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**BYLAWS  
OF  
LAKE CYRUS MASTER OWNERS' ASSOCIATION,  
INC.**

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LAKE CYRUS MASTER OWNERS' ASSOCIATION, INC.**

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**BYLAWS  
OF  
LAKE CYRUS MASTER OWNERS' ASSOCIATION, INC.**

**ARTICLE I**

**THE ASSOCIATION**

**Section 1.01 Name.** The name of this Association shall be "Lake Cyrus Master Owners' Association, Inc.", an Alabama nonprofit corporation (the "Association"), which has been formed pursuant to Articles of Incorporation of the Association (the "Articles of Incorporation") which have been filed with the Office of the Judge of Probate of Jefferson County, Alabama (Bessemer Division). The provisions of these Bylaws are expressly subject to the terms and provisions of the Lake Cyrus Declaration of Master Protective Covenants Conditions and Restrictions dated July, 1997, which has been recorded as Instrument No. 9761/7711, in the Office of the Judge of Probate of Jefferson County, Alabama (Bessemer Division) (which, together with all subsequent amendments thereto, is hereinafter referred to as the "Declaration"). *Capitalized terms not otherwise expressly defined herein shall have the same meanings given to them in the Declaration.*

**Section 1.02 Principal Office.** The principal office of the Association in the State of Alabama shall be located at 5101 Cyrus Circle, Suite 100, Birmingham, Alabama 35242. The Association may have such other offices, either within or without the State of Alabama, as the Board of Directors may designate from time to time.

**Section 1.03 Registered Office.** The registered office of the Association required by the Alabama Nonprofit Corporation Act to be maintained in the State of Alabama shall be the same as the principal office of the Association.

**ARTICLE II**

**MEMBERS**

**Section 2.01 Membership.** Each person who is the Owner of any Lot within the Property shall be a member of the Association. Developer shall be deemed a member of the Association and shall have one (1) vote for each Lot owned by Developer. If a Lot is owned by more than one person and if only one of those persons is present at a meeting of the Association, that person shall be entitled to cast the vote appertaining to such Lot; provided, however, that if more than one of those persons is present, the vote appertaining thereto shall be cast only in accordance with their unanimous agreement, and, if no unanimous agreement is reached, the vote appurtenant to such Lot shall be suspended. Except as otherwise provided herein to the contrary with respect to Developer's voting rights in the Association, no Owner, whether one or more persons, shall be entitled to more than one vote per Lot owned. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot. As used in these Bylaws, "Member" shall mean an Owner, as defined in the Declaration. Notwithstanding anything provided herein or in the Articles of Incorporation to the contrary, until the occurrence of the Turnover Date, (a) Developer shall have the sole and exclusive right to (i) appoint and remove all of the members of the Board of Directors of the Association, (b) exercise all voting in the Association and (c) the provisions of this Section 2.01 and Sections 2.08, 3.03 and 8.03 hereof may not be amended or modified without the written approval of Developer. The voting rights of any Member who has violated the Declaration or who is in default in the payment of any

Assessments may be limited and suspended in accordance with the provisions of the Declaration or any rules and regulations adopted from time to time by the Association.

**Section 2.02 Annual Meeting.** The annual meeting of the Members of the Association shall be held at 10:00 a.m. on the last day of January of each year or at such other time or such other day within such month as shall be fixed by the Board of Directors; provided, however, that the first meeting of the Members of the Association shall not be held until immediately following the Turnover Date. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. At the annual meeting, the Members of the Association shall, subject to the terms of Sections 2.01 and 3.03 of these Bylaws, elect the Board of Directors of the Association, review the annual budget for the Association as provided in the Declaration and otherwise transact such other business as may come before such meeting. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Members of the Association, or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members of the Association as soon thereafter as may be convenient.

**Section 2.03 Special Meetings.** Special meetings of Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or the Board of Directors of the Association and shall be called by the President or Secretary of the Association upon the petition of at least one-half (½) or more of the total votes in the Association.

**Section 2.04 Place of Meeting.** The Board of Directors may designate any place, either within or without the State of Alabama, as the place of meeting for any annual or special meeting. In the absence of any designation, all meetings shall be held at the principal office of the Association in the State of Alabama.

**Section 2.05 Notice of Meeting.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, or of a meeting which is required by statute to be held for any special purpose, or of any annual meeting at which special action is to be taken, the purpose or purposes for which the meeting is called, or the special action which is proposed to be taken, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Board of Directors, the President, the Secretary, or the officer of persons calling the meeting, to each Member of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the books of the Association, with postage thereon prepaid. If given personally, such notice shall be deemed to have been delivered to the Member upon delivery of the same to the Lot of such Member.

