

BY-LAWS

of

EDGEWATER CONDOMINIUM APARTMENTS OF DELTONA, FLORIDA, INC.

A Non-Profit Florida Corporation

I. General

A. Name and Legal Description. These are the By-Laws of Edgewater Condominium Apartments of Deltona, Florida, Inc., (hereinafter referred to as the "Association"), a corporation not for profit organized pursuant to Chapters 617 and 718, Florida Statutes, (hereinafter referred to as the "Condominium Act"), for the purpose of administering Edgewater Condominium Apartments of Deltona, Florida, a condominium (hereinafter referred to as the "Condominium"), located upon the lands in Volusia County, Florida, as set forth in Exhibit "A", attached hereto and made a part hereof.

B. Principal Office. The principal office of the Association shall be at the office of the Condominium located at Deltona, Florida.

C. Registered Agent, Registered Office. The registered agent for the Association shall be such person(s) as the Association shall designate which designation may be changed from time to time by resolution of its Board of Directors in accordance with the provisions of Chapter 617, Florida Statutes, and the office of such registered agent shall be deemed the registered office of the Association for the purpose of service of process. The initial registered agent for the Association and his registered office are as set forth in Article II of the Articles of Incorporation.

D. Definitions. As used herein, the term "Developer" shall mean Lakeshore Properties, Inc., a Florida corporation (a wholly owned subsidiary of The Deltona Corporation), the creator of the Condominium which is offering Condominium Units in the Condominium for sale in its ordinary course of business pursuant to the Condominium Act as aforesaid.

II. Directors

A. Board of Directors. The affairs of the Association shall be governed by a Board of Directors consisting of members as follows:

1. The initial Board of Directors shall consist of three (3) persons who shall be designated by Developer and who shall serve until their successors qualify or until the first annual meeting of Unit Owners as set forth in Article IV of these By-Laws. The members of the initial Board of Directors shall consist of such of the officers, directors, agents and/or employees of Developer as Developer shall from time to time designate.

2. At such time as the Unit Owners other than Developer are entitled to elect a majority of the Board of Directors, the number of directors on the Board shall be increased to five (5) persons to be elected as set forth in Section B of this Article. The Unit Owners' representatives on the Board elected as specified in Section B of this Article shall be owners, co-owners, spouses of owners, mortgagees of units, or in the case of corporate owners or mortgagees of units, officers, directors, shareholders or authorized employees of such corporation.

3. Thereafter, the Unit Owners shall have the right, at any annual or special meeting called for that purpose, to change the number of directors constituting the Board of Directors. In no case shall the Board consist of less than three (3) persons nor more than fifteen (15) persons.

B. Election of Directors. Unit Owners shall be entitled to elect members of the Board of Directors as follows:

1. At the first annual meeting of Unit Owners, one (1) of the directors designated by the Developer shall resign and the Unit Owners other than Developer shall elect one (1) director to serve until the next annual meeting of Unit Owners. At each annual meeting thereafter and until such time as the Unit Owners other than Developer become entitled

to elect at least a majority of the Board of Directors, the Unit Owners shall elect one (1) director to replace the director previously elected by the Unit Owners and to serve for a period of one (1) year or until the next annual meeting, whichever shall occur sooner.

2. At such time as the Unit Owners other than Developer are entitled to elect at least a majority of the Board as hereinafter set forth, the Unit Owners other than Developer shall elect the greater of (1) a majority of the members of the Board, or (2) that number of members corresponding to the aggregate voting power of Unit Owners other than Developer.

3. The Unit Owners other than Developer shall elect at least a majority of the Board of Directors at a meeting to be held no later than the earliest of (1) the date three (3) years after fifty percent (50%) of the units in the Condominium that will be operated ultimately by the Association has been conveyed to purchasers; or (2) the date three (3) months after ninety percent (90%) of the units in the Condominium that will be operated ultimately by the Association have been conveyed to purchasers; or (3) the date when all the units that will be operated ultimately by the Association have been completed, some of them have been conveyed to purchasers, and none of the others are being offered for sale by Developer in the ordinary course of business; or (4) the date when some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by Developer in the ordinary course of business.

4. Developer shall be entitled to designate at least one (1) member of the Board for so long as Developer holds at least five percent (5%) of the units in the Condominium for sale.

