

BY-LAWS

OF

HERNANDO OAKS MASTER ASSOCIATION, INC. (A Florida Corporation Not-For-Profit)

ARTICLE I - IDENTIFICATION OF CORPORATION

1.1 Name. These are the By-Laws of HERNANDO OAKS MASTER ASSOCIATION, INC. ("Corporation") as duly adopted by its Board of Directors ("Board"). The Corporation is a corporation not-for-profit, organized pursuant to Chapter 617, Florida Statutes.

1.2 Principal Office. The office of the Corporation shall be initially at 1610 Barrancas Avenue, Pensacola, Florida, 32501 and thereafter may be located at any place in Hernando County, Florida, ("County") designated by the Board.

1.3 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

1.4 Seal. The seal of the corporation shall bear the name of the corporation; the word "Florida"; the words "Corporation Not- For- Profit."

ARTICLE II - DEFINITIONS

The words used in these By-Laws shall have the same meaning as set forth in the Master Declaration of Covenants, Conditions and Restrictions for Hernando Oaks as it may be amended (The "Declaration".)

ARTICLE III - MEMBERSHIP; MEMBERS MEETINGS; VOTING AND PROXIES

3.1 Membership. The qualification of Members, the manner of their admission to membership in the Corporation and the termination of such membership and the voting by Members shall be as set forth in the Articles.

3.2 Annual Meeting. The Members shall meet annually ("Annual Members' Meeting"). The Annual Members' Meeting shall be held at the office of the Corporation or at such other place in the County as the Board may determine and designate and at such time and on such date in the month of February of each year as the Board may determine and designate in the notice of such meeting. The purpose of the Annual Members' Meeting shall be to hear reports of the officers, elect members of the Board (when that shall be appropriate as determined by the provisions of the Articles) and transact any other business authorized to be transacted at such Annual Members' Meeting.

3.3 Special Meetings. Special meetings of the Members (meetings other than the Annual

Members' Meeting) shall be held at any place within the County whenever called by the President or Vice President or by a majority of the Board. A special meeting must be called by such President or Vice President upon receipt of a written request from Members having the right to vote at least one-third (1/3) of the total number of votes entitled to be cast by Members.

3.4 Notice of Meeting. A written notice of all Members' meetings, whether the Annual Members' Meeting or special meetings, shall be given to each Member at his last known address as it appears on the books of the Corporation and shall be mailed to the said address not less than fourteen (14) days nor more than forty-five (45) days prior to the date of the Meeting unless specifically waived in writing by a Member prior to such required notification period. Proof of such mailing shall be given by the affidavit of the person giving the notice. Any notice given hereunder shall state the time and place of the Meeting and the purposes for which the Meeting is called. The notice of all Annual Members' Meetings shall, in addition, specify the number of Directors of the Corporation to be designated by Developer and the number of Directors to be elected or designated by the Members, if applicable. All notices shall be signed by an officer of the Corporation or reflect a facsimile of such a signature.

3.5 Written Consent in Lieu of Meeting. The Members may, at the discretion of the Board, act by written response in lieu of a Meeting provided written notice of the matter or matters to be agreed upon is given to the Members or duly waived in accordance with the provisions of these By-Laws. Unless some greater number is required under the Hernando Oaks Documents and except as to the election of Directors which shall be accomplished by plurality vote, the decision of a majority of the votes cast by Members as to the matter or matters to be agreed or voted upon shall be binding on the Members provided a quorum is either present at such Meeting or submits a response if action is taken by written response in lieu of a Meeting, as the case may be. The notice with respect to actions to be taken by written response in lieu of a Meeting shall set forth the time period during which the written responses must be received by the Corporation.

3.6 Quorum. A quorum of the Members shall consist of Members entitled to cast a majority of the total number of votes of the Members.

(a) Any Member may join in the action of any Meeting by signing and concurring in the minutes thereof and such a signing shall constitute the presence of such Member for the purpose of determining a quorum. When a quorum is present at any Meeting and a question which raises the jurisdiction of such Meeting is presented, the holders of a majority of the voting rights present in person or represented by written proxy shall be required to decide the question. However, if the question is one upon which a vote other than the majority vote of a quorum is required by express provision of the Hernando Oaks Documents, then such express provision shall govern and control the required vote on the decision of such question.