**Section 2.06 Quorum.**

(a) With respect to the annual or any special meeting of the Members of the Association, a quorum shall be deemed to exist only if (i) at least fifty-one percent (51%) of all votes within a District are represented, either in person or by proxy, at such meeting and (ii) at least fifty-one percent (51%) of all Districts are represented, either in person or by proxy, at such meeting. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members thereby leaving less than a quorum.

(b) With respect to any annual or special meeting of the Members of a District, a quorum shall be deemed to exist if fifty-one percent (51%) of the votes in such District are represented, in person or by proxy, at such meeting. The Members present at a duly organized meeting of the Members of a District may continue to transact business until adjournment, notwithstanding the withdrawal of Members thereby leaving less than a quorum.

**Section 2.07 Proxies.** At all meetings of the Members of the Association, a Member may vote either in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

**Section 2.08 Voting Rights.**

(a) Subject to the provisions of Section 2.01 above, this Section 2.08 and Section 3.03 below, voting rights in the Association shall be determined on the basis of the District in which a Member owns a Lot. For the purposes of this Section 2.08, there are presently five (5) individual Districts subject to this Master Declaration, which are: the Patio Home District, the Town House District, the Low Density Districts, the School District and the PC/PO Districts. To the extent any matter is presented to all of the Members of the Association for a vote or approval at any time following the Turnover Date (or if a Special Assessment is contemplated pursuant to Section 8.04 of the Declaration which requires the consent and approval of a majority vote of all Districts), then the affirmative vote of at least fifty-one percent (51%) of the total votes in a District shall be required from at least fifty-one percent (51%) of all of the Districts in order for such matter to be deemed to have been approved by the Association. The affirmative vote of at least fifty-one percent (51%) of the total votes within a District shall irrevocably be deemed to be the approval of any matter submitted by the Association to the Members within any such District for approval. Only those Members who hold legal title to a Lot within a District shall be entitled to vote on any matters submitted for the approval of a District.

(b) The voting rights of the Owners of any Lots within each District within the Property shall, following the Turnover Date, be determined as follows:

(i) The total number of votes within all Patio Home Districts shall equal the total number of Lots within all Patio Home Districts within the Property. The Owner of each Lot within a Patio Home District shall be entitled to one (1) vote for each Lot owned within any Patio Home Districts and the vote, consent and/or approval of at least fifty-one percent (51%) of the total votes in all Patio Home Districts shall be required for any matters submitted to the Owners of any Lots in the Patio Home Districts for approval;

(ii) The total number of votes within all Town House Districts shall equal the total number of Lots within all Town House Districts within the Property. The Owner of each Lot within a Town House District shall be entitled to one (1) vote for each Lot owned within any Town House Districts and the vote, consent and/or approval of at least fifty-one percent (51%) of the total votes in all Town House Districts shall be required for any matters submitted to the Owners of any Lots in the Town House Districts for approval;

(iii) The total number of votes within all Low Density District shall equal the total number of Lots within all Low Density Districts within the Property. The Owner of each Lot within a Low Density District shall be entitled to one (1) vote for each Lot owned within any Low Density Districts and the vote, consent and/or approval of at least fifty-one percent (51%) of the total votes in all Low Density Districts shall be required for any matters submitted to the Owners of any Lots in the Low Density Districts for approval;

(iv) The Owners of each Lot within the School District shall be entitled to that number of votes equal to one hundred (100) multiplied by the percentage obtained by dividing the gross acreage of such Owner's Lot within the School District by the total gross acreage of all Lots within the School District; the vote of fifty-one percent (51%) of the total

votes in all School Districts shall be required for any matters submitted to the Owners of any Lots within the School District for approval; and

(v) The Owners of each Lot within a PC/PO District shall be entitled to that number of votes equal to one hundred (100) multiplied by the percentage obtained by dividing the gross acreage of such Owner's Lot within all PC/PO Districts by the total gross acreage of all Lots within all PC/PO Districts of the Property. The vote, consent and/or approval of at least fifty-one percent (51%) of the total votes in all PC/PO Districts shall be required for any matters submitted to the Owners of any Lots within the PC/PO Districts for approval. Furthermore, to the extent any residential condominiums are developed within any of the PC/PO Districts, then the owners' association established for any such condominium development shall be entitled to exercise all voting rights for all Owners of any of the condominium units constructed thereon, which voting rights shall be determined on the basis set forth in this Section 2.08(b).