C. Term of Office. Commencing with the first meeting of the Unit Owners after the date on which Unit Owners other than Developer become entitled to elect at least a majority of the members of the Board of Directors, and annually thereafter, each

of the directors of the Association elected by the Unit Owners shall hold office in each instance until the next annual meeting of the Board of Directors at which their respective successors shall qualify and shall be elected or until his earlier death, resignation or removal. Directors designated by Developer shall serve until their successors qualify or until their earlier death, resignation or removal by Developer.

D. Removal. At any regular or special meeting of the Unit Owners, any one or more of the members of the Board of Directors elected by Unit Owners may be removed with or without cause by a majority of the whole number of Unit Owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. Directors designated by Developer may only be removed and replaced by Developer. Any member of the Board of Directors whose removal has been proposed by Unit Owners shall be given an opportunity to be heard at the meeting prior to a vote for such removal.

E. Resignation. Any Director may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Secretary of the Association unless some other time be fixed in the resignation. Acceptance of the resignation shall not be required to make it effective.

F. Vacancy and Replacement. Vacancies in the Board of Directors, other than vacancies occurring as a result of removal by the Unit Owners, shall be filled for the unexpired term by the remaining Directors at any regular or special director's meeting. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification, or otherwise, a majority of the remaining directors, though less than a quorum, at a special meeting duly called for the purpose of filling such vacancy or vacancies shall choose a successor(s) who shall hold office for the predecessor director's unexpired term.

G. Powers and Duties of the Board of Directors. All of the powers and duties of the Association existing under the Condominium Act, Declaration of Condominium and these By-Laws

shall be exercised exclusively by the Board of Directors, its agents, contractors and employees, subject only to approval by Unit Owners when such is specifically required. Such powers and duties of the Board of Directors shall include, but not be limited to, the following:

1. To make and collect assessments against Unit Owners in accordance with Article V, subparagraph (D) of these By-Laws, to defray the cost and expenses of the Association,
2. To enter into agreements in its own name, on behalf of and for the benefit of the Unit Owners;
3. To use the proceeds from the assessments in the exercise of its powers and duties in the manner provided in Article V, subparagraph (D) of these By-Laws;
4. To enter into agreements and to purchase necessary equipment and tools for the maintenance and preservation of the Condominium;
5. To enter in and upon the Units when necessary and reasonable in connection with the maintenance and preservation of the Condominium;
6. To insure the Condominium Property in the manner set forth in Article VIII of the Declaration of Condominium against casualty losses and public liability, and to purchase such other insurance as the Board of Directors may deem necessary;
7. To reconstruct improvements after casualty and to further improve the Condominium Property as provided in Article IX of the Declaration of Condominium;
8. To make and amend reasonable regulations respecting the use of the Condominium Property as provided in Article XV of the Declaration of Condominium and Article XIII of these By-Laws;
9. To appoint two directors to be the Association's representatives together with two directors from the co-owner of the jointly owned Lake Monroe property to comprise a committee which will be responsible for making decisions with

regard to the maintenance and use of the jointly owned Lake Monroe property.

10. To approve or disapprove the transfer of ownership of Units in the manner provided in the Declaration of Condominium;

11. To enforce by legal means the provisions of the Condominium Act, the Declaration of Condominium and these By-Laws;

12. To employ personnel as may be required for the maintenance and preservation of the Condominium Property;

13. To provide for the fidelity bonding of all officers and directors of the Association, the cost of which shall be borne by the Association.

H. Meetings.

1. Organizational Meeting. The first meeting of the Board of Directors held after a majority of the members have been elected by Unit Owners other than Developer, shall be and constitute the organizational meeting and shall be held immediately upon adjournment of the meeting at which any directors were elected, provided a quorum shall then be present, or as soon thereafter as may be practical.

2. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board. During the period in which the members of the Board are designated by Developer, the Board shall hold at least one (1) such meeting during each calendar year. After a majority of the members of the Board are elected by Unit Owners other than the Developer, the Board shall hold at least two (2) such meetings during each calendar year. Notice of regular meetings of the Board shall be given to each member of the Board by personal delivery, mail or telegram at least five (5) business days prior to the day of such meeting.

