

BY-LAWS
OF
PINEHURST COMMON FACILITIES ASSOCIATION, INC.

EXHIBIT NO. "E"
TO
DECLARATION OF COVENANTS
AND RESTRICTIONS
FOR
PINEHURST

OR 1390 PG 6984

BY-LAWS
OF
PINEHURST COMMON FACILITIES ASSOCIATION, INC.

I. IDENTITY.

A. These are the By-Laws of the PINEHURST COMMON FACILITIES ASSOCIATION, INC., a non-profit Florida Corporation. The Association has been organized for the purpose of administering the operation and management of the Common Properties and improvements of PINEHURST in accordance with the Declaration of Covenants and Restrictions (the "Declaration") for said Development to be recorded in the Public Records of Manatee County, Florida, subjecting the land described in Exhibit No. "A" thereto to the terms thereof.

B. The provisions of these By-Laws are subject to the provisions of the Articles of Incorporation (the "Articles"). A copy of the Articles and a copy of these By-Laws will be annexed, as Exhibits, to the Declaration which will be recorded in the Public Records of Manatee County, Florida. The terms and provisions used in the Articles and Declaration shall control whenever the same may conflict herewith and bear the same meaning herein as is given to them in such documents.

C. All Members of the Association and their invitees, including, without limitation, all present or future Owners and tenants of Residential Living Units in Pinehurst or any of the facilities thereof in any manner, are subject to these By-Laws, the Articles and the Declaration.

D. The office of the Association shall be at 8051 N. Tamiami Trail, Sarasota, Florida 34243, or at such place as may be established by resolution of the Board of Directors.

E. The fiscal year of the Association shall be the calendar year.

F. The seal of the Association shall bear the name of the Association, the word "Florida", the words "Corporation Not for Profit" and the year of incorporation.

II. MEMBERSHIP, VOTING QUORUM, PROXIES.

A. The qualification of Members of the Association (the "Members"), the manner of their admission to Membership and termination of such Membership, and voting by Members, shall be as set forth in the Articles, the provisions of which are incorporated herein by reference.

B. The secretary of the Association shall maintain a register in the office of the Association showing the names and addresses of the Members of the Association. Each Home Owner's Association shall at all times advise the secretary of the names of the officers and directors of the Home Owner's Association, and of the number of Residential Living Units and within the portion of the Property subject to the jurisdiction of the Home Owner's Association. Furthermore, upon request from the Association, the Home Owner's Association shall supply the Association with a current list of the names and addresses of Owners of Residential Living Units or property subject to the jurisdiction of the Home Owner's Association. Each Owner Member shall at all times advise the secretary of any change of address of the Owner Member, of any change of ownership of the Member's Residential Living Units located on the Property, and of any change in the Residential Living Units within the member's portion of the Property. The Association shall not be responsible

for reflecting any changes, until notified of such changes in writing. Any mortgagee of any portion of the Property may register by notifying the Association in writing of its mortgage. In the event the Association files a claim of lien which affects any portion of the Property encumbered by the mortgage of a registered mortgagee, a copy of the claim of lien shall be mailed to the registered mortgagee.

C. A quorum at meetings of Members and of classes thereof shall consist of persons present in person or by proxy entitled to cast a majority of the votes of the entire Membership or of such classes. The joinder of a Member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

D. Owner Members. If the portion of the Property associated with the membership of an Owner Member is owned by more than one individual or an entity, the votes for the Residential Living Units and within the portion of the Property of the Owner Member may be cast at any meeting by any Co-owner of the portion of the Property, but if when the vote is to be cast, a dispute arises between the Co-owners as to how the vote will be cast, they shall lose the right to cast the votes of the Owner Member on the matter being voted upon, but their vote shall continue to be counted for purposes of determining the existence of a quorum. For purposes of this paragraph, the principals or partners of any entity (other than a corporation) shall be deemed co-owners, and the Directors and officers of a corporation shall be deemed co-owners.

E. Except where otherwise required under the provisions of the Articles, these By-Laws or the Declaration, or where the same may otherwise be required by law, the affirmative vote of a majority of the votes of the membership represented in person or by proxy at any meeting of the Members duly called and at which a quorum is present, shall be binding upon the members.