(c) Each Member, by acceptance of a deed or other conveyance to a Lot, consents and agrees (i) to the dilution of his or her voting interest in a District (and in the Association) by virtue of the resubdivision of any Lot by Developer pursuant to Section 2.04 of the Declaration or the submission of any Additional Property to the terms of the Declaration and (ii) that Developer reserves the right, in its sole and absolute discretion, to change the zoning classifications and Districts for any of the Property, which changes, if made, will result in a change in the total number of votes within the Districts. In no event, whether as a result of there being multiple ownership interests in any Lot or otherwise, shall fractional voting by an Owner be allowed. For purposes of this Section 2.08, Developer shall be deemed to be the Owner of and entitled to all voting rights attributable to any Lots owned by Developer.

(d) Notwithstanding anything provided to the contrary in this Declaration, until the occurrence of the Turnover Date, Developer shall have the sole and exclusive right to exercise all voting rights in the Association; provided, however, that with respect to any Special Assessments to be made pursuant to Section 8.04 of the Declaration which would require the consent and approval of a majority vote of all Districts, then, except for voting rights held by Developer by virtue of its ownership of a Lot within any District, Developer shall submit any Special Assessments which are to be made in accordance with the terms and provisions of Section 8.04 of the Declaration to the Members of the Association for approval in accordance with the terms and provisions of this Section 2.08.

**Section 2.09 Informal Action by Members.** Any action required or permitted to be taken at a meeting of the Members of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.



## ARTICLE III

### BOARD OF DIRECTORS

**Section 3.01 General Powers.** The business and affairs of the Association shall be managed by or under the direction of its Board of Directors (individually a "Director" and collectively, the "Directors").

**Section 3.02 Number, Tenure and Qualifications.** Prior to the Turnover Date, the number of Directors of the Association shall be three (3). Following the occurrence of the Turnover Date, the number of Directors of the Association shall be five (5). Each Director shall hold office until his successor shall have been elected and qualified. Directors need not be residents of the State of Alabama or Members of the Association.

**Section 3.03 Election, Removal and Replacement of Directors.**

(a) Until the occurrence of the Turnover Date, Developer shall have the sole and exclusive right to appoint and remove, with or without cause, all of the members of the Board of Directors of the Association. In the event of the death or resignation of a member of the Board of Directors at any time prior to the Turnover Date, then Developer shall appoint a substitute member of the Board of Directors to fill the vacancy of such deceased or resigned member of the Board of Directors for the remainder of the term of such former member of the Board.

(b) Following the occurrence of the Turnover Date, each District shall elect one (1) member of the Board of the Association in accordance with the terms and provisions of Section 2.08(b) above. Any member of the Board of Directors of the Association elected by the Members of a District may be removed, with or without cause, at any time or from time to time by the majority vote of the Members of such District at an annual or a special meeting of the Members of such District held pursuant to the provisions of Article 2 hereof. In the event of the death or resignation of a member of the Board of Directors at any time after the Turnover Date, then the remaining members of the Board of Directors shall appoint a substitute member of the Board to fill the vacancy of such deceased or resigned member of the Board who shall serve for the remainder of the term of such former member of the Board. There shall be no cumulative voting by the Members.

**Section 3.04 Regular Meetings.** A regular meeting of the Board of Directors shall be held, without further notice than this bylaw, immediately after, and at the same place as, the annual meeting of the Members of the Association; provided, however, that any such regular meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings, or in a consent and waiver of notice thereof, signed by all Directors. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Alabama, for the holding of additional regular meetings without other notice than such resolution.

**Section 3.05 Special Meetings.** Special meetings of the Board of Directors may be called by or at the request of the President, any Vice President or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Alabama, as the place for holding any special meeting of the Board of Directors called by them.

**Section 3.06 Notice.** Notice of any special meeting of the Board of Directors shall be given either (a) by written notice at least 48 hours in advance of such meeting, delivered in person or by leaving such notice at the place of business or residence of each Director, or by depositing such notice in the United States mail, postage prepaid, addressed to the Director at his address as it appears on the records of the Association; (b) verbally in person or by telephone at least 24 hours in advance of such meeting by communication with

the Director in person or by telephone; or (c) by telegram delivered to the telegraph company at least 24 hours in advance of such meeting. Any Director may waive notice of any meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

**Section 3.07 Quorum.** A majority of the number of Directors fixed by Section 3.02 of these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. If a quorum is present when the meeting is convened, the Directors present may continue to do business, taking action by a vote of a majority of quorum as fixed above, until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum as fixed above, or the refusal of any Director present to vote.