3. Special Meetings. Special meetings of the Board of Directors may be called by the President or by a majority of

the Board of Directors by giving five (5) business days' prior notice to each member of the Board of Directors, by personal delivery, mail or telegram, which notice shall state the time, place and purpose of the meeting.

4. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board shall constitute a waiver of notice by him at the time and place thereof. If all members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meetings.

5. Action of Directors Without A Meeting. Any action which may be taken at a meeting of the directors or a committee thereof, may be taken without a meeting if a consent in writing setting forth the action to be taken is signed by all of the directors or all of the members of the committee as the case may be, and such consent is filed in the minutes of the proceedings of the Board of Directors. Such consent shall have the same effect as a unanimous vote.

6. Meetings Open To All Unit Owners. Meetings of the Board of Directors shall be open to all Unit Owners and notice of said Board of Directors meeting shall be posted conspicuously in the Association office for the benefit of all Unit Owners at least forty-eight (48) hours in advance of said meeting except in the case of emergency meetings.

I. Quorum. At all such meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned

meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

J. Order of Business at Meetings. The order of business at all meetings of the Board of Directors shall be as follows:

1. Roll Call
2. Reading of the minutes of the last meeting
3. Consideration of communications
4. Resignation and elections
5. Reports of officers and employees
6. Report of committee
7. Unfinished business
8. Original resolutions and new business
9. Adjournment

K. Compensation. No member of the Board of Directors shall receive any compensation from the Association for acting in the capacity of Director; provided, however, that commencing with the election of a majority of the members of the Board of Directors by Unit Owners other than the Developer, directors shall be compensated for reasonable expenses incurred by them while acting as directors.

L. Minutes. Minutes of all directors' meetings shall be kept in a businesslike manner for a period of at least seven (7) years after such meeting and shall be available for inspection by all Unit Owners and directors at all reasonable times.

M. Annual Statement. Commencing with the first annual meeting of Unit Owners after the meeting at which Unit Owners other than the Developer elect a majority of the Board of Directors, the Board shall present no less often than at the annual meeting of the Association, a full and clear statement of the business and condition of the Association including a complete financial report of actual receipts and expenditures for the previous 12 months, herein called the Annual Statement. A copy of the Annual Statement shall be mailed or personally delivered to each unit owner. Incident to the Annual Statement, the Board

shall also prepare and present the proposed annual budget of Common Expenses of the Association in the manner provided in Article V, Paragraph C, hereof.

N. Limitation of Liability. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise, except for their own individual wilful misconduct or bad faith. The Unit Owners, including those who are members of the Board of Directors, in proportion to their respective interests in the Common Elements, shall indemnify and hold harmless each of the members of the Board of Directors against all acts and/or omissions to the fullest extent provided by law while acting on behalf of the Association unless any such acts and/or omissions shall have been made in bad faith or contrary to the provisions of law, the Declaration of Condominium or these By-Laws. It is understood and permissible for the initial Board of Directors, who may be officers of or employed by Developer, to contract with the Developer and affiliated corporations and entities without incurring any liability for self-dealing, provided that any compensation paid in respect thereof shall be at their competitive rates.

III. Officers

A. Designation. The principal officers of the Association shall be the President, Vice-President, Secretary and Treasurer all of whom shall be elected by the Board of Directors. Any two (2) of said officers may be united in one (1) person, except that the President shall not also be the Secretary of the Association.

B. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and until their successors are elected or until the earlier death, resignation or removal of such officer.

C. President. The President, who shall be a Director of the Association, shall be the chief executive officer of the Association. He shall preside at all meetings of the Unit Owners and of the Board of Directors. He shall have all of the general

powers and duties which are incident to the office of President of a corporation not for profit organized under the laws of the State of Florida, including, but not limited to, the power to appoint committees from among the Unit Owners, from time to time, as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Condominium. He shall have the general superintendence of all the other officers of the Association. He shall report to the Board of Directors all matters within his knowledge which in the interest of the Association may be required or requested to be brought to its attention.

D. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President on an interim basis. The Vice-President shall also perform such other duties as shall, from time to time, be imposed upon him by the Board of Directors or by the President.

