

Exhibit "B"

By-Laws

**BY-LAWS
OF**

ESTATES AT SOUTHERN PINES HOMEOWNERS ASSOCIATION, INC.

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

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DEFINITIONS

All terms in these By-Laws shall have the meanings as set forth in the Declaration of Covenants and Restrictions for the ESTATES AT SOUTHERN PINES HOMEOWNERS ASSOCIATION, INC.

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BOOKS AND PAPERS

The books, records and papers of the Association shall, at all times, during reasonable business hours, be subject to the inspection of any Member of the Association.

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MEMBERSHIP

3.1 Membership of the Association is as set forth in Article 6 of the Articles of Incorporation of the Association.

3.2 The rights of membership are subject to the payment of annual and special Assessments levied by the Association, the obligation of which Assessments is imposed against each Owner of, and becomes a lien upon, that portion of the Property against which such Assessments are made as provided in the Declaration.

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BOARD OF DIRECTORS

4.1 After Turnover or Transition (as defined in Section 720.307, Florida Statutes), the Directors of the Association shall be elected at the annual meeting of the Members except as otherwise specified in the Articles of Incorporation. The election shall be decided by a majority of votes cast either by Members present in person or by written ballots cast prior to or at the annual meeting. The election shall be valid notwithstanding whether there was a quorum at the meeting.

4.2 Any director (other than a director designated by a Declarant) may be removed from office at any time with or without cause by the affirmative majority vote of the Association membership cast at a meeting at which a quorum is present.

4.3 After Turnover, the first meeting of the duly elected Board of Directors, for the purposes of organization, shall be held immediately after the annual meeting of Members, provided the majority of the members of the Board elected be present. Any action taken at such meeting shall be by a majority of the whole Board. If the majority of the members of the Board elected shall not be present at that time, or if the directors shall fail to elect officers, the meeting of the Board to elect officers shall then be held within thirty (30) days after the annual meeting of Members upon three (3) days' notice in writing to each member of the Board so elected, stating the time, place and object of such meeting.

4.4 Subject to the provisions of Section 4.6 below, regular meetings of the Board of Directors may be held at any place or places in Florida as designated by the Board, on such days and at such hours as the Board of Directors may, by resolution, designate.

4.5 Subject to the provisions of Section 4.6 below, special meetings of the Board of Directors may be called at any time by the President or by any two (2) members of the Board and may be held any place or places within Florida as designated by the Board, and at any time.

4.6 Except only for meetings between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be protected by the attorney-client privilege, regular and/or special meetings of the Board of Directors shall be open to all Owners, and notices of Board meetings shall be posted in a conspicuous place on the property governed by the Association at least forty-eight (48) hours prior to the meeting, except in the event of an emergency. In the alternative, if notice is not conspicuously posted, notice of the Board meeting must be mailed or delivered to each Member at least seven (7) days before the meeting, except in an emergency. Notwithstanding this general notice requirement, notice of any meeting in which Assessments against Lots or Single-Family Units are to be considered shall specifically contain a statement to that effect as well as a statement of the nature of such Assessments and shall be provided to each Owner not less than fourteen (14) days prior to the meeting.

4.7 Directors (including affiliates of the Declarants) shall have the absolute right to resign at any time and the remaining directors in office shall then fill the vacancies, provided that if all directors resign, a special meeting of Members shall be called as soon as possible for the purpose of electing new directors and the resignations of such directors shall not be effective until such election is held and new directors are elected, except that if no meeting is held or no directors are elected after two (2) attempts to call and hold such meeting, the resignations shall become effective simultaneously with the date and time of the scheduled second meeting, whether held or not or whether new directors are elected or not. Notwithstanding anything herein contained to the contrary, in the event that a Director appointed by a Declarant resigns, said seat shall be filled by a replacement designated by such Declarant rather than by the remaining directors.

4.8 Directors may not vote by proxy or secret ballot; provided, however, that secret ballots may be used for the election of officers. This subsection also applies to the meetings of any committee or other similar body, when a final decision will be made regarding the expenditure of Association funds, and to any body vested with the power to approve or disapprove architectural decisions with respect to a specific parcel of residential property owned by a member of the community.

4.9 The Directors of the Association have a fiduciary duty to the Owners of Single-Family Units or Lots governed by the Association.