**Section 3.08 Manner of Acting.** The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by statute, the Articles of Incorporation or these Bylaws. As used herein, the term "majority of the Directors" or "a majority of the number of Directors" or similar terms relating to any action to be taken by the Directors shall mean at least fifty-one percent (51%) of all of those Directors present at a duly convened meeting of the Board of Directors have approved or consented to such proposed action or matter.

**Section 3.09 Action Without a Meeting.** Any action required or permitted to be taken without a meeting may be taken by the Board of Directors if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

**Section 3.10 Vacancies.** Any vacancy occurring in the Board of Directors shall be filled as provided in Section 3.03 above. A Director elected or appointed to fill a vacancy shall be elected to serve for the unexpired term of his predecessor in office.

**Section 3.11 Compensation.** By resolution of the Board of Directors, each Director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

**Section 3.12 Committees.** The Board of Directors, by resolution adopted by a majority of the Board of Directors, may designate from among its Members one or more committees, each committee to consist of one or more of the Directors and each of which committees, to the extent provided in such resolution, shall have and may during intervals between the meetings of the Board, exercise all the authority of the Board of Directors, except that no such committee shall have the authority of the Board of Directors in reference to issuing capital stock, amending the Articles of Incorporation, adopting a plan of merger or consolidation, filling vacancies in the Board of Directors or amending the Bylaws of the Association. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any Member thereof, of any responsibility imposed upon it or him by law.

**Section 3.13 Resignations.** Any Director of the Association may resign at any time either by oral tender of resignation at any meeting of the Board of Directors or by giving written notice thereof to the Secretary of the Association. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

**Section 3.14 Participation in Meetings by Conference Telephone.** Members of the Board of Directors or any committee designated thereby may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at such meeting.

## ARTICLE IV

### OFFICERS

**Section 4.01 Principal Officers.** The principal officers of the Association shall be elected by the Board of Directors and shall include a President, one or more Vice Presidents, a Secretary and a Treasurer and may, at the discretion of the Board of Directors, also include a Chairman of the Board and such other officers as may be designated from time to time. Any number of offices may be held by the same person, except the offices of President and Secretary. None of the principal officers need be Directors of the Association.

**Section 4.02 Election of Principal Officers; Term of Office.** The principal officers of the Association shall be elected annually by the Board of Directors. Each principal officer shall hold office until his successor shall have been duly elected and qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. If the Board of Directors shall fail to fill any principal office at an annual meeting, or if any vacancy in any principal office shall occur, or if any principal office shall be newly created, such principal office may be filled at any regular or special meeting of the Board of Directors.

**Section 4.03 Subordinate Officers, Agents and Employees.** In addition to the principal officers, the Association may have such other subordinate officers, agents and employees as the Board of Directors may deem advisable each of whom shall hold office for such period and have such authority and perform such duties as the Board of Directors, the Chairman of the Board, the President, or any officer designated by the Board of Directors, may from time to time determine. The Board of Directors at any time may appoint and remove, or may delegate to any principal officer the power to appoint and to remove, any subordinate officer, agent or employee of the Association.

**Section 4.04 Delegation of Duties of Officers.** The Board of Directors may delegate the duties and powers of any officer of the Association to any other officer or to any Director for a specified period of time for any reason that the Board of Directors may deem sufficient.

**Section 4.05 Removal of Officers or Agents.** Any officer or agent of the Association may be removed by the Board of Directors at any time, either with or without cause, and the Board of Directors may appoint a successor to such removed officer and agent. Election or appointment of any officer or agent shall not of itself create contract rights.

**Section 4.06 Resignations.** Any officer may resign at any time by giving written notice of resignation to the Board of Directors, to the Chairman of the Board, to the President or to the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, the acceptance of a resignation shall not be necessary to make the resignation effective.

**Section 4.07 Vacancies.** A vacancy in any office, the holder of which is elected or appointed by the Board of Directors, because of death, resignation, removal, disqualification or otherwise, may be filled

by the Board of Directors for the unexpired portion of the term of such office. A vacancy in any other office for any reason shall be filled by the Board of Directors, or any committee, or officer to whom authority for the appointment, removal or filling of vacancies may have been delegated by these Bylaws or by resolution of the Board of Directors.

