

EXHIBIT E
BY-LAWS
of
THE TRAILS HOMEOWNERS ASSOCIATION, INC.
(A Non-Profit Florida Corporation)

ARTICLE I

Section 1. Personal Applications. All present or future owners, tenants, future tenants, of the Trails Subdivision, Units 1, 2 and 3, as per map in Map Book 33, pages 153, through 156, Public Records of Volusia County, Florida and any future Units of the Trails Subdivision hereafter filed in the Public Records of Volusia County, Florida, by The Trails, Inc., are subject to residential or commercial property in The Trails Subdivision, Units 1, 2 and 3 or any future units in The Trails Subdivision filed by The Trails, Inc. in the Public Records of Volusia County, Florida, or the mere act of occupancy or use of any of said property will signify that these By-Laws are accepted, ratified and will be complied with.

ARTICLE II

Section 1. Voting. There shall be 990 votes initially, each of which shall be owned by The Trails, Inc. One vote shall pass automatically with the title to each lot. When a lot is developed, and a certificate of occupancy has been issued, the number of votes appurtenant to such lot shall automatically increase to the number of dwelling units actually constructed on such lot as defined by the Declaration of Covenants and Restrictions pertaining to the subdivision of The Trails, Inc. in which such lot is situate. The Trails, Inc. reserves the right to exercise all votes not so automatically conveyed. The owner of each lot or dwelling unit, except the Developer, shall be liable for all assessments against said lot or dwelling unit as per the recorded Declaration of Covenants and Restrictions pertaining to the subdivision in which said lot or dwelling unit is situate.

Section 2. Majority of Owners. As used in these By-Laws, the term "Majority of Owners" shall mean those owners as well as the developer holding 51 per cent of the votes. There shall be 990 memberships initially, each membership being entitled to one (1) vote. The Trails, Inc. shall be a member of the organization so long as it holds title to any property in The Trails Subdivision, Units 1, 2 and 3 or any future units. The Trails, Inc. reserves the right to vote all memberships not owned by other members of The Trails Homeowner's Association, Inc. The Trails, Inc. anticipates there shall be 990 lots or dwellings units in the development of all units of The Trails Subdivision, including future units upon completion of the development of all phases of The Trails Subdivision. In the event there are more than 990 lots or dwelling units, then the number of memberships shall automatically be increased by the actual number of lots or dwelling units existing and the number of votes shall be increased to correspond with the number of memberships.

Section 3. Quorum. Except as otherwise provided in these BY-LAWS, the presence in person or by proxy of a "Majority of Owners" as defined in Section 2 of this Article, shall constitute a quorum.

Section 4. Proxies. Votes may be cast, in person or by proxy. The Board of Directors of the Association shall have the right to appoint a proxy committee, and the proxy committee appointed by the Board of Directors shall be entitled to cast the vote for the person signing the proxy. The proxies shall be mailed out to all persons entitled to vote at least 15 but not more than 30 days prior to a meeting of the Association, and any person wishing to vote by proxy shall have his proxy properly signed and in the hands of the Secretary at least five (5) days prior to the date of the meeting.

ARTICLE III

Section 1. Association Responsibilities. The membership as defined in these By-Laws and in Section 3.2 of Article III of the Declaration of Covenants and Restrictions of the Trails Subdivision, Units 1, 2 and 3, to which these BY-LAWS are attached as an Exhibit which constitutes the Association of Owners (hereinafter referred to as "Association") will have the responsibility of administering the common areas, approving the annual budget, establishing and collecting monthly assessments. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of members.

Section 2. Place of Meetings. Meetings of the Association shall be held at the recreation area of the subdivision or such other suitable place convenient to the owners as may be designed by the Board of Directors.

Section 3. Annual Meetings. The annual meetings of the Association shall be held at the recreation area of the Subdivision or such other suitable place convenient to the owners as may be designated by the Board of Directors.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of Members as directed by resolution of the Board of Directors or upon a petition signed by a majority of the members and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at least 15 but not more than thirty (30) days prior to such meeting. The mailing of a notice by United States Mail, postage prepaid, shall constitute notice served.

Section 6. Adjourned Meetings. If any meeting of members can not be organized because a quorum has not attended, the members who are present, either by proxy or in person, may adjourn the meeting to a time not more than forty-eight (48) hours from the time the original meeting was called.

