

BY-LAWS
OF
THE COURTYARDS OF SUNTREE, INC.

A Corporation Not for Profit
Under the Laws of the State of Florida

These are the By-Laws of THE COURTYARDS OF SUNTREE, INC. (hereinafter for convenience called "Association" or "Corporation"), a corporation not for profit, incorporated under the laws of the State of Florida.

ARTICLE I
ASSOCIATION

Section 1.1. Office. The office of the Association shall be at One Country Club Drive, Melbourne, Florida, or such other place as shall be selected by a majority of the Board of Directors.

Section 1.2. Fiscal Year. The fiscal year of the Association shall be the calendar year.

ARTICLE II
DEFINITIONS

All terms defined in the Declaration of Covenants and Restrictions for The Courtyards recorded in Official Records Book _____, page _____, of the public records of Brevard County, Florida (the "Covenants") shall have the same meanings when used herein.

ARTICLE III
MEMBERSHIP

The members of the Association shall be those persons described in Article V of the Articles of Incorporation.

ARTICLE IV
VOTING RIGHTS

Each class of membership shall have the voting rights set forth in Article V of the Articles of Incorporation.

ARTICLE V
BOARD OF DIRECTORS

Section 5.1. Selection; Terms of Office. Until the time at which the Class B membership terminates, the Board of Directors shall consist of three (3) members, who shall be selected at the times and in the manner set forth in Section 5.2 hereof. After the time at which the Class B membership terminates, the Board of Directors shall be elected at the time set forth in Section 5.3 and in the manner set forth in Article VI of these By-Laws.

Section 5.2. Designation of Directors by the Class B Member. Until the time at which the Class B membership terminates, as provided in Article V of the Articles of Incorporation, the Board of Directors shall consist of three (3) Members who shall be appointed by the Class B Member.

Any Director or Directors appointed by the Class B Member may be removed at any time, with or without cause, by the Class B Member at any regular or special meeting or by written action without a meeting, and the successor of such removed Director may be designated by the Class B Member.

Section 5.3. Election of Directors by the Class A Members. After the time at which the Class B membership terminates, as provided in Article V of the Articles of Incorporation, the Board of Directors shall consist of three (3) Members who shall be elected in the following manner:

5.3.1. The incumbent Board of Directors designated by the Class B Member shall hold office until the election of their successors by the Class A Members at the first meeting of the Class A Members which shall be held for this purpose within sixty (60) days after the termination of the Class B membership.

5.3.2. At the first meeting of the Class A Members there shall be elected in the manner set forth in Article VI of these By-Laws three (3) Directors, one (1) of such Directors shall be elected for two (2) years and two (2) such Directors shall be elected for one (1) year.

Section 5.4. Vacancies. Vacancies on the Board of Directors shall be filled by the majority of the remaining Directors, any such appointed Director to hold office until his successor is elected by the Class A Members or appointed by the Class B Member, as the case may be, who were entitled to elect the Director, at the next annual meeting of the Members or at any special meeting duly called for that purpose.

ARTICLE VI ELECTION PROCEDURE

Section 6.1. Election of Directors. Votes cast for persons nominated for election to the Board of Directors shall be by written ballot as hereinafter provided. The persons receiving the largest number of votes shall be elected.

Section 6.2. Nominations Committee. Nominations for a full slate of Directors for election to the Board of Directors by the Class A Members shall be made by the Nominations Committee. The Nominations Committee shall consist of three (3) persons appointed each year by the Board of Directors, one (1) of whom shall be a director, and two (2) of whom shall be non-directors. Members of the Nominations Committee shall be appointed each year by the Board of Directors at least sixty (60) days before the date on which the election for the Members of the Board of Directors is to be held. The slate of Directors to be nominated by the Nominations Committee shall be completed at least three (3) days before the date of such election.

In addition, nominations for the Board of Directors may be made by petition signed by more than twenty (20) Members of the Association, provided that such petitions are filed with the Secretary of the Association at least ten (10) days before the date of the meeting at which the Directors are to be elected.

Section 6.3. Ballots. All elections to the Board of Directors shall be made on a written ballot which shall (a) describe the vacancies to be filled and (b) set forth the names of those nominated by the Nominations Committee for such vacancies and those nominated by the petition timely filed with the Secretary of the Association.

Section 6.4. Voting Procedures. The member designated by the Owners of a Lot to cast the vote for the Lot shall receive the ballot for such Lot at or prior to the Annual Meeting. After the ballots are marked, they shall be turned over to an Elections Committee which shall consist of three (3) Members appointed by the Board of Directors. The Elections Committee shall then adopt a procedure which shall:

6.4.1. Establish that the number of ballots turned in by each member correspond with the number of Lots owned by such member or his proxy identified on the ballot.

6.4.2. If the vote is by proxy, establish that a proxy has been filed with the Secretary as provided in Article XII of these By-Laws and that such proxy is valid.

