

BYLAWS
OF
SOUTHCHASE PHASE 1B ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is SOUTHCHASE PHASE 1B COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association". The initial registered office of the corporation shall be located at 151 South Hall Lane, Suite 230, Maitland, Florida 32751, but meetings of members and directors may be held at such places within the State of Florida, County of Orange as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "SOUTHCHASE PHASE 1B" shall mean and refer to the real property described in Subdivision Plats and all property duly annexed thereto.

Section 2. "Association" shall mean and refer to SOUTHCHASE PHASE 1B COMMUNITY ASSOCIATION, INC., a Florida not-for-profit corporation, as described herein, which is and shall continue to be a subassociation (as that term is used in the Master Declaration) of the Master Association.

Section 3. "Common Areas" shall mean and refer to all real property, including the improvements thereof, owned by the Association, for the common use and enjoyment of the Owners.

Section 4. "Conservation Area" or "Conservation Areas" shall mean the real property, including the improvements thereon, owned by the Master Association, for the common use, enjoyment and/or benefit of the owners of all property within the Southchase Planned Development. Dedicated Areas and Common Areas, as are defined herein, are specifically excluded from and shall not constitute portions of the Conservation Area. It is intended that this term shall have the same meaning as it has in the Master Declaration.

Section 5. "Developer" shall mean and refer to Centex Real Estate Corporation, a Nevada corporation, its successors and assigns, who are designated as such in writing by Developer, and who consent in writing to assume the duties and obligations of the Developer with respect to the Lots acquired by such successor or assign.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants for Southchase Phase 1B, dated 11-18-92, recorded 12-31-92 at O.R. Book 4508, Page 0527, Public Records of Orange County, Florida, and any amendments, annexations and supplements thereto made in accordance with its terms.

Section 7. "Dedicated Area" shall mean and refer to all real property, including the improvements thereon, if any, dedicated to the County on the Subdivision Plat. The term shall include the Surface Water or Stormwater Management System, including, but not limited to, all pipes, swales and inlets, it being the intention of the Developer that the County have the necessary ownership and responsibility to operate and maintain the Surface Water or Stormwater Management System pursuant to the terms of the Permit.

Section 8. "Dwelling Unit" shall mean and refer to any residential dwelling situated upon any Lot and is intended to any the same meaning and refer to the same structure as the term is defined and used in the Master Declaration.

Section 9. "Lot" shall mean and refer to any plot of land indicated as such on the Subdivision Plat which is intended to have a Dwelling Unit constructed thereon, provided, however, that there shall be excluded from the definition of Lot, all Conservation Areas, Common Areas, Dedicated Areas and streets.

Section 10. "Master Association" shall mean and refer to SOUTHCHASE PARCELS 40 AND 45 MASTER ASSOCIATION, INC., a Florida not-for-profit corporation, as described in the Master Declaration.

Section 11. "Master Declaration" shall mean and refer to that certain Master Declaration of Covenants, Conditions, Easements and Restrictions for Southchase Parcels 40 and 45 recorded September 6, 1990, at Official Records Book 4210, Page 0088, Public Records of Orange County, Florida, and any amendments, annexations and supplements thereto made in accordance with its terms;

Section 12. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those persons having an interest merely as security for the performance of an obligation; provided, however, that if any person holding an interest in any Lot as security for the performance of an obligation obtains fee simple title to any Lot through foreclosure or conveyance in lieu thereof, then such person shall be deemed to be an "Owner" for purposes of this Declaration.

Section 13. "Permit" shall mean South Florida Water Management District Permit No. 48-00356-S (Mod.), as such permit may be modified from time to time in accordance with the rules,

regulations and procedures of the South Florida Water Management District.

Section 14. "Property" shall mean and refer to the real property described on the Subdivision Plats.

Section 15. "Subdivision Plat" shall mean and refer to the officially approved plat of the Property recorded in Plat Book 30, Page 137, Public Records of Orange County, Florida.

Section 16. "Surface Water or Stormwater Management System" shall mean and refer to a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation, and water pollution or otherwise affect a quantity and quality of discharges from the system, as permitted pursuant to Chapters 40C-4, 40C-40, or 40C-42, Florida Administrative Code.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot (as defined in the Declaration) which is subject to the Declaration and covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. Each such person or entity shall hereinafter be referred to as an "Owner" and shall be the same person as is defined as an "Owner" in the Declaration. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership.

