

EXHIBIT "B"

BYLAWS

OF

ASHWOOD WEST HOMEOWNERS ASSOCIATION, INC.

A FLORIDA NOT-TO-PROFIT CORPORATION

ARTICLE I. NAME AND LOCATION

The name of the corporation is Ashwood West Homeowners Association, Inc. The initial principal office of the corporation shall be located at 1925 East Edgewood Drive, Suite 100, Lakeland, Florida 33803, but meetings of Members and Directors may be held at such places within the State of Florida as may be designated by the Board of Directors. The address of the principal office may be changed from time to time by the Board of Directors.

ARTICLE II. DEFINITIONS

2.1 "Association" shall mean and refer to Ashwood West Homeowners Association, Inc., a Florida not-for-profit corporation, its successors and assigns.

2.2 "Owner" or "Owners" shall mean the holders of the fee simple title to the Lots.

2.3 "Developer" shall mean BERKLEY ROAD, LLC, a Florida limited liability company, its successors and assigns.

2.4 "Subdivision" shall mean all of the real property described in that certain Plat of Ashwood West recorded in Plat Book 134, pages 6 through 8, public records of Polk County, Florida, together with such additions thereto as shall be added by the Developer in accordance with the Declaration.

2.5 "Lot" or "Lots" shall have the same meaning as "Lot" or "Lots" in the Declaration.

2.6 "Directors" shall mean the members of the Board of Directors of the Association and their successors in office duly elected and serving in that capacity in accordance with the Bylaws.

2.7 "Member" shall mean every person or entity who holds membership in the Association.

2.8 "Declaration" shall mean and refer to the Declaration of Covenants, Restrictions, Easements, Limitations and Conditions to which these Bylaws are attached, whose lot owners are to be Members of the Association, and which is recorded in the Public Records of Polk County, Florida and the terms of which are incorporated herein by reference.

2.9 "Mortgage" shall mean a Mortgage encumbering a Lot which Mortgage is held either by a bank, life insurance company, federal or state savings and loan association, real estate or mortgage investment trust, mortgage company, federal or state agencies, the Developer or such other mortgagee which shall be acceptable and approved by the Directors.

2.10 "Mortgagee" shall mean the holder of a Mortgage.

ARTICLE III. MEMBERS

3.1 Membership in the Association. Every Owner of a Lot shall be a Member of the Association and membership shall be established as set forth in the Declaration, the Articles and these Bylaws.

3.2 Voting Rights. If a corporation is the Owner of a Lot or if a Lot is owned by more than one (1) person, the Association may require prior to any vote by the Members, a voting certificate by which the registered Owner or Owners of the Lot designates an officer, if a corporation, or designates one (1) of the Owners of the Lot, if there is more than one (1) Owner, to designate the person entitled to vote at any meeting of the Members of the Association. The Association shall have two classes of voting membership:

Class A

Class A Members shall be all Owners, with the exception of the Developer and shall be entitled to one vote for each Lot owned.

Class B

The Class B Member(s) shall be the Developer and shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership and the Members, other than the Developer, shall be entitled to elect at least a majority of the Directors of the Association upon the earlier of the occurrence of the following events:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership (i.e., when seventy-five percent (75%) of the Lots in the Subdivision have been conveyed to Members other than the Developer); or

- (b) On the date specified by the Developer in a written notice to be given to all of the Class A Members.

For purposes of this section of these Bylaws, the term "Members other than the Developer" shall not include builders, contractors or others who purchase a Lot for the purpose of constructing improvements thereon for resale. So long as the Developer holds for sale in the ordinary course of business at least five percent (5%) of the Lots in the Subdivision, the Developer shall be entitled to elect at least one of the Directors.

3.3 Termination of Membership. Membership in the Association terminates when such Member ceases to be an Owner of a Lot.

3.4 Transfer of Membership. Membership in this Association is not transferable or assignable, but shall pass with the title to each Member's Lot.