3.7 Election of Directors. At any Annual Members' Meeting when elections of Directors are to occur, written ballots are to be supplied to Members for such purposes. Furthermore, at any Annual Members' Meeting at which Directors are to be elected, the Board shall appoint an Election Committee consisting of three (3) Members and one (1) officer of the Corporation to

supervise the election, prepare ballots, count and verify ballots and proxies, disqualify votes if such disqualification is justified under the circumstances and to certify the results of the election to the Board. This Committee shall be able to determine questions within its jurisdiction by plurality vote of all four (4) members but matters resulting in deadlocked votes of the Committee shall be referred to the entire Board for resolution.

3.8 Failure of a Quorum. If a quorum is not in attendance at a Meeting, the Members who are present, either in person or by proxy, may adjourn the Meeting from time to time until a quorum is present with no further notice of such adjourned Meeting being required unless otherwise determined by the Board.

3.9 Minutes. Minutes of all Meetings shall be kept in a businesslike manner and be available for inspection by the Members and Directors at all reasonable times.

3.10 Voting and Proxy. Voting rights of Members shall be as stated in the Articles with respect to the election of all Boards other than the First Board. Each Association Member shall designate two (2) Board members and only the owner Members shall be entitled to vote for Board members, the number of which is based on the number of votes Owner Members are entitled to cast. Such votes may be cast in person or by proxy. "Proxy" is defined to mean an instrument containing the appointment of a person who is substituted in the place and stead of the person or entity entitled to vote. Proxies shall be in writing signed by the person or entity giving the same and shall be valid only for the particular Meeting designated therein and, if so stated in the Proxy, any adjournments thereof. A Proxy must be filed with the Secretary of the Corporation before the appointed time of the Meeting in order to be effective. Any Proxy may be revoked prior to the time a vote is cast according to such Proxy.

3.11 Secret Ballot. The voting on any matter at a Meeting shall be by secret ballot upon request of the holders of ten percent (10%) of the votes represented at such Meeting, and entitled to be cast on such matter if such request is made prior to the vote in question. The presiding officer ("Chairman") of the Meeting shall call for nominations for Inspectors of Election to collect and tally written ballots upon the completion of balloting upon that matter.

ARTICLE IV - BOARD OF DIRECTORS; DIRECTORS' MEETINGS

4.1 Governing Body. The business and administration of the Corporation shall be by its Board of Directors who shall be designated and elected in accordance with the Articles.

4.2 Term. The term of a Director's service shall be as stated in the Articles Meeting and thereafter until his successor is duly elected and qualified or until he resigns or is removed in the manner elsewhere provided.

4.3 Regular Meeting. Regular meetings of the Board may be held at such times and places in Hernando County, Florida, as shall be determined from time to time by a majority of Directors. Special meetings of the Board may be called at the discretion of the President or the Vice President. Special meetings must be called by the Secretary at the written request of at least one-third (1/3) of the Directors. Such special meeting may be held in or dlg~ County, Florida, at

such time and place as determined by the Directors requesting such meeting or in such other place as all Directors shall agree upon.

4.4 Special Meetings. Notice of the time and place of regular and special meetings of the Board, or adjournments thereof, shall be given to each Director personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meeting unless such notice is waived before, during or after such meeting. Any Director may waive notice of the meeting in writing before, during or after a meeting and such waiver shall be deemed equivalent to the receipt of notice by such Director.

4.5 Quorum. A quorum of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. A Director may join in the action of a meeting of the Board by signing the minutes thereof, and such signing shall constitute the presence of such Director for the purpose of determining a quorum. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board, except as may be otherwise specifically provided by law, by the Articles or elsewhere herein. If at any meetings of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any meeting that takes place on account of a previously adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted. In the case of the adjournment of a meeting, no further notice of the adjourned meeting need be given unless otherwise determined by the Board.