Section 2. Suspension of Membership. During any period in which a member shall be in default in the payment of any annual or special assessment levied by the Association or the Master Association, the voting rights and right to use of the recreational facilities of such member may be suspended by the Board of Directors until such assessment has been paid and such suspension shall apply to the proxy authority, if any, of the Voting Representative, as defined hereafter. Such rights of a member may also be suspended after notice and hearing, for a period not to exceed 60 days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Area and facilities, if any.

ARTICLE IV

PROPERTY RIGHTS IN COMMON AREA

Each member shall be entitled to the use and enjoyment of the Common Area as provided in the Declaration. Any member may delegate his rights of enjoyment of the Common Area to the members of his family, his tenants or contract purchasers, who reside on the property. Such member shall notify the secretary in writing of the name of any such delegate. The rights and privileges of such delegate are subject to suspension to the same extent as those of the member.

ARTICLE V

BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of at least three (3) directors, who need not be members of the Association.

Section 2. Election. At the first annual meeting the members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years; and at each annual meeting thereafter the members shall elect the director for a term of three (3) years to fill each expiring term.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successors shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. 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.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings.

(a) Prior to the Association Turnover Meeting. Prior to the Association Turnover Meeting described in Article __, regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a

legal holiday that meeting shall be held at the same time on the next day which is not a legal holiday.

(b) After the Association Turnover Meeting. After the Association Turnover Meeting, meetings of the Board of Directors shall be open to all Owners and notices of meeting shall be posted in a conspicuous place on the Common Areas at least 48 hours in advance, except in an emergency. Notice of any meeting in which assessments against any Lots are to be established shall specifically contain a statement that assessments shall be considered and a statement of the nature of such assessments.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director. Any special meeting held after the Association Turnover Meeting shall be open to all Owners and notices of such special meeting shall be posted in a conspicuous place on the Common Areas at least 48 hours in advance, except in an emergency.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Action Taken Without a Meeting.

(a) Prior to the Association Turnover Meeting. Prior to the Association Turnover Meeting, the directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

(b) After the Association Turnover Meeting. After the Association Turnover Meeting, the directors may not take any action without a meeting duly called and noticed in accordance with the requirements of the law and these Bylaws. (C)

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS.

Section 1. Nomination. Subsequent to the Association Turnover Meeting, nomination for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of

Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Subsequent to the Association Turnover Meeting, if the Association fails to fill vacancies on the board of directors sufficient to constitute a quorum in accordance with these bylaws, any Owner may apply to the circuit court that has jurisdiction over the Property for the appointment of a receiver to manage the affairs of the Association. At least thirty (30) days before applying to the circuit court, the Owner shall mail to the Association and post, in a conspicuous place on the Common Areas, a notice describing the intended action, giving the Association the opportunity to fill the vacancies. If during such time the Association fails to fill the vacancies, any such Owner may proceed with the petition. If a receiver is appointed, the Association shall be responsible for the salary of the receiver, court costs, and attorney's fees. The receiver shall have all powers and duties of a duly constituted board of directors and shall serve until the Association fills vacancies on the board sufficient to constitute a quorum.

Section 2. Election. Subsequent to the Association Turnover Meeting, election to the Board of Directors shall be by voting in person or by ballot that the Owner personally casts at any duly called and noticed meeting. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

In lieu of voting at a meeting, ballots may be distributed to every Owner by posting such ballot in the United States Mail, postage prepaid, to every such Owner at the Owner's last known mailing address. All ballots must be returned within two (2) weeks of the initial mailing and ballots must be received from at least a majority of the Owners entitled to vote.

Section 3. Proxies. Owners may not vote by general proxy but may vote by limited proxy. Limited proxies and general proxies may be used to establish a quorum. Limited proxies may also be used for votes taken to amend the articles of incorporation or bylaws or for any matter that requires or permits a vote of the homeowners. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of the Owner's Lot.

Any proxy shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. A proxy is not valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. A proxy is revocable at any time at the pleasure of the homeowner who executes it.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power:

(a) To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) To exercise for the Association all power, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(c) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors without just cause having been furnished to and accepted by the Board;

(d) To establish, and disburse and maintain such petty cash fund as necessary for efficiently carrying on the business of the Association; and

(e) To engage the services of a manager, an independent contractor, or such employees as it deems necessary, and to prescribe the conditions, compensation and duties of their work. Such power shall include authority to enter into management agreements with other parties to manage, operate or perform all or any part of the affairs and business of the Association.