ARTICLE IV. MEETINGS OF MEMBERS

4.1 Annual Meetings. The first annual meeting of Members shall be held within one (1) year from the date of incorporation of the Association, which date shall be established by appropriate resolution of the Directors. At the first annual meeting of Members, a date and time shall be established for all subsequent annual meetings. If the date for any annual meeting of Members is a legal holiday, the meeting will be held at the same hour on the next following day which is not a legal holiday.

4.2 Special Meetings. Special meetings of Members may be called at any time by the president or by the Board of Directors, or upon written request of no less than ten percent (10%) of the total voting interest of the Association.

4.3 Place of Meetings. The Board of Directors may designate any place within Polk County, Florida as the place of meeting for any annual or special meeting.

4.4 Notice of Meetings. Written notice of each meeting of Members shall be given by, or at the direction of, the secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of receiving notice. Such Notice shall specify the day, hour and place of the meeting, and in the case of a special meeting, the purpose of the meeting.

4.5 Quorum. The presence at the meeting in person or by proxy of Members entitled to cast ten percent (10%) of the votes of the membership shall constitute a quorum for authorization of any action, except as may otherwise be provided in the Declaration, the Articles of Incorporation, these Bylaws or by law. After a quorum has been established at a Member's meeting, the subsequent withdrawal of Members so as to reduce the number of Members entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof. If a quorum is not present at any

meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

4.6 Proxies. At all meetings of Members, each Member may vote in person or by proxy in the manner provided by law. All proxies shall be in writing and filed with the secretary. Proxies shall be revocable, and the proxy of any Owner shall automatically terminate on conveyance by him of his Lot.

4.7 Waiver of Notice. A written Waiver of Notice signed by a Member, whether before or after the meeting, shall be equivalent to the giving of such notice. Any certificate to be filed as a result of the Members action under this Section shall state that written consent was given in accordance with the applicable provisions of Chapter 617 of the Florida Statutes.

4.8 Action Without Meeting. Any action of the Members may be taken without a meeting, without prior notice and without vote, if a consent in writing setting forth the action so taken is signed by a majority of the Members of the Association. Within ten days after obtaining such authorization by written consent, notice must be given to those Members who have not consented in writing. The notice shall fairly summarize the material features of the authorized action. Any certificate to be filed as a result of the Members action under this section shall state that written consent was given in accordance with the applicable provisions of Chapter 617 of the Florida statutes.

4.9 Voting Record. If the Association has six or more Members of record, the officers having charge of the membership records of the Association shall make, at least ten days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof. The list shall be kept on file at the registered office of the Association or at the principal place of business of the Association, and any Member shall be entitled to inspect a list at any time during usual business hours. The list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member at any time during the meeting. If no such demand is made, failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

4.10 Absentee Ballots. Absentee ballots will be permitted in connection with votes on such matters as the Directors shall permit from time to time, including specifically, annual meetings of the Members. In the event absentee ballots are permitted, they will only be available to those Members who are physically absent from the Subdivision at the time the meeting is to be held or they have a physical disability or limitation which makes it impossible for them to attend the meeting. If an absentee ballot is permitted, the secretary of the Association shall mail the ballot to the Member who shall return the ballot to the secretary no later than three days prior to the meeting. Any absentee ballot may be revoked at the meeting in the event that the Member voting by absentee ballot is present at the meeting. Absentee ballots may be considered for purposes of establishing a quorum only on those matters voted on in the absentee ballot.

4.11 Order of Business. The order of business at the annual meeting of the Members and as far as practicable at other meetings, shall be:

- (a) call of the roll,
- (b) proof of notice of meeting,
- (c) reading and disposition of any unapproved minutes,
- (d) the report of officers,
- (e) report of committees,
- (f) appointment of inspectors of election,
- (g) election of directors,
- (h) unfinished business,
- (i) new business,
- (j) adjournment.

ARTICLE V. BOARD OF DIRECTORS

5.1 Number. The affairs of the Association shall be managed by a board of three (3) Directors who shall be Members of the Association, except for those Directors who are elected by the Developer.