4.6 Presiding Officer. The presiding officer at all Board meetings shall be the President. In the absence of the President, the Directors shall designate any one of their number to preside.

4.7 Director's Fees. No Director shall receive compensation for service as a Director.

4.8 Minutes. Minutes of all meetings of the Board shall be kept in a businesslike manner and be available for inspection by Members and Directors at all reasonable times.

4.9 Executive Committee. The Board shall have the power to appoint an Executive Committee(s) of the Board consisting of not less than three (3) Directors. An Executive Committee(s) shall have and exercise such powers of the Board as may be delegated to such Executive Committees(s) by the Board.

4.10 Closed Meetings. Meetings of the Board may be open to all Members on such terms as the Board may determine. The Board may also hold closed meetings.

4.11 Written Consent in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, specifically setting forth the action to be taken, shall be signed by all the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of Directors.

ARTICLE V - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Corporation shall be exercised by the Board. Such powers and duties of the Board shall include, but not be limited to, all powers and duties set forth in the Hernando Oaks Documents, as well as all of the powers and duties of a director or Director of a corporation not-for-profit.

ARTICLE VI - OFFICERS OF THE CORPORATION

6.1 Officers. Executive officers of the Corporation shall be the President, who shall be a Director, the Vice President, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board. Any officer may be removed without cause from office by vote of the Directors at any meeting of the Board. The Board may, from time to time, elect such other officers and assistant officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Corporation. One (1) person may hold any two (2) offices simultaneously except where the functions of such offices are incompatible but no person shall hold the office of President and any of the following offices simultaneously: Vice President, Secretary or Assistant Secretary.

6.2 President. The President shall be the chief executive officer of the Corporation. He shall have all of the powers and duties which are usually vested in the office of the President of an association or a corporation not-for-profit, including, but not limited to, the power to appoint such committees at such times from among the Members as he may in his discretion determine appropriate to assist in the conduct of the affairs of the Corporation. If in attendance, the President shall preside at all meetings of the Board.

6.3 Vice President. In the absence or disability of the President, a Vice President shall exercise the powers and perform the duties of the President. The Vice President(s) shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board. In the event there shall be more than one Vice President elected by the Board, then they shall be designated "First," "Second," etcetera.. and shall exercise the powers and perform the duties of the Presidency in such order.

6.4 Secretary. The Secretary shall keep the minutes of all meetings of the Board and the Members, which minutes shall be kept in a businesslike manner and be available for inspection by Members and Directors at all reasonable times. He shall have custody of the seal of the Corporation and affix the same to instruments requiring such seal when duly authorized and directed to do so. He shall be custodian for the corporate records of the Corporation, except those of the Treasurer, and shall perform all of the duties incident to the office of Secretary of the Corporation as may be required by the Board or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall assist the Secretary under the supervision of the Secretary.

6.5 Treasurer. The Treasurer shall have custody of all of the monies of the Corporation, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the Members and shall keep the books of the Corporation in accordance with good accounting practices and he shall perform all of the duties incident to the office of the Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer when the Treasurer is

absent and shall assist the Treasurer under the supervision of the Treasurer.

6.6 Compensation. The compensation, if any, of the officers and other employees of the Corporation shall be fixed by the Board. This provision shall not preclude the Board from hiring a Director as an employee of the Corporation or preclude the contracting with a Director or a party affiliated with a Director for the management or performance of contract services for all or any part of HERNANDO OAKS.

ARTICLE VII - ACCOUNTING RECORDS; FISCAL MANAGEMENT

7.1 Accounting Method. The Corporation shall use the cash basis method of accounting and shall maintain accounting records in accordance with good accounting practices.