E. Secretary. The Secretary shall perform all duties incident to the office of Secretary of a corporation not for profit organized under the laws of the State of Florida, including but not limited to the keeping of the minutes of all meetings of Unit Owners and of the Board of Directors, and seeing that all notices are duly given in accordance with the provisions of these By-Laws or as otherwise required by law. He shall be the custodian of the Association records and its seal and shall see that its seal is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized by these By-Laws. He shall keep a register of the post office address of each member of Association, which addresses will be furnished to the Secretary by each Unit Owner. The Secretary also shall perform such other duties as from time to time may be assigned to him by the Board of Directors or by the President.

F. Treasurer. The Treasurer shall perform all duties incident to the office of Treasurer, including but not limited to,

the keeping of full and accurate books of accounts and financial records showing all receipts and disbursements necessary for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects of the Association in such depositories as may be designated by the Board of Directors and he shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements. He shall render to the President and Directors, at the regular meetings of the Board, or whenever they require it, an account of all his transactions as Treasurer and of the financial condition of the Association and shall also perform such other duties as from time to time may be assigned to him by the Board of Directors or by the President.

The Treasurer shall be required to give the Association a bond in a sum and with one or more sureties satisfactory to the Board of Directors, for the faithful performance of the duties of his office, and the restoration to the Association, in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association. The Association shall pay all premiums for issuance of such bond.

G. Subordinate Officers. The Board of Directors may appoint such other officers and agents as may be deemed necessary; such other officers and agents shall hold office at the pleasure of the Board of Directors and shall have such authority and perform such duties as from time to time may be prescribed by said Board.

H. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

I. Resignation. Any officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Association, unless some other

time be fixed in the resignation. Acceptance of the resignation shall not be required in order to make it effective.

J. Vacancies. If the office of the President, Vice-President, Secretary or Treasurer becomes vacant by reason of death, resignation, disqualification or otherwise, the remaining directors, by a majority vote of the entire Board of Directors, may choose a successor or successors who shall hold office for the unexpired term in respect to which such vacancy occurred.

K. Compensation. The compensation of all officers and employees of the Association shall be fixed by the Board of Directors. The provision contained in Article II, subparagraph K, of these By-Laws, prohibiting compensation to directors for performing services in such capacity shall not preclude the Board of Directors from employing and compensating a director as an employee or officer of the Association.

IV. Unit Owners Association

A. Membership. Each Unit Owner, including the Developer, shall be a member of the Association, provided however that if more than one person owns a single unit, voting rights shall be in the manner set forth in subparagraph (H) of this Article. A Unit Owner will cease to be a member of the Association upon the sale, transfer or disposition of his ownership interest in his condominium unit, and such transfer shall be subject to the procedures set forth in the Declaration of Condominium. As used in the Articles of Incorporation, these By-Laws and the Declaration of Condominium, the term "Unit Owners" shall be synonymous with the term "members" when referring to members of the Association.

B. Annual Meetings. Within sixty (60) days after the date on which Unit Owners other than Developer own fifteen per cent (15%) of the units that will eventually be operated by the Association, the Board of Directors shall call and give notice of the first annual meeting of Unit Owners, which meeting shall be held not less than thirty (30) nor more than forty (40) days after the date of that notice. At such meeting, one (1) of the directors

designated by Developer holding office as a member of the Board of Directors shall resign, as provided in Article II of these By-Laws, and Unit Owners other than Developer shall elect one (1) member to the Board. Thereafter, annual meetings of the Unit Owners shall be held at 8:00 p.m. on the third Tuesday of January of each succeeding year; provided, however, that the meeting at which Unit Owners other than Developer become entitled to elect a majority of the Board of Directors pursuant to Article II herein shall be deemed to be the annual meeting with respect to said year and it shall not be necessary that this annual meeting be held on the date specified herein. At each such subsequent meeting, the Unit Owners, including Developer, shall elect a number of members to the Board of Directors sufficient to fill all vacancies and to replace or re-elect members whose terms have expired. Unit Owners may also transact such other business of the Association as may properly come before the meeting.

C. Special Meeting. It shall be the duty of the President to call a special meeting of the Unit Owners if so directed by a resolution of the Board of Directors or upon a petition signed and presented to the Secretary by a majority of the members except upon a petition signed and presented to the Secretary by ten percent (10%) of the Unit Owners in instances to recall a member or members of the Board of Directors as permitted by Article II or to adopt a budget requiring assessment against Unit Owners in any fiscal or calendar year exceeding 115% of the previous year. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent either in person or by proxy of Unit Owners owning at least seventy-five per cent (75%) of the common interest.