5.2 Term of Office. The present members of the Board of Directors or successors of the present members of the Directors as appointed by them in the event of the removal or disability of one or all of said Directors, shall hold office until the next annual meeting of the Members, at which time the successors shall be elected. Each Director thereafter shall hold office until the next annual meeting of the Members and until his successor shall have been elected and qualified, or until removed by a majority vote of the Members for misfeasance or malfeasance, at a special meeting of the Members called for that purpose.

5.3 Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

5.4 Election of Directors. After the Class B membership has ceased, the election of the Directors shall be in the following manner:

- (a) No later than four (4) months prior to the annual meeting of the Members, the President shall appoint a nominating committee consisting of a chair person and four (4) other persons who shall be Members in good standing of the Association. A report of this committee shall be presented to the Board of Directors at least twenty-one (21) days before the annual meeting of the Members.
- (b) At the annual meeting of the Members, the nominating committee will present their list of qualified nominees to the membership. To qualify to serve as a Director, the person nominated must have been a Member in good standing for a period of at least six (6) months prior to the time of the annual meeting, except those designated by the Developer. Any number of persons may be presented as nominees and nominations may be made from the floor if properly qualified.

(c) Each nominee must either accept or decline the nomination. If unable to be present at the meeting, a letter from the nominee accepting the nomination must be submitted to the Secretary before the meeting. At the annual meeting, the President shall appoint one (1) of the Members to be a chairperson for the election committee who will select other Members to assist with the election process and the counting of ballots.

(d) The election shall be by a majority vote and shall be by secret ballot. Election will be by a plurality of votes cast, each person voting being entitled to cast his vote for as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

5.5 Annual Meetings. The Board of Directors shall hold its annual meeting at the same place as and immediately following each annual meeting of Members for the purpose of the election of Officers and the transaction of such other business as may come before the meeting. If a majority of the Directors are present at the annual meeting of Members, no prior notice of the annual meeting of the Board of Directors shall be required. However, another place and time for such meeting may be fixed by written consent of all of the Directors.

5.6 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and at such place as shall be determined from time to time by the Board of Directors.

5.7 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board (if there is one), the President or any Director. The person or persons authorized to call special meetings of the Board of Directors may fix a reasonable time and place for holding them.

5.8 Action Without Meeting. Any action of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken signed by all of the Directors is filed in the minutes of the Board of Directors. Such consent shall have the same effect as a unanimous vote.

5.9 Notice and Waiver. All meetings of the Directors must be open to all Members except for meetings between the Directors and its attorneys with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege. Notices of all meetings of the Directors must be posted in a conspicuous place in the Subdivision at least forty-eight (48) hours in advance of a meeting, except in an emergency. In the alternative, if notice is not posted in a conspicuous place in the Subdivision, notice of each Board meeting must be mailed or delivered to each Member at least seven (7) days before the meeting, except in an emergency. Assessments may not be levied by the Directors unless the notice of the meeting includes a statement that assessments will be considered at such meeting, specifying the nature of the proposed assessments. Notice to the Directors of any special meeting of the Directors shall be given at least three (3) days prior thereto by written notice delivered personally, by mail or by electronic transmission to each Director at his address. If mailed, such notice shall be deemed to be delivered three (3) days

after being deposited in the United States Mail with postage prepaid. If notice is given by electronic transmission, such notice shall be deemed to be delivered upon receipt by the intended recipient. Any Director may waive notice of any meeting, either before, at, or after such meeting by signing a waiver of notice. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of such meeting or the manner in which it has been called or convened, except when a Director states at the beginning of the meeting any objection to the transaction of business because the meeting is not lawfully called or convened.

5.10 Quorum and Voting. A majority of Directors in office shall constitute a quorum for the transaction of business. The vote of a majority of Directors present at a meeting at which a quorum is present shall constitute the action of the Board of Directors. If less than a quorum is present, then a majority of those Directors present may adjourn the meeting from time to time without notice until a quorum is present.

5.11 Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors even though it is less than a quorum of the Board of Directors, unless otherwise provided by law or the Articles of Incorporation. However, any Director which the Developer selected pursuant to the Declaration shall be replaced by a person designated by the Director. A Director elected to fill a vacancy shall hold office only until the next election of Directors by the Members. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting of Members or a special meeting of Members called for that purpose.