4.10 Members have the right to attend all meetings of the Board and to speak on any matter placed on the agenda by petition of the voting interests for at least three (3) minutes. The Association may adopt written reasonable rules expanding the right of Members to speak and governing the frequency, duration and other manner of Member statements, which rules must be consistent with this paragraph and may include a sign-up sheet for Members wishing to speak. Notwithstanding any other law, the requirement that Board meetings and committee meetings be open to the Members is inapplicable to meetings between the Board or a committee and the Association's attorney, with respect to meetings of the Board held for the purpose of discussing personnel matters.

4.11 If twenty (20) percent of the total voting interests petition the Board to address an item of business, the Board shall, at its next regular Board meeting, or at a special meeting of the Board, but not later than sixty (60) days after the receipt of the petition, take the petitioned item up on an agenda. The Board shall give all Members fourteen (14) days' notice of the meeting at which the petitioned item shall be addressed. Each Member shall have the right to speak for at least three (3) minutes on each matter placed on the agenda by petition, provided that the Member signs the sign-up sheet, if one is provided, or submits a written request to speak prior to the meeting. Other than addressing the petitioned item at the meeting, the Board is not obligated to take any other action requested by the petition.

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RECALL OF DIRECTORS

Subject to the provisions of Section 720.307, Florida Statutes, regarding transition of Association control, any member of the Board of Directors may be recalled and removed from office with or without cause by a majority of the total voting interests in accordance with the provisions of Section 720.303 (10), Florida Statutes.

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OFFICERS

6.1 Any officer may be removed at any time by the affirmative vote of a majority of the Board of Directors at any duly called regular or special meeting of the Board.

6.2 The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Members of the Association and of the Board of

Directors. He shall have the general powers and duties of supervision and management of the Association which usually pertain to his office and shall perform all such duties as are properly required of him by the Board of Directors. The Board of Directors shall elect at least one (1) Vice President, who shall have such powers and perform such duties as usually pertain to such office or as are properly required of him by the Board of Directors. In the absence or disability of the President, any Vice President shall perform the duties and exercise the powers of the President. If more than one (1) Vice President is elected, the Board shall designate which Vice President is to perform which duties. The Secretary shall issue notices of all meetings of the membership of the Association and the directors where notices of such meetings are required by law or in these By-Laws. He shall keep the minutes of the meetings of the membership and of the Board of Directors. The Treasurer shall have the care and custody of all the monies and securities of the Association. He shall enter on the books of the Association, to be kept by him for that purpose, full and accurate accounts of all monies received by him and paid by him on account of the Association. He shall sign such instruments as require his signature and shall perform all such duties as usually pertain to his office or as are properly required of him by the Board of Directors.

6.3 Vacancies in any office arising from any cause may be filled by the Board of Directors at any regular or special meeting.

6.4 The officers of the Association have a fiduciary duty to the Owners of Lots governed by the Association.

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MEETINGS OF MEMBERS

7.1 The regular annual meeting of the Members shall be held in the month of November in each year at such time and place as shall be determined by the Board of Directors. The election of directors shall be held at, or in conjunction with, the annual meeting.

7.2 Special meetings of the Members for any purpose 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, or upon written request of the Members who have a right to vote ten (10) percent of all the votes of the entire membership, or who have a right to vote ten (10) percent of the votes of the Class A membership. Business conducted at a special meeting shall be limited to the purposes set forth in the notice of meeting.

7.3 Notice may be given to the Members either personally, or by sending a copy of the notice through the mail, postage thereon fully paid, to the addresses appearing on the records 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 meeting, regular or special, shall be mailed or personally delivered at least fourteen (14) days in advance of the meeting and shall set forth the general nature of the business to be transacted; provided, however, that if any business of any meeting shall involve any action governed by the Articles of Incorporation, notice of such meeting shall be given or sent as therein provided.

7.4 The presence in person or by proxy at the meeting of Members entitled to cast at least thirty (30) percent of the votes of the membership shall constitute a quorum for any action governed by these By-Laws. Unless a greater percentage is expressly required, decisions of the Members shall be made by a majority of the voting interests represented at a meeting at which a quorum is present.

7.5 Members have the right to vote in person or by proxy. To be valid, a proxy must be in writing and be signed by the Member and the proxy must state the date, time and place of the meeting for which it was given. A proxy is effective only for the meeting for which it was given, as the meeting may be legally adjourned and reconvened from time to time, and automatically expires ninety (90) days following the date of the meeting for which it was originally given. A proxy is revocable at any time at the pleasure of the person who executes it. If the proxy form so provides, the proxy holder may appoint, in writing, a substitute to act in the proxy holder's place.