F. Proxies. Every Owner Member entitled to vote at a meeting of the Members, or to express consent or dissent without a meeting, may authorize another person to act on the Member's behalf by a proxy signed by such Member or their respective attorney-in-fact. Any such proxy shall be delivered to the Secretary of the Association, or the person acting as secretary at the meeting, at or prior to the time designated in the order of business for so delivering such proxies. No proxy shall be valid after the expiration of three (3) months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at any time at the pleasure of the Member executing it.

III. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP.

A. Who May Attend. As to an Owner Member, any person entitled to cast the votes of the Owner Member, and in the event any Residential Living Unit or Property is owned by more than one person, all co-owners of the Residential Living Unit or Property, as described in Article II D., may attend any meeting of the Members. However, the votes of any Member shall be cast in accordance with the provisions of Article II above. Any person not expressly authorized to attend a meeting of the Members, as set forth above, may be excluded from any meeting of the Members by the presiding officer of the meeting. Institutional Lenders have the right to attend all meetings of the Members.

B. The annual Member's meeting shall be held on the date, and at a time as determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and, to the extent possible, no later than thirteen (13) months after the last preceding annual meeting. Unless changed by the Board of Directors the annual meeting of

Members shall be held at the office of the Association or such other place in Manatee or Sarasota County, Florida, as may be specified in the notice of the meeting, at 2:00 p.m. on the day in February of each year designated by the Board for the purpose of electing Directors and of transacting any other business authorized to be transacted by the Members; provided, however, that if the day is a legal holiday, the meeting shall be held at the same hour on the next succeeding business day.

C. Special meetings of Members shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such Officers upon receipt of a written request from Owners owning a majority of the Residential Living Units, and must be called by such Officers upon written petition calling for recall of one (1) or more Directors by the Members having at least ten percent (10%) of the votes of the entire Membership.

D. Notice of all meetings of Members shall be given by the Secretary or, in the absence of the Secretary, another officer of the Association, to each Member (unless waived in writing). Each notice shall be written or printed and shall state the time and place of and purpose for which the meeting is called. Each notice shall be given to each Member not less than fourteen (14) days nor more than sixty (60) days prior to the date set for the meeting, and shall be mailed by first class mail or delivered personally to each Member. If delivered personally, receipt of the notice shall be signed by the Member, indicating the date received. If mailed, such notice shall be deemed properly given when deposited in the United States mail addressed to the Member at his post office address as it appears on the records of the Association, with postage thereon prepaid. Notice of the annual meeting shall be posted in a conspicuous place on the Common Property at least 14 continuous days preceeding the annual meeting, provided however, if there is no Common Property upon which notices can be posted, this requirement for posting shall not apply. Proof of mailing shall be given by the affidavit of the person giving the notice. Any Member, may in writing signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether before, at, or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such Member. If any meeting of Members cannot be held because a quorum is not present, or because a greater percentage of the Membership required to constitute a quorum for particular purposes is not present, wherever the latter percentage of attendance may be required as set forth in the Articles, the By-Laws or the Declaration, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum is present. When a meeting is adjourned to another date, time or place and the date, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken, no further notice shall be necessary. For the purpose of determining Members entitled to notice of, or to vote at any meeting of the members of the Association, or in order to make a determination of the Members for any other purpose, the Board shall be entitled to rely upon the Member register as same exists fifteen (15) days prior to the giving of the notice of any meeting, and the Board shall not be required to take into account any changes in membership occurring after that date but may, in their sole and absolute discretion, do so. Notwithstanding the foregoing, if any portion of the Property owned by an Owner Member is owned by more than one person or by an entity, only one (1) notice shall be required to be sent with respect to the Owner Member, which shall be made to the person designated in the certificate referred to in Article II D., and in the absence of such certificate, may be made to any one co-owner as defined in Article II.D. of these Bylaws.

E. Waiver of Notice. Whenever any notice is required to be given to any Member under the provisions of the Articles of these Bylaws or as otherwise provided by law, a waiver thereof in writing signed by the person or

persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except when the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

F. At meetings of Members, the Chairman of the Board, or in his absence the President, shall preside, or in the absence of both, the Members present shall select a chairman of the meeting.