5.12 Removal. At any meeting of Members called expressly for that purpose, any Director or Directors may be removed from office, with or without cause, by vote of a majority of both classes of the Members then entitled to vote at an election of Directors. New Directors may be elected by the Members for the unexpired terms of Directors removed from office at the same meetings at which such removals are voted. If the Members fail to elect persons to fill the unexpired terms of removed Directors, and if the Members did not intend to decrease the number of Directors to serve on the Board, then the vacancies unfilled shall be filled in accordance with provisions in these Bylaws for vacancies.

5.13 Resignations. Any Director may resign at any time by submitting a written resignation which shall take effect at the time and as specified in the notice of resignation or if no time is specified, at the time of receipt by the President. The acceptance of a resignation shall not be necessary to make it effective.

5.14 Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on any Association matter is taken shall be presumed to have assented to the action taken unless he votes against such action or abstains from voting because of an asserted conflict of interest.

5.15 Increase of Number of Directors. The number of Directors may be increased by amendment to these Bylaws or by the affirmative vote of a majority of the Members at the annual meeting or at a special meeting called for that purpose. The additional Directors may be

chosen at such annual meeting by a majority vote of each class of the membership. Such new Directors shall hold office until the next annual meeting and until the election, qualification and taking of office of their successors.

5.16 Powers. All corporate powers shall be vested in and exercised under the authority of the Board of Directors and the management and affairs of the Association shall be controlled by the Board of Directors. The Board of Directors shall have all powers given to the Directors by the Articles of Incorporation, these Bylaws, the Declaration and the Florida Not For Profit Corporation Act and in addition shall have powers to:

- (a) Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association;
- (b) Exercise on behalf of the Association all powers, duties and authority vested in or delegated to the Association and not specifically reserved to the membership by the Declaration, Articles of Incorporation or by other provisions of these Bylaws.
- (c) Declare the office of a member of the Board of Directors to be vacant in the event that such member is absent from three (3) consecutive regular meetings of the Board of Directors; and
- (d) Employ a manager, independent contractors, and such other employees as they may deem necessary, and to prescribe their duties.

5.17 Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at each annual meeting or at any special meeting at which such a statement is requested in writing by a majority of the membership entitled to vote thereat;
- (b) Supervise all officers, agents, and employees of the Association and see to it that their duties are properly performed;
- (c) Fix the amount of the annual assessment against each Lot at least sixty (60) days in advance of each annual assessment period;
- (d) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
- (e) Foreclose the lien against any Lot for which assessments are not paid within thirty (30) days after the due date, or to bring an action at law against the Owner personally obligated to pay the same.

- (f) Issue, or cause an appropriate officer to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid. A statement in a certificate to the effect that an assessment has been paid shall constitute conclusive evidence of such payment. The Board of Directors may impose a reasonable charge for the issuance of these certificates;
- (g) Procure and maintain adequate liability and hazard insurance on all property owned by the Association;
- (h) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (i) Perform the maintenance required to be performed by the Association as provided in the Declaration.

ARTICLE VI. OFFICERS AND THEIR DUTIES

6.1 Officers. The Officers of this Association shall be a President, Vice President, Secretary and Treasurer, each of whom shall be elected by the Board of Directors. A Chairman of the Board, and such other officers and assistant officers as may be deemed appropriate may be elected by the Board of Directors from time to time. Any two or more offices may be held by the same person. A failure to elect a President, Secretary or Treasurer shall not affect the existence of the Association.

6.2 Election and Term of Office. The Officers of the Association shall be elected annually by the Board of Directors at its meeting after each annual meeting of Members. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.

6.3 Removal. Any Officer may be removed from office at any time, with or without cause, on the affirmative vote of a majority of the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby. Removal shall be without prejudice to any contract rights of the person so removed, but election of an Officer shall not of itself create contract rights.

6.4 Vacancies. Vacancies in offices, however occasioned, may be filled at any time by election by the Board of Directors for the unexpired terms of such offices.