D. Notice of Meetings. It shall be the duty of the Secretary to give notice of the time and place of each annual meeting at least fourteen (14) days in advance of such meeting. Such notice may be sent, at the discretion of the Board of Directors, either by regular mail with a post office certificate of mailing as proof of

such mailing or by certified mail to each Unit Owner of record, at the address of such Unit Owner at the Condominium, or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary at least ten (10) days prior to the giving of notice of such meeting by the Secretary. The Secretary also shall post conspicuously in the Association Office notice of said meeting at least fourteen (14) days prior to its occurrence. Notice of special meetings shall be subject to the same requirements herein stated, except that notice of special meetings shall state the purpose thereof. For the purpose of giving notice as required hereunder, the Secretary shall maintain a current list of Unit Owners.

E. Waiver of Notice. Notice may be waived by any Unit Owner by a writing signed and delivered to the Secretary. Additionally, the presence of any Unit Owner in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening of such meeting object to the holding of such meeting because of failure to give notice in accordance with the provisions hereof.

F. Quorum and Vote Required to Transact Business. Except as otherwise provided in the Declaration of Condominium, Articles of Incorporation, or these By-Laws, the presence in person or by proxy of Unit Owners, including Developer, owning at least one-third (1/3) of the common interest in the Condominium shall constitute a quorum at all meetings of the Unit Owners. When a quorum is present at any meeting, the vote of a majority of the Unit Owners present, in person or represented by written proxy, shall decide any question brought before the meeting, unless the Declaration of Condominium, the Articles of Incorporation, or these By-Laws expressly provide for a different vote, in which case such express provisions shall govern with respect to such question.

G. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum is not present, a majority of the Unit Owners who are present at such meeting, either in person or by

proxy, may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented and any business may be transacted at the adjourned meeting which might have been transacted at the meeting originally called.

H. Voting. Each unit is entitled to one (1) vote. If a unit is owned by one person his right to vote shall be established by the record title to his unit. If a unit is owned by more than one person, or is under lease, the person entitled to cast the vote for the unit shall be designated by a certificate signed by all of the record owners of the unit and filed with the Secretary of the Association. If a unit is owned by a corporation, the person entitled to cast the vote for the unit shall be designated by a certificate signed by the President or Vice-President and attested by the Secretary or Assistant Secretary of the Corporation and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the unit concerned. A certificate designating the person entitled to cast the vote of a unit may be revoked by any owner of a unit. If such certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum nor for any other purpose.

For voting purposes, at least fourteen (14) days prior to a particular meeting, the Secretary shall prepare a complete list of Unit Owners entitled to vote, arranged numerically by units. Such list shall be kept until the questions to be voted upon have been determined, and shall be open to examination by Unit Owners throughout such time.

I. Proxies. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote, must be in writing signed by the Unit Owner(s), and shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting or the adjournment thereof.

J. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

1. Roll call
2. Reading of the minutes of the last meeting
3. Consideration of communications
4. Reports of officers
5. Report of Board of Directors
6. Reports of committees
7. Election of members of Board of Directors (when appropriate)
8. Unfinished business
9. New business

K. Minutes. The minutes of all Unit Owners' meetings shall be taken at all meetings of Unit Owners, kept in a businesslike manner for a period of at least seven (7) years from such meeting and shall be available for inspection by Unit Owners at all reasonable times.

L. Waiver and Consent. Notwithstanding the foregoing, whenever the vote of Unit Owners at a meeting is required or permitted by any provision of law, the Declaration of Condominium, these By-Laws, or otherwise, the meeting and vote of Unit Owners may be dispensed with if all Unit Owners entitled to vote at said meeting consent in writing to the proposed action.

V. Finances

A. Calendar Year. The Association shall operate upon a calendar year beginning the first day of January and ending on the 31st day of December of each year. The Board of Directors is expressly authorized to change from a calendar year basis to that of a fiscal year basis whenever deemed expedient for the best interests of the Association.

B. Checks. All checks or demands for money and notes of the corporation shall be signed by any of the following officers: President, Vice-President, Secretary or Treasurer or by such officer or other person or persons as the Board of Directors may from time to time designate.