G. The order of business at annual meetings of Members, and, as far as practical, at other meetings of Members, shall be:

1. Calling of the roll and certifying proxies;
2. Proof of notice of meeting or waiver of notice;
3. Reading or waiver of reading of minutes of previous meeting of Members;
4. Reports of Officers;
5. Reports of Committees;
6. Appointment by Chairman of inspectors of election;
7. Election of Directors;
8. Unfinished business;
9. New business;
10. Adjournment.

Such order may be waived in whole or in part by direction of the chairman of the meeting.

IV. BOARD OF DIRECTORS.

A. The Articles of Incorporation control the election, minimum and maximum number and qualification of the Board of Directors. The number of Directors shall be designated and increased or decreased by resolution of the memberships from time to time.

B. The organizational meeting of a newly elected or designated Board shall be held within a reasonable time after their election or designation, at such time and place as shall be fixed at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary; provided, that a quorum shall be present.

C. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least two (2) days prior to the day named for such meeting, unless notice is waived. Member shall have the right to attend all meetings of the Board, but no Members shall have the right to speak or otherwise participate in the meetings except in accordance with rules and regulations adopted by the Board.

D. Special meetings of the Board may be called by the President, and must be called by the Secretary, at the written request of one-third (1/3) of

the Directors. Except in cases of emergency, not less than two (2) days' notice of a special meeting shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

E. Adequate notice of all meetings of the Board shall be posted conspicuously on the Common Property at least forty-eight (48) hours in advance, except in an emergency. Written notice of any meeting at which non emergency special assessments or at which amendments to rules will be considered shall be mailed or delivered to the owners and posted conspicuously on the Common Property not less than 14 days prior to the meeting. Provided however, if there is no Common Property upon which notices can be posted, the requirement for posting shall not apply. Notice of meetings of the Board may be waived only in the event of emergency where circumstances exist which pose such a danger to person or property that prompt action is required. In such event, such notice shall be given as is practical under the circumstances. Any Director may waive notice of a meeting before, at or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

F. A quorum at meetings of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as may be specifically otherwise provided in the Articles, these By-Laws or the Declaration. If any meeting of the Board cannot be held because a quorum is not present, wherever the latter percentage of attendance may be required as set forth in the Articles, these By-Laws or the Declaration, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. No member of the Board may vote by proxy or secret ballot at a meeting of the Board, nor may a Director abstain from voting except in cases of conflict of interest. The Board may act by telephone conference or by written agreement.

G. The presiding Officer of meetings of the Board shall be the Chairman of the Board, if such officer has been elected, or, if not, the President of the Association. In the absence of the presiding Officer, the Directors present shall designate one of their number to preside.

H. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the laws of Florida, the Articles, these By-Laws and the Declaration.

I. The first Board of Directors of the Association shall be comprised of the persons named as such in the Articles, who shall serve until their successors are designated by the Declarant or elected at an annual or special meeting of the Members called for that purpose. Should any member of the first Board be unable to serve for any reason, Declarant shall have the right to select and designate a successor to act and serve for the unexpired term of the Director who is unable to serve.

J. Election of Directors by Members. Election of Directors to be elected by the Members of the Association shall be conducted in the following manner:

At any time after the Declarant no longer has the right to appoint the Directors or upon the earlier voluntary relinquishment by the Declarant of its right to appoint any or all Director(s), a special meeting of the Members shall be called to elect new Directors. In the absence of such a meeting, the Directors appointed by the Declarant may continue to serve.

Except as provided above, the Members shall elect Directors at the annual Members' meetings, unless a special meeting of the Members is called in order to fill a vacancy on the Board as provided in paragraph M. below.

Prior to any special or annual meeting at which Directors are to be elected by the Members, unless prohibited by law, the existing Board may nominate a committee, which committee shall nominate at least one (1) person for each Director to be elected by the Members, on the basis that the number of Directors to serve on the Board will not be altered at the Members' meeting, unless prohibited by law. Unless prohibited by law, nominations for additional directorship created at the meeting may be made from the floor and other nominations may be made from the floor.

The election of directors by the Members shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each Member voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

Except with respect to Directors appointed by the Declarant, until such time as one (1) Director is elected from the members of each Home Owner's Association no two (2) Directors shall be elected or appointed from the membership of any one (1) Home Owner's Association, unless (i) no person from the membership of another Home Owner's Association is nominated at a meeting to elect Directors, or (ii) no person nominated from the membership of another Home Owner's Association is able or willing to serve. For purposes of this paragraph, a Director who is a member, officer, or director of a Home Owner's Association shall be deemed to be "elected from the membership of a Home Owner's Association.