Section 2. Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided herein, and in the Declaration

(1) To fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, as hereinafter provided in Article XIII, and

(2) To send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. Such certificates shall be conclusive evidence of any assessment therein stated to have been paid;

(e) To procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) To cause all officers, employees or agents, having fiscal responsibility to be bonded, as it may deem appropriate; and

(g) To cause the Common Areas to be maintained.

ARTICLE IX

ELECTION OR APPOINTMENT OF VOTING REPRESENTATIVE

Pursuant to the Master Declaration, the Master Association has the authority to require the Association to elect or appoint a Voting Representative who shall represent all of the owners within the Association and who shall cast votes on behalf of the owners as their proxy for any vote taken by the Master Association. If the Master Association requires the Association to elect or appoint a Voting Representative, the directors of the Association shall appoint a Voting Representative. Any member of the Association, including the Developer prior to the Association Turnover Meeting, shall be eligible for appointment as the Voting Representative. The Voting Representative shall be appointed annually and shall serve for one (1) year unless removed, or otherwise disqualified to serve. A vacancy in the position of Voting Representative shall be filled in the manner prescribed herein. The person appointed to such vacancy shall serve for the

remainder of the term of the Voting Representative which he or she replaces.

ARTICLE X

COMMITTEES

The Association may appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XI

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within 13 months from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 p.m. provided that the Board of Directors may upon written notice to the members at least ten (10) days prior to the regular annual meeting date schedule the annual meeting date for a date not more than thirty (30) days subsequent to the regular annual meeting date. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the entire membership or who are entitled to vote one-fourth (1/4) of the votes of the Class A membership.

Section 3. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws, written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 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 notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies or Voting Representatives (as defined in the Declaration) entitled to cast, one-third (1/3) of the votes of each class of membership shall constitute a quorum

for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented 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.

Section 5. Proxies. Owners may not vote by general proxy but may vote by limited proxy. Limited proxies and general proxies may be used to establish a quorum. Limited proxies may also be used for votes taken to amend the articles of incorporation or bylaws or for any matter that requires or permits a vote of the homeowners. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

Any proxy shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. A proxy is not valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. A proxy is revocable at any time at the pleasure of the homeowner who executes it.

ARTICLE XII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving notice to the Board, the president or the secretary. Such resignation shall take effect on

the date of receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget

and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the members.

ARTICLE XIII

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. By the Declaration each member is deemed to covenant and agree to pay to the Association: (1) annual assessment charges, and (2) special assessment charges. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due and shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Areas.

Section 3. Basis and Maximum of Annual Assessments for Class A Members. Until January 1st of the year immediately following the conveyance of the first Lot to a Class A Member, the maximum annual assessment shall be \$ 180.00 per Lot.

(a) From and after January 1st of the year immediately following the conveyance of the first Lot to a Class A member, the maximum annual assessment for Class A members shall be increased each year 10% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1st of the year immediately following the conveyance of the first Lot to a Class A member the maximum annual assessment for Class A members may be increased above 10% by a vote of two-thirds (2/3) of each class of members who are voting in person, by proxy or by Voting Representative at a meeting called for this purpose. Written notice of such meeting shall be sent to all members not less than 10 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

Section 4. Assessments to be Levied by Board. After consideration of current maintenance costs and future needs of the Association, the Board of Directors may levy the annual assessments at an amount not in excess of the maximum set forth in Section 3.

Section 5. Special Assessments for Working Capital Fund, Nonrecurring Maintenance and Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments as follows:

(a) Upon sale of the first Lot by the Developer to a Class A Member, a special assessment equal to three (3) months' estimated regular assessment may be assessed which shall be due and payable upon conveyance of the Lot to a Class A Member. The aggregate fund established by such special assessment shall be maintained in a segregated account, and shall be available for all necessary expenditures of the Association.

(b) In any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any nonrecurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement upon any Common Area, including fixtures and personal property related thereto may be assessed. The Association shall not commingle the proceeds of such special assessments with the maintenance fund. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question.