6.5 Duties. The Chairman of the Board, or the President if there is no Chairman of the Board, shall preside at all meetings of the Board of Directors and of the Members. The President shall be the chief executive officer of the Association and shall, in general, control all of the business and affairs of the Association. The Vice President shall, in the case of the absence or disability of the President, perform all of the duties of the President. The Vice President shall perform such other duties as may be assigned by the Board of Directors or the

President. The Secretary shall keep a record of the proceedings of the meetings of the Board of Directors and the meetings of the Members of the corporation. The Secretary shall also keep an accurate record of the attendance at meetings and shall have charge of the corporate seal and shall affix the corporate seal to such instruments as are authorized by the Board of Directors. The Treasurer shall have charge of the funds of the Association and shall keep a correct account of all monies received and disbursed by the corporation. The Treasurer shall present a financial report to the Board of Directors at each regular Board meeting for the period since the date of the last Board meeting. The Treasurer shall also present a report of the receipts and disbursements for the previous year and a budget for the upcoming year at each annual meeting of the Association. Subject to the foregoing, the Officers of the Association shall have such powers and duties as usually pertain to their respective offices and such additional powers and duties specifically conferred by law, by the Articles of Incorporation, by these Bylaws, or as may be assigned to them from time to time by the Board of Directors.

6.6 Delegation of Duties. In the absence or disability of any Officer of the Association or for any other reason deemed sufficient by the Board of Directors, the Board may delegate his powers or duties to any other Officer or to any other Director.

6.7 Compensation. Officers of the Association shall not receive any compensation for acting as such but nothing herein contained shall be construed to preclude any officer from serving the Association in any other capacity and receiving compensation therefor.

ARTICLE VII. COMMITTEES

7.1 Creation of Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate an Executive Committee and one or more other committees.

7.2 Executive Committee. The Executive Committee (if there is one) shall consult with and advise the Officers of the Corporation in the management of its affairs and shall have and may exercise, to the extent provided in the resolution of the Board of Directors creating such Executive Committee, such powers of the Board of Directors as can be lawfully delegated by the Board.

7.3 Other Committees. Such other committees shall have such functions and may exercise such power of the Board of Directors as can be lawfully delegated and to the extent provided in the resolution or resolutions creating such committee or committees.

7.4 Meetings. Regular meetings of the Executive Committee and other committees may be held without notice at such time and at such place as shall from time to time be determined by the Executive Committee or such other committees, and special meetings of the Executive Committee or such other committees may be called by any member thereof upon two (2) days' notice to the other members of such committee, or on such shorter notice as may be agreed to in writing by each of the other members of such committee, given either personally or in the manner provided in these Bylaws pertaining to notice for Directors' meetings.

7.5 Vacancies. Vacancies on the Executive Committee or on other committees shall be filled by the Board of Directors then in office at any regular or special meeting of the Board of Directors.

7.6 Quorum. At all meetings of the Executive Committee or other committees, a majority of the committee's members then in office shall constitute a quorum for the transaction of business.

7.7 Manner of Acting. The acts of a majority of the members of the Executive Committee or other committees present at any meeting at which there is a quorum shall be the act of such committee.

7.8 Minutes. The Executive Committee (if there is one) and the other committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

ARTICLE VIII. ASSESSMENTS

For the operation of the Association and performance of the maintenance obligations of the Association and for the purpose of complying with the other terms, conditions and provisions imposed upon the Association by the Declaration, it is necessary to require the Owners of Lots to pay annual assessments in the manner specified below, each Owner accepts the obligation to pay assessments and as provided in the Declaration covenants and agrees to pay such assessments by the acceptance of such Owner's deed:

8.1 Purpose of Annual Assessments. The annual assessments levied by the Association shall be used exclusively to promote the health, safety, welfare, recreation, common benefit and enjoyment of the Owners and other Residents in the Subdivision and for the purposes specified herein and in the Declaration. Annual assessments shall include, and the Association shall expend out of the funds derived from the annual assessments, the following costs and expenses:

- (a) The cost of performing the maintenance required by or permitted by the Declaration to be performed by or at the direction of the Association.
- (b) The costs and expenses incurred in fulfilling the obligations and responsibilities of the Association specified in the Articles of Incorporation of the Association and the Declaration.
- (c) The cost of liability insurance insuring the Association against any and all liability to the public, to any Owner, or to any invitees or tenants of the Owner arising out of any of the activities or responsibilities of the Association. The policy limit shall be set by the Directors and shall be reviewed at least annually and increased or decreased in the discretion of the Directors.