K. Directors who have been elected by Members other than Declarant may be removed from office with or without cause in the following manner:

1. The Members representing ten percent (10%) of the votes of the entire membership other than the Declarant upon a written petition calling for the recall or removal of one (1) or more of such members of the Board of Directors, may call a special meeting of the Members for that purpose.
2. The first order of business at the meeting shall be the election of a person to preside over the meeting. The election shall be by vote of the majority of the Members other than Declarant present at the meeting.
3. If the petition calls for the recall or removal of more than one (1) member of the Board of Directors, the questions of removal shall be divided as to each recalled member of the Board of Directors upon the request of any one Member present at the meeting and eligible to vote.
4. Any member of the Board of Directors who is the subject of the recall petition shall be given a reasonable opportunity to speak at the meeting, prior to the vote on the question of removal.
5. The vote necessary for removal shall be a majority of all Members other than Declarant, including those voting by proxy or absentee ballot.
6. If any such member or members of the Board of Directors is removed at the special meeting, unless prohibited by law, an election shall be held at the special meeting to fill the

vacancies for the remainder of the term or terms of office. The Members may for such purpose recess or adjourn the meeting for a period not to exceed sixty-five (65) days, with a call to reconvene for the purpose of the election at a specific date, time and place.

L. The Board may, by resolution duly adopt, and appoint committees. Any committee shall have and may exercise such powers, duties and functions as may be determined by the Board from time to time, which may include any powers which may be exercised by the Board and which are not prohibited by law from being exercised by a committee.

M. Vacancies. Subject to the requirements of paragraph K above and Declarant's right to appoint Directors, unless prohibited by law, vacancies in the Board may be filled by a majority vote of the Directors then in office, though less than a quorum, or by a sole remaining Director, and the Director so chosen shall hold office until the next annual election and until their successors are duly elected and shall have qualified, unless sooner displaced. If there are no Directors in office, then a special election of the Members shall be called to elect the Directors. Notwithstanding anything contained herein to the contrary, subject to the provisions of Article VI, Paragraph B of the Articles of Incorporation the Declarant at all times shall have the right to appoint the maximum number of Directors permitted by the Articles, and any vacancies in the Board may be filled by the Declarant to the extent that the number of Directors then serving on the Board which were appointed by the Declarant is less than the number of Directors the Declarant is then entitled to appoint.

N. Directors Appointed by the Declarant. Notwithstanding anything contained herein to the contrary, the Declarant shall have the right to appoint the maximum number of Directors in accordance with the privileges granted to the Declarant pursuant to the Articles. All Directors appointed by the Declarant shall serve at the pleasure of the Declarant and the Declarant shall have the absolute right, at any time, and in its sole discretion, to remove any Director appointed by it, and to replace such Director with another person to serve on the Board. Replacement of any Director appointed by the Declarant shall be made by written notice to the Association which shall specify the name of the person designated as successor Director. The removal of any Director and the designation of his successor by Declarant shall become effective immediately upon delivery of such written instrument by the Declarant. The Declarant may waive its right to appoint one (1) or more Directors, which it has the right to appoint at any time upon written notice to the Association, and thereafter such Director(s) shall be elected by the Members.

V. ADDITIONAL PROVISIONS - MEETINGS OF MEMBERS AND DIRECTORS.

Notwithstanding anything contained in the By-Laws to the contrary, any meeting of Members of the Board may be held at any place, within or without the State of Florida, designated in the notice of any such meeting, or notice of which is properly waived.

VI. OFFICERS.

A. The Board shall elect a President, Secretary, Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall deem advisable from time to time. The President shall be elected from the membership of the Board, but no other Officer need be a Director. The same person may hold two (2) offices, the duties of which are not incompatible; provided, however, that the office of President and Vice President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

The Board may from time to time elect such other Officers, and designate their powers and duties, as the Board may deem necessary to properly manage the affairs of the Association. Officers may be removed from office by the Board.

B. The President shall be the chief executive officer of the Association. He shall have all the powers and duties which are usually vested in the office of President of a corporation not for profit, including but not limited to the power to appoint committees from among the Members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association. He shall have such additional powers as the Board may designate.

C. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board.