C. Annual Budget. Annually the Board of Directors of the Association shall prepare a proposed budget setting forth the sums necessary and adequate for the Common Expenses of the Condominium in advance for the next year upon which Unit Owners' assessments shall be based. The proposed annual budget of common expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications, including, if applicable, but not limited to those expenses listed in section 718.504(20) Florida Statutes (1977). The budget shall include projected expenses for the operation and maintenance of the Common Elements as described in the Declaration of Condominium.

As used in these By-Laws, the term "Common Expenses" shall mean expenses or charges for which Unit Owners are proportionately liable, and shall include but not be limited to the following:

1. All expenses of administration, maintenance, repair, and replacement of the Common Elements and Limited Common Elements.
2. Insurance premiums on all policies of Insurance obtained by the Board of Directors pursuant to Article VII of the Declaration of Condominium.
3. The annual fee required to be paid to the Division of Florida Land Sales and Condominiums pursuant to Section 718.501 of the Florida Statutes.
4. Warranty capital and reserve.
5. General operating reserve.
6. Repair and replacement reserve for the roof, painting of buildings, and resurfacing of pavements.
7. Reserve for capital expenditures, deferred maintenance and deficits accrued in prior years.
8. All other amounts designated Common Expenses by the Declaration of Condominium, these By-Laws or by law.
9. All other amounts that the Unit Owners may agree upon or that the Board of Directors may deem necessary

or appropriate for the operation, administration and maintenance of the Association.

A copy of said proposed annual budget shall be mailed to the Unit Owners not less than thirty (30) days prior to the Board of Directors' meeting at which the budget will be considered, together with written notice of the time and place of that meeting, which meeting shall be open to all Unit Owners. A final budget of Common Expenses will be adopted by the Board at such meeting subject to the rights of the Unit Owners set forth below.

If an annual budget is adopted by the Board of Directors which requires assessments against the Unit Owners in any year exceeding 115% of such assessments for the preceding year, upon written application of ten per cent (10%) of the Unit Owners, a special meeting of the Unit Owners shall be held upon not less than ten (10) days written notice to Unit Owner, but within thirty (30) days of the delivery of such application to the Board of Directors or any member thereof, at which special meeting Unit Owners may consider and enact a revision of the budget, or recall any and all members of the Board of Directors and elect their successors. The revision of the budget or the recall of any and all members of the Board of Directors shall require a vote of not less than a majority of the votes of all Unit Owners.

In determining whether assessments exceed 115% of similar assessments in prior years, there shall be excluded in the computation any provisions for reasonable reserves made by the Board of Directors in respect of anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis and there shall be excluded from such computation assessments for betterments to the Condominium Property or assessments for betterments to be imposed by the Board of Directors. Provided, however, that so long as Developer is in control of the Board of Directors the Board shall not impose an assessment for a year greater than 115% of the prior year's assessments without approval of a majority of the Unit Owners.

D. Assessments. Until such time as a majority of the Board of Directors is elected by the Unit Owners other than the Developer, funds for the payment of Common Expenses shall be assessed against Unit Owners in the amount specified in the Subscription and Purchase Agreement between the Developer and the individual purchaser or as reassessed by the Board of Directors. Thereafter each Unit Owner shall be obligated to pay Common Expenses assessed by the Board of Directors pursuant to a properly approved annual budget in the proportion set forth in the Declaration of Condominium. Assessments shall be paid to the Association monthly, in advance, as ordered by the Board of Directors.

Should the annual budget prove inadequate for the maintenance of Common Elements or should expenses arise not contemplated at the time of preparation of said budget, the Board of Directors may levy special assessments as required. Special assessments shall be levied in the same proportion as set forth in the Declaration of Condominium and paid in the same manner as hereinabove provided for regular assessments.

E. Billing and Payment of Assessments. When the Board of Directors, of which a majority of the members have been elected by the Unit Owners other than Developer, has determined the amount of any assessment, the Treasurer of the Association shall mail or present a statement of the assessment to each Unit Owner or Owners. All assessments shall be payable to the Association, and upon request, the Treasurer shall give a receipt for each payment made to him.