7.2 Records and Inspection. The books and records of the Corporation shall be open to inspection by Members and Institutional Mortgagees or their respective authorized representatives at reasonable times. Such authorization as a representative of a Member must be in writing and signed by the person giving the authorization and dated within sixty (60) days of the date of the inspection. Written summaries of the accounting records shall be available at least annually to the Members. Such records shall include, but not be limited to, (i) a record of all receipts and expenditures; and (ii) an account for each Contributing Unit which shall designate the name and address of the Contributing Unit Owner thereof, the amount of Individual Unit Assessments and all other Assessments, if any, charged to the Contributing Unit, the amounts and due dates for payment of same, the amounts paid upon the account and the balance due.

7.3 Budget. The Board shall adopt a Budget (as provided for in the Declaration) of the anticipated Operating Expenses of the Corporation for each forthcoming calendar year (the fiscal year of the Corporation being the calendar year) at a special meeting of the Board ("Budget Meeting") called for that purpose to be held during the first two weeks of November of the year preceding the year to which the Budget applies. Prior to the Budget Meeting, a proposed Budget for the Operating Expenses shall be prepared by or on behalf of the Board. Within thirty (30) days after adoption of the Budget, a copy thereof shall be furnished to each Member and each Contributing Unit Owner shall be given notice of the Individual Unit Assessment applicable to his Contributing Unit(s). The copy of the Budget shall be deemed furnished and the notice of the Individual Unit Assessment shall be deemed given upon its delivery or upon its being mailed to the Member or Contributing Unit owner shown on the records of the Corporation at his last known address as shown on the records of the Corporation.

7.4 Accounting Principles. In administering the finances of the Corporation, the following procedures shall govern: (1) the fiscal year shall be the calendar year; (ii) any monies received by the Corporation in any calendar year may be used by the Corporation to pay expenses incurred in the same calendar year; (iii) there shall be apportioned between calendar years on a pro rata basis any expenses which are prepaid in any one calendar year for Operating Expenses which cover more than such calendar year; (iv) Assessments shall be made quarterly in amounts no less than are required to provide funds in advance for payment of all of the anticipated current Operating Expenses and for all unpaid Operating Expenses previously incurred; and (v) items of Operating

Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such expenses is received. Notwithstanding the foregoing, the Assessments for Operating Expenses and any periodic installments thereof shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses in any calendar year as such expenses are incurred in accordance with the cash basis method of accounting.

7.5 Payment of Assessments. The Individual Unit Assessment shall be payable as provided for in the Declaration.

7.6 Deficit and Assessments. No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Operating Expenses not Budgeted or which shall exceed Budgeted items, and no Board is required to engage in deficit spending. Should there exist any deficiency which results from there being greater Operating Expenses than monies from Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of an adjustment to the applicable Assessment (e.g., individual Unit Assessment or Special Assessment).

7.7 Banks. The depository of the Corporation shall be such bank or banks as shall be designated from time to time by the Board in which the monies of the Corporation shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board.

7.8 Written Reports Annually. A report of the accounts of the Corporation shall be made annually by an auditor, accountant or Certified Public Accountant and a copy of the report shall be furnished to each Member and Owner-no later than the first day of April of the year following the year for which the report is made. The report shall be deemed to be furnished to the Member or Owner upon its delivery or mailing to the Member or owner shown on the records of the Corporation at his last known address shown on the records of the Corporation. The holder, insurer or guarantor of a first mortgage upon any Dwelling Unit in HERNANDO OAKS shall be entitled, upon written request therefor, to receive audited financial statements of the Corporation for the prior fiscal year without charge.

ARTICLE VIII - RULES AND REGULATIONS

The Board may at any meeting of the Board adopt rules and regulations or amend, modify or rescind then existing rules and regulations for the operation and use of any of the Corporation Property; provided, however, that such rules and regulations are not inconsistent with the terms or provisions of the HERNANDO OAKS Documents. Copies of any rules and regulations promulgated, amended or rescinded shall be mailed or delivered to all Members and owners shown on the records of the Corporation at the time of such delivery or mailing at the last known address for such Members and Owners as shown on the records of the Corporation and shall not take effect until forty-eight (48) hours after such delivery or mailing. Notwithstanding the foregoing, where rules and regulations are to regulate the use of specific portions of the Corporation Property or Common Areas as, but not limited to, tennis courts or a swimming pool (the recitation of such facilities being only illustrative and not a representation that such facilities

shall exist), same shall be conspicuously posted at such facility and such rules and regulations shall be effective immediately upon such posting. Care shall be taken to insure that posted rules and regulations are conspicuously displayed and easily readable and that posted signs or announcements are designed with a view towards protection from weather and the elements. Posted rules and regulations which are torn down or lost shall be promptly replaced.