D. The Secretary shall keep the minutes of all proceedings of the Board and Members. He shall attend to the giving and serving of all notices to the Members and Board, and such other notices as may be required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of a corporation not for profit and as may be required by the Board and the President. The Assistant Secretary shall perform the duties of Secretary where the Secretary is absent.

E. The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the Members; he shall keep the books of the Association in accordance with good accounting principles; and he shall perform all other duties incident to the office of Treasurer.

F. The compensation of all Officers and employees of the Association shall be fixed by the Board. This provision shall not preclude the Board from employing a Director as an employee of the Association, nor preclude contracting with a Director for the management of the Common Properties.

VII. FISCAL MANAGEMENT.

The provisions for fiscal management of the Association set forth in the Declaration and Articles shall be supplemented by the following provisions:

A. The assessment role shall be maintained in a set of accounting books in which there shall be an account for each Residential Living Unit. Such account shall designate the name and mailing address of the Owner(s) of each Residential Living Unit, the amount of each assessment against the Owner(s) of each Residential Living Unit, the due date thereof, all amounts paid, and the balance due upon each assessment.

B. The Board shall adopt for each calendar year, a budget showing the estimated costs of performing all of the functions of the Association for the year. Each budget shall show the total estimated expenses of the Association for that year and shall contain an itemized breakdown of the Common Expenses. Each budget shall also show the proportionate share of the total estimated expenses to be assessed against and collected from the Members and the due date(s) and amounts of installments thereof. Copies of the proposed budget and proposed assessments shall be transmitted to each Member. If any budget is subsequently amended, a copy shall be furnished to each affected Member. Delivery of a copy or failure to deliver a copy of any budget or amended budget to a Member shall not affect the liability of any Member for any such assessment, nor shall delivery of a copy of such budget or amended budget be

considered as a condition precedent to the effectiveness of the budget and assessments levied pursuant thereto. Nothing herein contained shall be construed as a limitation upon the additional assessment in the event that any budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

C. A copy of the proposed annual budget of the Association shall be mailed to the Owners of Residential Living Units not less than fourteen (14) days prior to the meeting of the Board at which the budget will be considered, together with a notice of the time and place of the meeting. Such meeting of the Board shall be open to all Members.

D. Upon adoption of budgets, the Board shall cause a written copy thereof to be delivered to each Member. Assessments shall be made against Member pursuant to procedures established by the Board, and in accordance with terms of the Declaration and the Articles. Members shall be liable to pay assessments not less often than monthly. Provided, however, that the lien or lien rights of the Association shall not be impaired by failure to comply with procedures established pursuant to these By-Laws.

E. The depository of the Association shall be such financial institution(s) as shall be designated from time to time by the Board in which all monies of the Association shall be deposited. Withdrawal of monies from such financial institution(s) shall be only by checks signed by persons as are designated by the Board.

F. An accounting of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the report shall be mailed or furnished by personal delivery to each Member not later than March 1 of the year following the year for which the report is made. The report shall show the amounts of receipts by accounts and receipt classifications and shall show the amounts of expenses by accounts and expense classifications.

VIII. PARLIAMENTARY RULES.

Roberts' Rules of Order (latest edition) shall govern the conduct of Association proceedings when not in conflict with the Articles, these By-Laws or the laws of Florida.

IX. AMENDMENTS TO BY-LAWS.

Amendments to these By-Laws may be proposed and adopted in the following manner:

1. By Declarant, in the same manner as set forth in the Articles of Incorporation of the Association for amending the Articles of Incorporation; or

2. A. Amendments to these By-Laws may be proposed by the Board, acting upon vote of a majority of the Directors, or by Members having a majority of the votes of the entire membership whether meeting as Members or by instrument in writing signed by them.

B. Upon any amendment or amendments to these By-Laws being proposed by the Board or Members, such proposed amendment or amendments shall be transmitted to the President of the Association, or acting Chief Executive Officer in the absence of the President, who shall thereupon call a special meeting of the Members for a date not sooner than fourteen (14) days or later than sixty (60) days from receipt by such Officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give each Member written-or-printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the Members is required

as herein set forth; provided, that proposed amendments to the By-Laws may be considered and voted upon at annual meetings of the Members.

C. In order for such amendment or amendments proposed by the Board or Members to become effective, the same must be approved by an affirmative vote of Members holding a majority of the votes in the Association. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the Public Records of Manatee County, Florida.