F. Common Surplus. If in any taxable year the net receipts of the Association from assessments and all other sources, except casualty insurance proceeds and other nonrecurring items, exceed the sum of (a) total Common Expenses for which payment has been made or liability incurred within the taxable year, and (b) reasonable reserves for Common Expenses and other liabilities in the next succeeding taxable year as may be determined by the Board of Directors, such excess shall be retained and applied to lessen the assessments for the next succeeding year.

G. Default in the Payment of Assessments. In the event a Unit Owner does not pay any sums, charges or assessments required to be paid to the Association within thirty (30) days from the due date, the Association, acting on its own behalf or through its Board of Directors, may enforce its lien for assessments or take such other action to recover the sums, charges or assessments to which it is entitled, in accordance with the Declaration of Condominium and the Condominium Act.

H. Foreclosure of Liens for Unpaid Assessments. If an action of foreclosure is brought against a Unit Owner for nonpayment of monies due the Association, and as a result thereof the interest of the Unit Owner is sold, then the Unit Owner will thereupon cease to be a member of the Association. If the Association becomes the owner of a condominium unit by reason of foreclosure, it shall offer said condominium unit for sale, and at such time as a sale is consummated, it shall deduct from such proceeds all sums of money due it for assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the condominium unit, which shall include, but not be limited to, advertising expenses, real estate brokerage fees, and expenses necessary for the repairing and refurnishing of the unit in question. All monies remaining after deducting the foregoing items of expenses shall be returned to the former Unit Owner.

VI. Blanket Mortgage

Should the Condominium Property, or some or all of the units therein, together with the undivided interests in the Common Elements and Limited Common Elements appurtenant thereto, become subject to a blanket mortgage constituting a first lien thereon, created by an instrument executed by all owners of the property and units covered thereby and recorded in the office in which these By-Laws are recorded, then any unit included under the lien of such mortgage may be sold or otherwise conveyed or transferred subject thereto. The instrument creating any such mortgage shall

provide a method whereby a Unit Owner may obtain a release of his unit and its appurtenant interest in the Common Elements and Limited Common Elements from the lien of such mortgage and a satisfaction and discharge in recordable form, upon payment of a sum equal to the proportionate share attributable to his Unit or the then outstanding balance of unpaid principal and accrued interest and other proper charges. The proportionate share attributable to each Unit shall be in each case the proportion in which all units then subject to the lien of the mortgage share among themselves in liability for Common Expenses as provided in the Declaration of Condominium.

VII. House Rules

In addition to the other provisions of these By-Laws, the following house rules and regulations, together with such additional rules and regulations as may hereafter be adopted by the Board of Directors, shall govern the use of the units located on the property and the conduct of the residents thereof.

A. Each unit shall be used only for residential purposes and may not be used for any business or commercial purposes whatsoever.

B. Unit Owners shall not use or permit the use of their premises in any manner which would be disturbing or be a nuisance to other Unit Owners, or in such a way as to be injurious to the reputation of the property.

C. The use of the units shall be consistent with existing law, and these restrictions, and shall not constitute a nuisance.

D. The total number of residents and guests permitted overnight in a unit or permitted to reside in a unit during any 24-hour period, shall not exceed seven (7) persons in a two-bedroom unit.

E. Common Elements and Limited Common Elements shall not be obstructed, littered, defaced or misused in any manner.

F. No structural changes or alterations shall be made in any Unit, except upon approval of the Board of Directors.

G. No Unit Owner or occupant of a unit shall post any advertisements or posters of any kind in or on the unit or the Condominium Property except as authorized, in writing, by a majority of the Board of Directors of the Association.

H. Owners and occupants of units shall exercise extreme care to minimize noises and in the use of musical instruments, radios, television sets, amplifiers, so as not to disturb the other persons and parties occupying units.

I. No garments, rugs or other items may be hung from the windows or from portions of the units. No rugs, etc. may be dusted from the windows of the units; rugs, etc. may only be cleaned within the units, and not in any other portion of the Condominium Property.

J. All garbage and trash shall be deposited in the disposal installations provided for such purpose.

K. No Owner or occupant of a unit shall install wiring for electrical or telephone installations, nor install any type of television antenna, machines or air conditioning units, etc., except as authorized, in writing, by a majority of the Board of Directors.

L. Bicycles may be used on the Condominium Property provided that they are used giving due regard for pedestrians on sidewalks and walkways; and due regard is given that they are not used, kept or parked on grass or landscaped areas; and that they do not obstruct any walkway, sidewalk, street, roadway, or entrance to any building.