7.6 Any Owner may tape record or videotape meetings of the Members, subject, however, to the rules established from time to time by the Board regarding such tapings.

7.7 Except when specifically or impliedly waived by the chairman of a meeting (either of Members or Directors), Roberts' Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Declaration, the Articles or these By-Laws; provided, however, that a strict or technical reading of said Roberts' Rules of Order shall not be made as to frustrate the will of the persons participating in said meeting.

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AMENDMENTS

8.1 These By-Laws may be amended, at a regular or special meeting of the Board, by a vote of two-thirds (2/3rds) of the votes of the Directors, provided that the notice to the Members of the meeting discloses the information that the amendment of the By-Laws is to be considered; provided, however, the provisions which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law, and provided further, that (a) any matters stated herein to be or which are in fact governed by the Declaration may not be amended except as provided in such Declaration, and (b) so long as either Declarant is the owner of any Lot or any Property affected by the Declaration, or amendment hereto, or appoints a Director of the Association, no amendment will be effective without each such Declarant's mutual, express written joinder and consent. Anything to the contrary herein notwithstanding, the Declarants shall have the absolute right to amend these By-Laws and the Articles of Incorporation prior to the Turnover or Transition of control to the Members as provided in Section 720.307, Florida Statutes; provided, however, that neither Declarant can unilaterally amend or cause to be amended these By-Laws without the consent of the other Declarant if such amendment materially affects any Lot or Property owned by the other Declarant, which approval shall be evidenced by such Declarant's execution of a joinder and consent to any such amendment.

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

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OFFICIAL RECORDS

From the inception of the Association, the Association shall maintain each of the following, where applicable, which shall constitute the official records of the Association:

- (a) A photocopy of any plans, specifications, permits and warranties related to improvements constructed on the Common Property or other property that the Association is obligated to maintain, repair or replace;
- (b) A photocopy of the By-Laws of the Association and all amendments thereto;
- (c) A certified copy of the Articles of Incorporation of the Association or other documents creating the Association and all amendments thereto;
- (d) A photocopy of the Declaration and all amendments thereto;
- (e) A copy of the current Rules and Regulations of the Association;
- (f) The minutes of all meetings of the Association, of the Board of Directors, and of Members, which minutes shall be retained for a period of not less than seven (7) years;
- (g) A current roster of all Owners, their mailing addresses and Lot identifications including the electronic mailing addresses designated by members for receiving notice sent by electronic transmission of those members consenting to receive notice via same;
- (h) All current insurance policies of the Association or a copy of each such policy, which policies shall be retained for a period of not less than seven (7) years;
- (i) A current copy of all contracts to which the Association is a party, including, without limitation, any management agreement, lease or other contract under which the Association has an obligation or responsibility;
- (j) Bids received by the Association for any work to be performed on behalf of the Association, which bids shall be retained for a period of not less than one (1) year;
- (k) All other written records of the Association not specifically included in the foregoing which are related to the operation of the Association;
- (l) Financial and accounting records for the Association maintained in accordance with good accounting practices. All financial and accounting records shall be

maintained for a period of not less than seven (7) years. The financial and accounting records shall include, but not be limited to:

- (i) Accurate, itemized and detailed records for all receipts and expenditures;
 - (ii) A current account and a periodic statement of the account for each Member of the Association, designating the name and current address of each Member, the due date and amount of each Assessment, the date and amount of each payment on the account, and the balance due;
 - (iii) All tax returns, financial statements and financial records of the Association; and
 - (iv) Any other records that identify, measure, record or communicate financial information.
- (m) A photocopy of the Disclosure provided pursuant to Section 12 herein;
- (n) All other written records of the Association not specifically included in the foregoing which are related to the operation of the Association.

Notwithstanding the provisions of this paragraph, the following records shall not be accessible to Members:

(1) Any record protected by the lawyer-client privilege as described in Section 90.502, Florida Statutes, and any record protected by the work-product privilege, including, but not limited to, any record prepared by an Association attorney or prepared at the attorney's express direction which reflects a mental impression, conclusion, litigation strategy, or legal theory of the attorney or the Association and was prepared exclusively for civil or criminal litigation or for adversarial administrative proceedings or which was prepared in anticipation of imminent civil or criminal litigation or imminent adversarial administrative proceedings until the conclusion of the litigation or adversarial administrative proceedings.