(d) The cost of workers' compensation insurance to the extent necessary to comply with Chapter 440 of the Florida Statutes and any other insurance deemed necessary by the Board of Directors of the Association.

(e) The cost of a standard fidelity bond covering all Directors and all other employees of the Association in an amount to be determined by the Directors.

(f) The cost of any other materials, supplies, furniture, labor, services (including professional services such as legal, accounting, engineering and architectural), maintenance, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay pursuant to the terms of the Declaration or by law or which shall be necessary or proper in the opinion of the Directors for the operation of the Association, for the benefit of the Owners or for the enforcement of the provisions of the Declaration.

8.2 Annual Assessment. The initial annual assessment for the first fiscal year of the Association (calendar year 2006) shall be \$225.00. The Directors shall establish the amount of the assessments in the manner provided in these Bylaws and shall also establish the frequency and due dates of assessments. If expenses exceed the amount estimated in the budget, the Directors may increase the amount of the assessment as a result of such unanticipated increase in expenses in the same manner as assessments are established in these Bylaws. So long as the Developer is in control of the Association and is entitled to elect a majority of the Directors, the Developer will not be obligated to pay assessments; provided however, that the Developer obligates itself to pay any operating expenses incurred by the Association that exceed the assessments receivable from Members other than the Developer, together with other income of the Association. The Developer shall have the right to be released from the foregoing obligation to pay any shortfall or deficit occurring or arising after the Developer gives notice of its desire to turn over, and does turn over, control of the Association to the Members other than the Developer.

8.3 Procedure for Adoption of Assessment. Written notice of any meeting of the Directors called for the purpose of adopting any budget and annual assessment, together with a copy of the proposed annual budget for the Association shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. Mailing of such notice and copy of the budget shall be deemed sufficient if deposited in the United States mail and addressed to the address of each Owner of each Lot as shown on the records of the Office of the Polk County Property Appraiser. No vote of the Members is required to adopt a budget or approve an annual assessment. Such budget meeting shall be held at least sixty (60) days prior to the commencement of the next fiscal year of the Association.

8.4 Uniform Rate of Assessment. Annual assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or annual basis, as determined by the Directors.

8.5 Commencement of Annual Assessment. Except with respect to Lots owned by the Developer, the annual assessment provided for above shall commence on the date of the sale

of each Lot by the Developer. Written notice of the annual assessment shall be sent to each Owner and the due date shall be established by the Directors. The Association shall, upon demand of a Lot Owner, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

8.6 Interest on Assessments. All Assessments and installments of such assessments paid on or before thirty (30) days after the date when due shall not bear any interest. However, all assessments and installments of assessments specified in this Article VIII, which are not paid on or before thirty (30) days after the date when they are due shall bear interest at the ten percent (10%) per annum from and after such thirty (30) days until paid. All payments toward the assessments shall be applied first to interest and then to the assessment payment first due.

8.7 Lien for Assessments. The Association shall have a lien on a Lot for all unpaid assessments applicable and chargeable to the Owner of such Lot, together with interest thereon and cost of collection specified below. The Lien shall be superior to all other liens and encumbrances on the Lot, except for the lien for ad valorem taxes and the lien for all sums which the Owner of such Lot is obligated to pay under any Mortgage encumbering such Lot duly recorded in the public records of Polk County, Florida. All other persons acquiring liens or encumbrances on any Lot after this Declaration shall have been recorded in the public records, shall be deemed to consent to the liens and assessments of the Association and such other liens and encumbrances shall be inferior to future liens for assessments of the Association whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances. The Association may, but is not obligated to as a prerequisite to enforcing its lien rights, record in the public records of Polk County, Florida, a notice of the lien setting forth the amount of any delinquent assessment. A sale or transfer of any Lot shall not affect the assessment lien.