Section 6. Uniform Rate. Except for lots owned by the Developer as set forth in the Declaration, both annual and special assessments must be fixed at a uniform rate for all single family Lots and may be collected on a monthly, quarterly or annual basis.

Section 7. Quorum for any Action Authorized under Sections 3 and 5. At any meeting called, as provided in Sections 3 and 5 hereof, the presence at the meeting of members or of proxies entitled to cast a majority of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3 and 5. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessment provided for herein shall commence as to all Lots of the first day of the month following the conveyance of the first Lot to a Class A member. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

provided, however, that the Board of Directors shall have the right to adjust the annual assessment as long as any such adjustment does not exceed the maximum permitted hereunder with thirty (30) days written notice given to each Owner. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall upon demand, at any time furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-payment of Assessments; Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments and the assessment shall bear interest from the date of delinquency at the rate of 18% per annum, and the Association may bring an action at law or in equity against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Association or its agents shall have the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a mortgage or deed of trust lien on real property, and the Association shall have a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Owners. The Association acting on behalf of the Owners shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding non-payment of such defaulting Owner's portion of the premium. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of the Owner's property.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages granted or created by the Owner of any property to secure the payment of monies advanced and used for the purpose of purchasing and/or improving such property. Sale or transfer of any property shall not affect the assessment lien. However, the sale or transfer of any property which is

subject to any mortgage, pursuant to a foreclosure under such purchase-money or improvement mortgages or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which become due prior to such sale or transfer. No sale or transfer shall relieve such property from liability or any assessments thereafter becoming due or from the lien thereof.

Section 11. No Reimbursement to Developer. The proceeds of the regular annual assessments shall not be used to reimburse Developer for any capital expenditures incurred in construction or other improvements of common facilities, if any, nor for the operation or maintenance of such facilities incurred prior to conveyance unencumbered to the Association.

Section 12. Collection of Assessments. The Master Association shall have the authority to require the Association to collect the annual maintenance assessments applicable to the Lots within the Association on behalf of the Master Association and to remit such funds to the Master Association by the date established by the Master Association. If the Master Association requires the Association to collect assessments on behalf of the Master Association, the Association shall remit to the Master Association the entire amount of the assessments due from the Owners who are members of such Association, and the Association shall have the right to collect any deficiencies from the Owners liable for payment and retain the amounts so collected plus interest, penalties, attorney's fees and costs as reimbursement and compensation to the Association for the payment of such Owner's assessment to the Master Association. This provision shall also apply to special assessments imposed by the Master Association pursuant to the Master Declaration.

ARTICLE XIV

BOOKS AND RECORDS

Section 1. Keeping Minutes. Subsequent to the Association Turnover Meeting, minutes of all meetings of members and of the board of directors shall be kept in a businesslike manner and shall be available for inspection by Owners, or their authorized representatives, and board members at reasonable times. The Association shall retain these minutes for at least 7 years.

Section 2. Maintaining Official Records. Subsequent to the Association Turnover Meeting, the Association shall maintain each of the following items, when applicable, which shall constitute the official records of the Association:

- (a) A copy of the plans, permits, warranties, and other items provided by the Developer;

- (b) A copy of the bylaws of the Association and of each amendment to the bylaws;
- (c) A certified copy of the articles of incorporation of the Association and of each amendment thereto;
- (d) A copy of the current rules of the Association;
- (e) A book or books that contain the minutes of all meetings of the Association, of the board of directors, and of members, which minutes shall be retained for a period of not less than 7 years;
- (f) A current roster of all members and their mailing addresses, parcel identifications, and, if known, telephone numbers;
- (g) All current insurance policies of the Association or a copy thereof;
- (h) A current copy of any management agreement, lease, or other contract to which the Association is a party or under which the Association or the Owners have an obligation or responsibility; and,
- (i) Accounting records of the Association and separate accounting records for each parcel, according to generally accepted accounting principles. All accounting records shall be maintained for a period of not less than 7 years. The accounting records shall be open to inspection by Owners or their authorized representatives at reasonable times. The failure of the Association to permit inspection of its accounting records by parcel owners or their authorized representatives entitles any person prevailing in an enforcement action to recover reasonable attorney's fees from the person in control of the books and records who, directly or indirectly, knowingly denied access to the books and records for inspection. The accounting records shall include, but are not limited to:
 - (1) accurate, itemized and detailed records of all receipts and expenditures;
 - (2) a current account and a periodic statement of the account for each member of the Association, designating the name of the member, the due date and amount of each assessment, the amount paid upon the account and the balance due;
 - (3) all audits, reviews, accounting statements and financial reports of the Association; and,

- (4) all contracts for work to be performed; bids for work to be performed shall also be considered official records and shall be maintained for a period of one (1) year.