(2) Information obtained by the Association in connection with the approval of the lease, sale, or other transfer of a parcel.

(3) Disciplinary, health, insurance, and personnel records of the Association's employees.

(4) Medical records of Single-Family Unit Owners or community residents.

(5) Social security numbers, driver license numbers, credit card numbers, electronic mailing addresses, telephone numbers, facsimile numbers, emergency contact information, any addresses for a parcel owner other than as provided for Association notice requirements, and other personal identifying information of any person, excluding the person's name, parcel designation, mailing address, and property address.

(6) Any electronic security measure that is used by the Association to safeguard data, including passwords.

(7) The software and operating system used by the Association which allows the manipulation of data.

The Association or its agent is not required to provide a prospective purchaser or lienholder with information about the residential subdivision or the Association other than information or documents required by Chapter 720, Florida Statutes, to be made available or disclosed. The Association or its authorized agent may charge a reasonable fee to the prospective purchaser or lienholder or the current parcel owner or member for providing good faith responses to requests for information by or on behalf of a prospective purchaser or lienholder, other than that required by law, if the fee does not exceed \$150.00 plus the reasonable cost of photocopying and any attorney's fees incurred by the Association in connection with the response.

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BOOKS AND PAPERS; FISCAL YEAR; MINUTES; BUDGETS; FINANCIAL REPORTS

10.1 The official records shall be maintained within the State of Florida and must be open to inspection and available for photocopying by any Association Member or the authorized agent(s) of such Member at all reasonable times and places within ten (10) business days after receipt of a written request for access. The Association may adopt reasonable written rules regarding the frequency, time, location, notice and manner of inspections and may impose fees to cover the costs of providing copies of the official records, including, without limitation, the costs of copying, but may not impose a requirement that a Single-Family Unit Owner demonstrate any proper purpose for the inspection, state any reason for the inspection, or limit a Single-Family Unit Owner's right to inspect records to less than one eight (8)-hour business day per month. The Association may charge up to 25 cents per page for copies made on the Association's photocopier. If the Association does not have a photocopy machine available where the records are kept, or if the records requested to be copied exceed twenty-five (25) pages in length, the Association may have copies made by an outside vendor and may charge the actual cost of copying. If the Association has a photocopy machine available where the records are maintained, it must provide Single-Family Unit Owners with copies on request during the inspection if the entire request is limited to no more than twenty-five (25) pages. The Association shall maintain an adequate number of copies of the recorded Declaration, Articles, By-Laws and any rules to ensure their availability to Members and prospective Members and may charge only its actual costs for reproducing and furnishing these documents.

10.2 The fiscal year of the Association shall be the twelve (12)-month period commencing January 1st and terminating December 31st of each year.

10.3 Minutes of all meetings of the Members and of the Board must be maintained in written form or in another form that can be converted into written form within a reasonable time. The vote or abstention from voting on each matter voted upon for each director present at a Board meeting must be recorded in the minutes.

10.4 The Association shall prepare an annual budget reflecting, among other things, the estimated revenues and expenses for the budgeted year and the estimated surplus or deficit for the end of the current year. The budget must separately set out all fees or charges for recreational amenities, whether owned by the Association or another person. The Association shall provide each Member with a copy of the annual budget or a written notice advising that a copy of the budget is available upon request at no charge to the Member. The copy must be provided to the Member in accordance with the time limits set forth in Section 10.1 above.

10.5 Financial reports shall be prepared and delivered consistent with the requirements of Sections 720.303 (6) and (7), Florida Statutes, as amended from time to time.

11 CONTRACTS

All contracts as further described in this section or any contract that is not to be fully performed within one (1) year after the making thereof for the purchase, lease, or renting of materials or equipment to be used by the Association in accomplishing its purposes under this chapter or the governing documents and all contracts for the provision of services shall be in writing. If a contract for the purchase, lease, or renting of materials or equipment, or for the provision of services, requires payment by the Association that exceeds ten (10) percent of the total annual budget of the Association, including reserves, the Association must obtain competitive bids for the materials, equipment, or services. Nothing contained in this section shall be construed to require the Association to accept the lowest bid. Notwithstanding the foregoing, contracts with employees of the Association, and contracts for attorney, accountant, architect, community Association manager, engineering, and landscape architect services are not subject to the provisions of this section.

12 DISCLOSURE

Owners shall comply with the disclosure requirements set forth in Part II of Chapter 720, Florida Statutes.