to, (a) a record of all receipts and expenditures, and (b) the ASSESSMENT roll of the members referred to above. The BOARD may, and upon the vote of a majority of the members shall, conduct a review of the accounts of the ASSOCIATION by a public accountant, and if such a review is made, a copy of the report shall be furnished to each member, or their authorized representative, within fifteen days after same is completed.

8. PARLIAMENTARY RULES

8.01 Roberts' Rules of Order (latest edition) shall govern the conduct of the ASSOCIATION meetings when not in conflict with any DECLARATION, the ARTICLES or these BYLAWS.

9. AMENDMENTS

Except as otherwise provided, these BYLAWS may be amended in the following manner:

9.01 Notice. 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.

9.02 Initiation. A resolution to amend these BYLAWS may be proposed either by any director, or by or at the direction of ten (10%) percent or more of the members of the ASSOCIATION.

9.03 Adoption of Amendments.

9.03.1 A resolution for the adoption of the proposed amendment shall be adopted either: (a) by unanimous vote of all of the directors; or (b) not less than a majority of the votes of the entire membership of the ASSOCIATION. Any amendment approved by the members may provide that the BOARD may not further amend, modify or repeal such amendment.

9.03.2 Notwithstanding anything contained herein to the contrary, so long as the DECLARANT is entitled to appoint a majority of the directors, the DECLARANT shall have the right to unilaterally amend these BYLAWS without the joinder or approval of the BOARD or any member, and so long as the DECLARANT owns any LOT, no amendment to these BYLAWS shall be effective without the written approval of the DECLARANT.

9.04 No amendment shall make any changes in the qualification for membership nor in the voting rights or property

rights of members without approval by all of the members and the joinder of all record owners of mortgages upon the LOTS. No amendment shall be made that is in conflict with the DECLARATION or the ARTICLES. Prior to the closing of the sale of all LOTS, no amendment shall make any changes which would in any way affect any of the rights, privileges, powers or options herein provided in favor of, or reserved to, the DECLARANT, unless the DECLARANT shall join in the execution of the amendment, including, but not limited to, any right of the DECLARANT to appoint directors.

9.05 No amendment to these BYLAWS shall be made which discriminates against any OWNER(S), or affects less than all of the OWNERS without the written approval of all of the OWNERS so discriminated against or affected.

9.06 Execution and Recording. No modification of, or amendment to, the BYLAWS shall be valid until recorded in the public records of the county in which the PROPERTY is located.

9.07 Any amendment made by DECLARANT and any amendment made by the members prior to the completion of 75% of the UNITS that may be constructed within the SUBJECT PROPERTY, must be approved by the Federal Housing Administration or by the Veterans Administration if any, mortgage encumbering a LOT is guaranteed or insured by either such agency, if such amendment materially and adversely affects the OWNERS or materially and adversely affects the scheme of development created by the DECLARATION. Such approval shall specifically not be required where the amendment is made to correct errors or omissions or is required to comply with the requirement of any INSTITUTIONAL LENDER so that such lender will make, insure or guaranty mortgage loans for the LOTS, or is required by any governmental authority. Such approval shall be deemed given if either agency fails to deliver written notice of its disapproval of any amendment to DECLARANT or to the ASSOCIATION within 20 days after a request for such approval is delivered to the agency by certified mail, return receipt requested, or equivalent delivery, and such approval shall be conclusively evidenced by a certificate of DECLARANT or the ASSOCIATION that the approval was given or deemed given.

10. MISCELLANEOUS.

10.01 Tenses and Genders. The use of any gender or of any tense these BYLAWS shall refer to all genders or to all tenses, wherever they so require.

10.02 Partial Invalidity. Should any of the provisions hereof void or become unenforceable at law or in equity, the remaining provisions shall, nevertheless, by and remain in full force and effect.

10.03 Conflicts. In the event of any conflict, the DECLARATION, the ARTICLES, and these BYLAWS, shall govern, in that order.


10.04 Captions. Captions are inserted herein only as a matter of convenience and for reference, and in no way are intended to or shall define, limit or describe the scope of these BYLAWS or the intent of any provisions hereof.

10.05 Waiver of Objections. The failure of the BOARD or any officers of the ASSOCIATION to comply with any terms and provisions of the DECLARATION, the ARTICLES, or these BYLAWS which relate to time limitations shall not, in and of itself, invalidate the act done or performed. Any such failure shall be waived if it is not objected to by a member of the ASSOCIATION within ten (10) days after the member is notified, or becomes aware, of the failure. Furthermore, if such failure occurs at a general or special meeting, the failure shall be waived as to all members who

received notice of the meeting or appeared and failed to object to such failure at the meeting.

The foregoing was adopted as the BYLAWS of the ASSOCIATION at the First Meeting of the BOARD on the 29th day of March, 1996.

ASHLEY DOWNS HOMEOWNERS ASSOCIATION, INC.



Roger Harris, President