The procedure shall be taken in such a manner that the vote of any member or his proxy shall not be disclosed to anyone, including the Elections Committee.

The result of the election shall be announced at the annual meeting and, if desired by the Board, by written announcement to the members. After the announcement of the results by the Elections Committee, unless a review of the procedure is demanded by thirty-five percent (35%) of the members casting ballots in the election within ten (10) days after election, the ballots shall be destroyed and the results shall thereupon be final.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. The Board of Directors shall have the powers set forth in the Articles of Incorporation.

Section 7.2. Director Absences. In the event that any member of the Board of Directors of the Association shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may at the meeting during which said third absence occurs, declare the office of said absent Director to be vacant and the provisions relating to the filling of a vacancy of the Board of Directors as set forth in these By-Laws shall become operative.

Section 7.3. Duties. It shall be the duty of the Board of Directors:

7.3.1. To keep a complete record of all its acts and corporate affairs and to make reports of major acts and financial condition to the Members at the annual meeting or by written report in lieu of a report at the annual meeting.

7.3.2. To supervise all officers, agents and employees of the Association.

7.3.3. To fix the amount of the annual Assessment against each Lot owned by a Member at least thirty (30) days in advance of the date of any payment of such Assessment is due.

7.3.4. To prepare a roster of the Lots and Assessments applicable thereto which shall be kept in the offices of the Association and shall be open to inspection by any Member, and to send written notice of each Assessment to every Member.

7.3.5. To issue, or cause an appropriate officer to issue upon demand by any person, a certificate setting forth whether all assessments against a Lot have been paid and identifying the amount of any unpaid Assessment and the period to which such unpaid Assessment relates. Such certificate shall be conclusive evidence to the person to whom it is addressed of payment of any Assessment which is stated to have been paid.

7.3.6. To obtain and maintain a liability insurance policy for the protection of the Association covering the Common Property and covering such risks and with such deductible amounts as the Board of Directors shall determine. The Board shall also obtain a blanket casualty insurance policy on the Townhomes as provided in Section 5.4 of the Covenants.

7.3.7. To make available to owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Covenants, By-Laws, other rules concerning the project, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

7.3.8. To provide to any holder of a first mortgage, upon written request, a financial statement for the immediately preceding fiscal year.

7.3.9. To make, amend, and rescind from time to time operating rules for the Common Property and the Association and to assess fines for violation of the Covenants and the operating rules.

ARTICLE VIII DIRECTORS MEETINGS

Section 8.1. Time and Place. Meetings of the Board of Directors may be held at any place within or without the State of Florida. The Board of Directors shall meet within fourteen (14) days following the close of the annual meeting of the Members. Regular meetings of the Board of Directors may be held at such time and place as shall from time to time be determined by the Board of Directors.

Section 8.2. Notice. No notice of regular meetings of the Board of Directors is required. If the day for a regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday.

Section 8.3. Special Meetings. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any Director after not less than forty-eight (48) hours notice to each Director except in the case of an emergency.

Section 8.4. Waivers, Consents and Approvals. The transaction of any business of any meeting of the Board of Directors, however called and noticed, or wherever held, shall be valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or

approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and shall be made a part of the minutes of the meeting.

Section 8.5. Quorum. The majority of the board of Directors shall constitute a quorum thereof.

Section 8.6. Adjourned Meetings. If at any meeting of the Board there is 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 adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

ARTICLE IX OFFICERS

Section 9.1. Officers. The officers shall be a President, a Vice President, a Secretary, and a Treasurer. The President shall be a Member of the Board of Directors.

Section 9.2. Majority Vote. The officers shall be chosen by majority vote of the Directors.

Section 9.3. Term. All officers shall hold office during the pleasure of the Board of Directors.

Section 9.4. President. The President shall preside at all meetings of the Board of Directors, and shall see that orders and resolutions of the Board of Directors are carried out, and sign all notices, checks, leases, mortgages, deeds and all other written instruments as may be incidental to the orders and resolutions of the Board of Directors.

Section 9.5. Vice President. The Vice President shall perform all the duties of the President in his absence.

Section 9.6. Secretary. The Secretary shall be "ex officio" the Secretary of the Board of Directors, and shall record the vote and keep the minutes of all proceedings in a book to be kept for such purpose. He shall keep the records of the Association. He shall record in a book kept for such purpose the names of all members of the Association together with their addresses as registered by such members.

Section 9.7. Treasurer. 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; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall keep proper books of account and cause an annual audit of the Association's books to be made at the completion of each fiscal year. He shall prepare the annual budgets and an annual balance sheet statement and the budget and balance sheet statement shall be presented to the membership at its regular annual meeting.