D. At any meeting held to consider such amendment or amendments to these By-Laws, the written vote of any Member shall be recognized if such Member is not present at such meeting in person or by proxy, provided such written vote is delivered to the Secretary at or prior to such meeting.

3. Notwithstanding the foregoing provisions of this Article IX, no amendment to these By-Laws which shall abridge, amend and/or alter the right of the Declarant to designate the members of each Board of Directors of the Association, as provided in the Articles, may be adopted or become effective without the prior written consent of Declarant.

4. No amendment shall make any changes in the qualification for membership nor in the voting rights or property rights of Members without approval by all of the Members and the joinder of all record owners of mortgages upon the Residential Living Units. No amendment shall be made that is in conflict with the Declaration, the Articles or these Bylaws. So long as the Declarant (or either of its general partners) owns any portion of the Total Property, or holds any mortgage encumbering any portion of the Total Property, no amendment shall make any changes which would in any way affect any of the rights, privileges, powers or options herein provided in favor of, reserved to, the Declarant, unless the Declarant shall join in the execution of the amendment.

X. RULES AND REGULATIONS.

Rules and Regulations governing the use of the Residential Living Units and the Common Property and Restricted Common Property of the Association and the conduct of Owners, occupants and guests shall be adopted in the following manner:

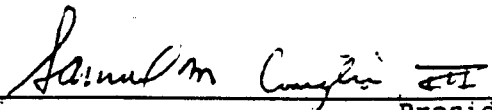
A. Initial Rules and Regulations. At its first meeting the Board of Directors of the Association (all of whom shall have been designated by Declarant in accordance with the Articles of Incorporation and these By-Laws) or any subsequent meeting may adopt an initial set of Rules and Regulations, which, after adoption, shall be annexed to these By-Laws in the form of an exhibit.

B. Amendment to Rules and Regulations. The Board of Directors, may from time to time, by majority vote at a duly called meeting of the Board, modify, amend, add to, or detract from the Rules and Regulations; provided, however, a majority of the Members present and voting at a meeting of the Members at which a quorum is present may override the Board with respect to any such changes. All changes to the Rules and Regulations made by the Board shall be mailed by first class mail to each Owner not less than fourteen (14) days prior to the effective date of change. No modification, amendment, addition or detractation to the Rules and Regulations may be adopted by the Board if it would conflict with a provision of the Declaration.

C. Enforcement of Rules and Regulations. All violations of Rules and Regulations or of any provisions of the Declaration, Articles and/or By-Laws shall be reported immediately to a member of the Board of Directors, an Association officer and/or the management agent. Disagreements concerning

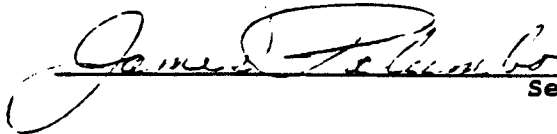
violations, including, without limitation, disagreements regarding the proper interpretation and effect of Rules and Regulations or other provisions of the Declaration shall be presented to and determined by the Board of Directors of the Association, whose interpretation and/or whose remedial action shall be dispositive. In the event that any person, firm or entity subject to the Rules and Regulations, or other provisions of the Declaration, fails to abide by them, as they are interpreted by the Board of Directors, they shall be liable to be fined by the Association for each such failure to comply or other violation. Such fine shall be collected by the Association and shall be an asset of the Association. If the Board of Directors of the Association deems it necessary, it may seek all available remedies and bring action at law or in equity to enforce the Rules and Regulations, or other provisions of the Declaration including the provision herein for fines. In the event any such action is instituted, and reduced to judgment in favor of the Association, the Association shall in addition be entitled to recover its costs and attorneys' fees (which shall include paralegal fees for paralegals working under the attorney's supervision) at the trial level and at all levels of appeal.

We hereby certify that the foregoing were adopted as the By-Laws of the PINEHURST COMMON FACILITIES ASSOCIATION, INC., a corporation not-for-profit under the laws of the State of Florida, at the first meeting of the Board of Directors on the 15 day of September, 1992.



President

(CORPORATE SEAL)



Secretary

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FILED AND RECORDED
R.B. SHORE, CLERK
MANATEE COUNTY, FL.
OCT 2 3 44 PM '92