ARTICLE IX - PARLIAMENTARY RULES

The then latest edition of Robert's Rules of Order shall govern the conduct of meetings of all Members of the Corporation and the Board; provided, however, if such rules of order are in conflict with any of the HERNANDO OAKS Documents, Robert's Rules of Order shall yield to the provisions of such instrument.

ARTICLE X - AMENDMENT OF THE BY-LAWS

These By-Laws may be amended as hereinafter set forth in this Section 10.

10.1 After Turnover Date. After the Turnover Date, any By-Law of the Corporation may be amended or repealed, and any new By-Law of the Corporation may be adopted by either:

(i) majority vote Of the Members at any Annual Members' Meeting or any special meeting of the Members called for that purpose or by majority action of the Mem- bers who have acted by written response in lieu of a Meeting as permitted by these By-Laws; or

(ii) by the affirmative vote of a majority of the Directors then in office at any regular meeting of the Board or at any special meeting of the Board called for that purpose or by written instrument signed by all of the Directors as is permitted by these By-Laws provided that the Directors shall not have any authority to adopt or amend or repeal any By-Law if such new By-Law or such amendment or the repeal of a By-Law would be inconsistent with any By-Law previously adopted by the Members.

10.2 Prior to Turnover Date. Until the Turnover Date, all amendments or modifications to these By-Laws and adoption or repeal of By-Laws shall only be made by action of the First Board as described in the Articles which First Board shall have the power to amend, modify, adopt and repeal any By-Laws without the requirement of any consent or approval or vote of the Members.

10.3 Amendments affecting Developer. Notwithstanding any provision of this Section 10 to the contrary, these By-Laws shall not be amended in any manner which shall amend, modify or affect any provision, terms, conditions, rights or obligations set forth in any other of the Hernando Oaks Documents, as the same may be amended from time to time in accordance with the provisions thereof, including, without limitation, any rights of Developer or of an Institutional Mortgagee (as defined in the Declaration) without the prior written consent thereto by Developer or Institutional Mortgagee, as the case may be.

10.4 Instrument of Amendment. Any instrument amending, modifying, repealing or adding By-Laws shall identify the particular Section or Sections affected and give the exact language of

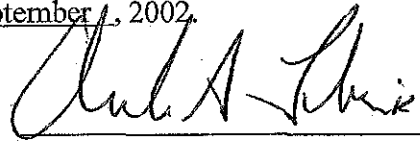
such modification, amendment or addition or of the provisions repealed. A copy of each such amendment, modification, repeal or addition certified to by the Secretary or Assistant Secretary of the Corporation shall be recorded amongst the Public Records of the County.

The foregoing By-Laws of Hernando Oaks Association, Inc. are hereby adopted by all of the Directors of Hernando Oaks Association, Inc. as and constituting the Board of Directors of said Corporation.

Certification

I, the undersigned, do hereby certify:

That I am the duly elected acting Secretary of the Corporation; That the foregoing By-Laws constitute the Original By-Laws of the Corporation as duly adopted at a meeting of the Board of Directors, thereof held on the 16 th day of September, 2002.

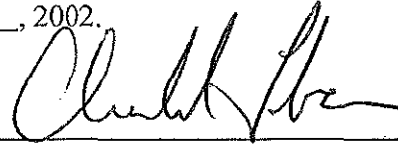


Secretary

Certification

I, the undersigned, do hereby certify:

That I am the duly elected acting Secretary of the Corporation; That the foregoing By-Laws constitute the Original By-Laws of the Corporation as duly adopted at a meeting of the Board of Directors, thereof held on the 16 th day of Sept, 2002.



Secretary