ARTICLE XV

CORPORATE SEAL

The Association shall have seal in circular form having within its circumference the words: "SOUTHCHASE PHASE 1B COMMUNITY ASSOCIATION, INC., CORPORATION NOT FOR PROFIT."

ARTICLE XVI

FISCAL YEAR

The Fiscal Year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVII

TURNOVER OF THE ASSOCIATION

Section 1. Time of Turnover. The Turnover of the Association by the Developer shall occur at the Association Turnover Meeting described in Section 2 below, which meeting shall take place within sixty (60) days of the occurrence of the following events, whichever occurs earliest:

- (a) December 31, 2010.
- (b) Upon voluntary conversion to Class A membership by the Developer.
- (c) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership.

The Developer, or its successors or assigns, shall remain a member so long as it owns a Lot or Unit subject to this Declaration.

Section 2. Procedure of Calling Association Turnover Meeting. The purpose of the Association Turnover Meeting shall be to elect directors to the Association. No more than sixty (60) days and no less than thirty (30) days prior to the Association Turnover Meeting, the Association shall notify in writing all Owners of the date, location, and purpose of the Association Turnover Meeting.

- (a) Procedure at the Association Turnover Meeting. At the Association Turnover Meeting (whereupon the Class A Members are obligated to elect the Board of Directors and assume control of the Association), a special meeting (the "Association Turnover Meeting") of the membership shall be called in accordance with the provisions of the By-Laws for the calling of a special meeting of the membership. Among any other business to be presented at such meeting, nominations for places on the Board of Directors shall be taken from the floor and election of the Board of Directors shall be made therefrom. Each Member shall have one (1) vote for every place on the Board of Directors to be filled but shall be able to cast only one (1) vote for each position to be filled (by way of example, if three (3) positions on the Board of Directors are to be filled, and five (5) persons are nominated for the three (3) positions, then each Member shall have the ability to cast one (1) vote for any three (3) candidates).
- (b) By Written Nomination and Written Ballot If The Association Turnover Meeting Fails For Lack Of Quorum. If a quorum is not present at the Association Turnover Meeting, then, within fourteen (14) days after the time for the Association Turnover Meeting, the Association shall send written notice to each Member that a quorum was not present and that election of Directors shall proceed by written nomination and later by written ballot. In such notice, the Association shall solicit nominations for positions on the Board of Directors and shall require that such written nominations be received by the Association within fourteen (14) days of such notice. Thereafter, the Association shall prepare a written ballot of all persons nominated and shall send such ballot to each Member with notice that the ballot must be returned to and received by the Association within fourteen (14) days of the mailing of such ballot. Those candidates receiving the most votes shall be elected to the Board of Directors and shall take office within thirty (30) days thereafter (at which time all Developer-appointed Directors shall resign). Such an election shall be valid and effective notwithstanding the receipt by the Association of votes of less Members than required for a quorum at any duly called and authorized meeting, provided, however, that this provision shall apply only to the election of Directors at the time the Developer turns

control of the Association over to the Class A Members.

Section 3. Procedure for Association Turnover Meeting.
The Association Turnover Meeting shall be conducted in accordance with the most recent revision of Robert's Rules of Order.

ARTICLE XVIII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is a Class B membership.

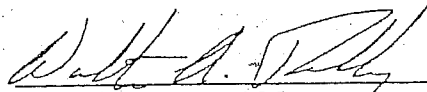
Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

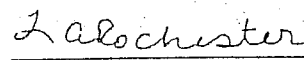
ARTICLE XIX

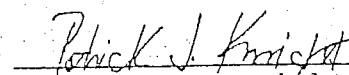
GENDER AND GRAMMAR

The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provision hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

IN WITNESS WHEREOF, we being all the Directors of the SOUTHCHASE PHASE 1B COMMUNITY ASSOCIATION, INC., have hereunto set our hands this 31 day of December, 1992.


Walter A. Tilley


Laurel A. Rochester


Patrick J. Knight