M. No motorcycles, motor scooters, motorized bicycles, commonly known as "mopeds", or other like vehicles shall be allowed on Condominium Property.

VIII. Default

A. Remedies. In the event of violation of the provisions of law, the Declaration of Condominium, Articles of Incorporation or these By-Laws, as the same are or may hereafter be constituted, thirty (30) days after notice from the Association by certified mail to the Unit Owner to correct such breach or violation, the

Association, on its own behalf or by and through its Board of Directors, may bring appropriate action to enjoin such violation or may enforce the provisions of said documents, including suit for damages or foreclosure, or pursue such other course of action or legal remedy as it may deem appropriate.

B. Attorneys' Fees and Costs. In the event such legal action is brought against a Unit Owner, the Unit Owner as defendant shall pay the prevailing plaintiff's reasonable attorneys' fees and court costs.

C. Unit Owners Bound. Each Unit Owner, for himself, his heirs, successors or assigns, agrees to the foregoing provisions relating to default and abatement of nuisance, regardless of the harshness of the remedy available to the Association and regardless of the availability of any other equally adequate legal procedures. It is the intent of all Owners of the condominium units to give the Association a method and procedure which will enable it at all times to operate on a businesslike basis, to collect those monies due and owing it from the Unit Owners, and to preserve each Unit Owner's right to enjoy the condominium unit free from unreasonable restraint and nuisance.

IX. Surrender

In the event of the termination of membership through conveyance, foreclosure or otherwise, the Unit Owner or any other person or persons in possession by or through the right of the Unit Owner, shall promptly quit and surrender the unit to the Association in good repair, ordinary wear and tear and damage by fire or other casualty excepted, and the Association shall have the right to re-enter and to repossess the unit. The Unit Owner for himself and any successors in interest, hereby waives any and all notices and demand for possession if such be required by the laws of the State of Florida or of Volusia County, Florida.

X. Seal

The Association shall have a seal and the seal shall have inscribed thereon the name of the Association, the year of its organization and the word "Non-Profit". The seal may be used by

causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise.

XI. No Stock

Although the Association is a corporation, the Association shall never have or issue shares of stock nor will it ever have or provide for non-member voting.

XII. Miscellaneous

A. Governing Documents. The documents governing the Condominium and ownership of condominium parcels therein shall include the Declaration of Condominium, these By-Laws, the Articles of Incorporation and pertinent provisions of law, all as may be amended from time to time.

B. Authority of the Association. The Association shall have the powers, rights and authority, including lien rights set forth in the Condominium Act (Chapter 718, Florida Statutes) subject to any limitations thereon imposed by its Articles of Incorporation, these By-Laws, or the Declaration of Condominium, all as may be amended from time to time. No Unit Owner or member, except as an officer or director of this Association, shall have any authority to act for the Association or bind it.

C. Partial Invalidity. If any By-Law or part thereof shall be adjudged invalid, the same shall not affect the validity of any other By-Law or part thereof.

D. Gender. Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular, or plural, whenever the context so requires.

XIII. Amendment

While the Developer has the right to elect a majority of the Board of Directors, these By-Laws may be amended by a majority of the Board of Directors. Commencing with the election of a majority of the members of the Board of Directors by Unit Owners other than Developer, these By-Laws may be amended by the Unit Owners in the Following manner only:

A. 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 considered.

B. Approval. An amendment shall be approved by three-fourths (3/4) of all of the voting Unit Owners. Unit Owners not present in person or by proxy at the meeting considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting.

C. Proviso. Provided, however, that no amendment shall discriminate against any Unit Owner nor against any Unit or class or group of Units unless the members so affected shall consent. No amendment may be made affecting the rights, as expressed in the Declaration of Condominium or any documents attached thereto, of the Developer, as a Unit Owner or otherwise, unless the prior written consent of the Developer is given for such amendment. No amendment shall be made that is in conflict with the Articles of Incorporation or the Declaration of Condominium.

D. Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Declaration and By-Laws, which certificate shall be executed by the officers of the Association with the formalities of a deed. The amendment shall be effective when such certificate and copy of the amendment are recorded in the Public Records of Volusia County, Florida.