ARTICLE IV

Board of Directors

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors of no less than five (5) or more than fifteen (15) members. The members of the initial Board need not be owners or tenants of THE TRAILS SUBDIVISION referred to above.

Section 2. Powers and Duties. The Board of Directors shall have the power and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these BY-LAWS directed to be exercised and done by the members.

Section 3. Other Duties. In addition to the duties imposed by these BY-LAWS, or by resolution of the Association, the Board of Directors shall be responsible for the following:

- a) care, upkeep and surveillance of the common areas, all islands lying within the road right of ways.
- b) collection of monthly assessments from the owners, and setting the monthly assessment. The assessment shall be effective upon its adoption and shall be due quarterly. Notice of the amount of such assessment shall be given to each owner personally or by mail, telephone, or telegraph. Assessments remaining unpaid for thirty (30) days after the due date shall constitute a lien on said property and bear interest at the rate of ten per

cent (10%) until paid in full. Enforcement of the lien shall be by the foreclosure and in such event, the Board shall be entitled to reasonable reimbursement for attorneys' fees and court costs.

c) shall, at its option, adopt any rules and regulations which are, or which may become relative to the general use of the common areas which are subject to the use of all members.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a majority vote of the members shall be filled by the vote of the majority of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 5. Removal of Directors. At the regular or special meeting duly called any one or more of the Directors may be removed with or without cause by majority vote of the voting members present in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the members shall be given opportunity to be heard at the meeting.

Section 6. Organization of Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, providing a majority of the whole Board shall be present.

Section 7. 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 majority vote of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least twenty (20) days prior to the day named for such meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days notice to each Director given personally or by mail, telephone or telegraph which notice shall state the meeting time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Section 9. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by any Director of any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, notice shall be required and any business may be transacted at such meeting.

Section 10. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice.

ARTICLE V

Officers

Section 1. Designation. The principal officers of the Association shall be the President, a Vice President and a Secretary/Treasurer, all of whom shall

elected by the Board of Directors and all of whom shall be members of the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgement may be necessary.

Section 2. Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board, and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote by a majority of the Board of Directors present at any regular or special meeting, an officer may be removed either with or without cause. The Board may at such meeting elect a successor for the removed officer.

Section 4. President. The President shall be the Chief executive officer of the Association. He shall preside at all meetings of the Association. He shall have all of the general powers and duties which are usually vested in the office of the president of an association including, but not limited to, the power to appoint committees from among the members; from time to time he may, in his discretion, decide and acquire the necessary staff appropriate to assist in the conduct of the affairs of the Association.

Section 5. Secretary/Treasurer. As Secretary he shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall in general, perform all of the duties incident to the office of the Secretary. As Treasurer, he shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name; and to the credit of, the Association in such depositories as may, from time to time, be designated by the Board of Directors.

ARTICLE VI

Obligations of the Owners

Section 1. Assessments. All of the members are obligated to pay monthly assessments imposed by the Board of Directors to meet all project communal expenses, including specifically but not by way of limitation, fire and extended coverage and vandalism and malicious mischief and public liability insurance, amortization of mortgages; and taxes on the recreational facilities and common areas.

Section 2. Maintenance and Repair.

a) Every member must perform all maintenance, upkeep and repair work within his own lot or dwelling unit which, if omitted, would detrimentally affect the aesthetic appearance of the subdivision or a part belonging to the other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

b) A member shall reimburse the Association for any expenditure incurred in repairing or replacing any part of the communal facilities damaged through the fault of any agent, guest, or lessee of such member.

Section 3. Use of Property. Usage of all property shall be limited to usage as described by duly regulated ordinances now in effect or may become in effect, in the City of Ormond Beach, Volusia County, Florida and further limited by the

Declaration of Covenants and Restrictions of the Trails Subdivision Units 1, 2 and 3 referred to above to which these BY-LAWS are an Exhibit.

Section 4. Rules and Conduct. Conduct of members shall be governed by rules and regulations, which from time to time, may be approved by the Board of Directors.

ARTILE VII

Amendments to the BY-LAWS

Section 1. BY-LAWS. These BY-LAWS may be amended by a vote of two-thirds (2/3) of the members.

ARTICLE VIII

Sales or lease of property

The Association shall in no way restrict the sale or lease of property within the TRAILS SUBDIVISION, Units 1, 2 and 3, referred to above or any future units of the TRAILS SUBDIVISION hereafter filed in the Public Records of Volusia County, Florida by the TRAILS, INC.