ARTICLE X COMMITTEES

Section 10.1. Standing Committees. The Board of Directors may appoint such standing committees as it deems desirable. Each standing committee shall consist of a Chairman and two (2) or more members and shall include a member of the Board of Directors. The standing committees may be appointed by the Board of Directors immediately after each annual meeting to serve until the close of the next annual meeting.

Section 10.2. Review of Complaints. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties and activities in its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to the Board of Directors.

ARTICLE XI MEETINGS OF MEMBERS

Section 11.1. Annual Meeting. Within four (4) months after the Class B membership terminates, as provided in Article V of the Articles of Incorporation, the first regular annual meeting of the Association shall be held at a time and place to be set by the Class B Member. Until the time at which the Class B membership terminates, the Class B Member is the sole voting Member of the Association. Unless there are matters

requiring the approval of the Class A Members, the Class B Member does not intend to conduct an annual meeting of the Association until the Class B membership terminates. Any action required to be taken prior to termination of the Class B membership that does not require approval of the Class A Members may be taken under Section 607.394, Florida Statutes.

The first annual meeting of the Class A Members shall be held on a date selected by the Class B Member within four (4) months after the termination of the Class B membership. Thereafter, the regular annual meeting of the Members shall be held at 8:00 P.M. on the first Tuesday in the same month of each ensuing year provided, however, if the day is a legal holiday, the meeting shall be held at the same hour on the following Thursday. The place of the annual meetings shall be determined by the Board of Directors.

Section 11.2. Special Meetings. Special meetings of members may be called at any time by the President, the Vice President, the Secretary or the Treasurer, or by any two (2) or more members of the Board of Directors. After termination of the Class B Membership, special meetings of Class A Members may be called upon the written request of the members who have the right to cast one-fourth (1/4) of the total votes entitled to be cast under the provisions of Article V of the Articles of Incorporation at the time such written request is made.

Section 11.3. Notice. Notice of meetings of Class A Members shall be given to the Members by the Secretary either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid, to his address appearing on the books of the Association. Each Member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address. Notice of any regular or special meeting shall be mailed at least ten (10) days in advance of the meeting, and shall set forth in general the nature of the business to be transacted.

Section 11.4. Quorum. The presence at the meetings of Members entitled to cast, or of proxies entitled to cast, one-fifth (1/5) of the vote of the class of membership so meeting shall constitute a quorum for any actions governed by these By-Laws unless it is provided otherwise in the Declaration or the Articles of Incorporation, or elsewhere in these By-Laws.

ARTICLE XII PROXIES

Section 12.1. Form of Vote. At all meetings of members, each member entitled to vote may vote in person or by proxy.

Section 12.2. Proxies. All proxies shall be in writing filed with the Secretary of the Association. No proxy shall extend beyond a period of twelve (12) months, and every proxy shall automatically cease if the person granting the proxy ceases to be a member.

ARTICLE XIII LENDER'S NOTICES

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

Section 13.1. Any condemnation or casualty loss that affects either a material portion of the project or the Lot and Townhome securing its mortgage.

Section 13.2. Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage.

Section 13.3. A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the owners' association.

Section 13.4. Any proposed action that requires the consent of a specified percentage of mortgage holders.

ARTICLE XIV INSURANCE AND FIDELITY BONDS

To the extent that coverage is available, the Association will maintain in effect casualty and liability insurance and fidelity bond coverage as specified in the FNMA Lending Guide, Chapter Three, Part 3, Insurance Requirements.

ARTICLE XV CONTRACTS

The Association, prior to passage of control to the Class A Members, shall not be bound either directly or indirectly to contracts or leases (including a management contract) unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control, upon not more than ninety (90) days notice to the other party.

ARTICLE XVI RESERVES

Section 16.1. Reserves for Replacement. The Association is required to establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the common areas and the portions of the Townhomes which the Association may be obligated to maintain. The fund is maintained out of regular assessments for common expenses.

Section 16.2. Working Capital. A working capital fund is required for the initial months of the project's operation equal to at least two (2) months' assessments for each Lot. Each Townhome's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each Lot and maintained in an account for the use and benefit of the Association. The purpose of the fund is to insure that the Association board will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advance payment of regular assessments.

ARTICLE XVII INSPECTION OF BOOKS AND PAPERS

The bookkeeping records of the Association shall at all times, during reasonable business hours, be subject to the inspection of any member and holders of any first mortgage on any Lot.

ARTICLE XVIII PARLIAMENTARY RULE

Roberts Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with the Covenants or the Articles of Incorporation.

ARTICLE XIX AMENDMENTS

Until the time at which the Class B membership terminates and the Class A membership is entitled to full voting privileges, as provided for in Article V of the Articles of Incorporation, these By-Laws may be amended upon a majority vote of the Board of Directors. After such time as the Class A Members shall be entitled to full voting privileges, these By-Laws may be amended by two-thirds (2/3) of the Members of the Association entitled to vote.

ARTICLE XX CONFLICTS

In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Covenants and these By-Laws, the Covenants shall control.