8.8 Enforcement of Lien and Collection. The Directors may take such action as they deem necessary to collect delinquent assessments, by legal proceedings personally against an Owner or by proceedings to enforce and foreclose the lien for the assessments and may settle and compromise such amounts that are due, if deemed by the Directors to be in the best interests of the Association. Each Owner by the acceptance of the deed to such Owner's Lot vests in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of the assessment as a debt or to foreclose the lien in the same manner as other liens for improvement of real property are foreclosed. The lien provided for in this article shall be in favor of the Association and shall be for the benefit of all Owners. No Owner may waive or otherwise escape liability for the assessments provided for in this Article VIII by abandonment of such Owner's Lot. At any foreclosure sale held pursuant to a foreclosure of the lien, the Association shall be entitled to bid at such sale and to apply as a cash credit against the Association's bid all sums due the Association covered by the lien being foreclosed.

8.9 Rights of Mortgagee. Notwithstanding anything to the contrary contained in this Declaration, when a Mortgagee acquires title to a Lot as a result of the foreclosure of a Mortgage or when the Mortgagee accepts a deed to the Lot in lieu of foreclosure, such Mortgagee, its successors and assigns, shall not be liable for the assessments by the Association pertaining to

such Lot which become due prior to acquisition of title as a result of such foreclosure or acceptance of a deed in lieu of foreclosure unless a notice of lis pendens was filed in connection with a foreclosure of a lien for assessments prior to the recording of the fore-closed Mortgage. Such unpaid assessments shall be deemed to be common expenses collectable from all of the other Owners, including such entity acquiring title as a result of such foreclosure or deed in lieu of foreclosure. The new Owner by virtue of acquiring such title shall forthwith become liable for payment of assessments.

8.10 Initial Capital Contribution. At the time of the purchase by each Owner of such Owner's Lot, each Owner, other than the Developer and other than a contractor (i.e. the initial homeowner), shall pay an initial capital contribution to the Association in the amount of \$225.00.

ARTICLE IX. BOOKS, RECORDS AND REPORTS

9.1 Report to Members. The Association shall send an annual report to the Members of the Association not later than sixty (60) days after the close of each fiscal year of the Association. Such report shall include a balance sheet as of the close of the fiscal year of the Association and a revenue and disbursement statement for the year ending on such closing date. Such financial statements shall be prepared from and in accordance with the books of the Association, in conformity with generally accepted accounting principles applied on a consistent basis.

9.2 Inspection of Corporate Records. Any person who is a Member of the Association shall have the right, for any proper purpose and at any reasonable time, on written demand stating the purpose thereof, to examine and make copies from the relevant books and records of accounts, minutes, and records of Members of the Association. Upon the written request of any Member, the Association shall mail to such Member a copy of the most recent balance sheet and revenue and disbursement statement. If such request is received by the Association before such financial statements are available for its last fiscal year, the Association shall mail such financial statements as soon as they become available. In any event, the financial statements must be mailed within sixty (60) days after the close of the last fiscal year. Additionally, balance sheets and revenue and disbursement statements shall be filed in the registered office of the Association in Florida, shall be kept for at least five (5) years, and shall be subject to inspection during business hours by any Member, in person or by agent.

ARTICLE X. CORPORATE SEAL.

The Association shall have a seal in circular form having within its circumference the name of the Association and the words "corporate seal 2006."

ARTICLE XI. FISCAL YEAR

The fiscal year of the Association shall be established by the Directors.

ARTICLE XII. AMENDMENTS

These Bylaws may be amended at a regular or special meeting of Members by a vote of a majority of the Members present in person or by proxy; provided, however, so long as there is a Class B membership, any such amendment shall require the approval of the Federal Housing Administration or the Veterans' Administration.

ARTICLE XIII. CONFLICTS

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.