**Section 4.08 Chairman of the Board.** The Chairman of the Board, who must be a Member of the Board of Directors, shall preside at all meetings of the Members of the Association and of the Board of Directors at which he is present. The Chairman of the Board shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors.

**Section 4.09 President.** The President shall, in the absence of the Chairman of the Board, preside at all meetings of the Members of the Association and of the Board of Directors at which he is present. The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall have general supervision over the business and affairs of the Association. The President shall have all powers and duties usually incident to the office of the President except as specifically limited by resolution of the Board of Directors. The President shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors.

**Section 4.10 Vice Presidents.** In the absence or disability of the President or if the office of President be vacant, the Vice Presidents, in the order determined by the Board of Directors, or if no such determination has been made, in the order of their seniority, shall perform the duties and exercise the powers of the President, subject to the right of the Board of Directors at any time to extend or confine such powers and duties or to assign them to others. Any Vice President may have such additional designation in his title as the Board of Directors may determine. Each Vice President shall generally assist the President in such manner as the President shall direct. Each Vice President shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President.

**Section 4.11 Secretary.** The Secretary shall act as Secretary of all meetings of the Members of the Association and of the Board of Directors at which he or she is present, shall record all the proceedings of all such meetings in a minute book to be kept for that purpose, shall have supervision over the giving and service of notices of the Association, and shall have supervision over the care and custody of the records and seal of the Association. The Secretary shall be empowered to affix the corporate seal to documents, the execution of which on behalf of the Association under its seal is duly authorized, and when so affixed may attest the same. The Secretary shall have all powers and duties usually incident to the office of Secretary, except as specifically limited by a resolution of the Board of Directors. The Secretary shall have such other powers and perform such other duties as may be assigned to him or her from time to time by the Board of Directors or the President.

**Section 4.12 Treasurer.** The Treasurer shall have general supervision over the care and custody of the funds and over the receipts and disbursements of the Association and shall cause the funds of the Association to be deposited in the name of the Association in such banks or other depositories as the Board of Directors may designate. The Treasurer shall have all powers and duties usually incident to the office of Treasurer except as specifically limited by a resolution of the Board of Directors. The Treasurer shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President.

**Section 4.13 ARC Members.** Following the Turnover Date, the Board of Directors of the Association shall have the right to appoint and remove, with or without cause, all of the members of the ARC. The members of the ARC shall be deemed agents of the Association and shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the ARC and the Association shall and does hereby indemnify, defend and agree to forever hold each member of the ARC harmless from and against any and all liability on account of (a) any contract or commitment entered

into by the ARC members, in good faith, on behalf of the ARC and (b) other actions undertaken by the members of the ARC in furtherance of their respective duties and responsibilities under the Declaration.

**Section 4.14 Salaries.** The officers of the Association shall not be entitled to any salaries or other compensation except for expenses incurred on behalf of the Association which shall be reimbursed.

## ARTICLE V

### FISCAL MATTERS AND BOOKS AND RECORDS

**Section 5.01 Fidelity Bonds.** The Board of Directors may require that any contractor or employee of the Association handling or responsible for Association funds furnish an adequate fidelity bond. The premium for any such bond shall be paid by the Association and shall constitute a Common Expense.

**Section 5.02 Books and Records Kept by Association.** The Association shall keep detailed, complete and accurate financial records, including itemized records of all receipts and disbursements, shall keep detailed minutes of the proceeds of all meetings of the Members and of the Board of Directors and committees having any of the authority of the Board of Directors, and shall keep such other books and records as may be required by law or necessary to reflect accurately the affairs and activities of the Association. The Association shall keep at the office of the Association a record giving the names and addresses of the Directors and all Members of the Association, which shall be furnished by each Owner pursuant to Section 5.10 of these Bylaws.

**Section 5.03 Inspections.** The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any Member or his or her agent or attorney for any proper purpose. True and correct copies of the Articles of Incorporation, these Bylaws, the Declaration, and all rules and regulations of the Association with all amendments thereto, shall be maintained at the principal registered offices of the Association and copies thereof shall be furnished to any Member on request on payment of a reasonable charge therefor.

**Section 5.04 Contracts.** The Board of Directors may authorize any officer or officers, or agent or agents of the Association, in addition to the officers so authorized by the Declaration and these Bylaws, to enter into any contract or execute and deliver any instrument in the name of, or on behalf of the Association, and such authority may be general or confined to specific instances.

**Section 5.05 Checks, Drafts, etc.** All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer of the Association.

**Section 5.06 Deposits.** All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

**Section 5.07 Gifts.** The Board of Directors may accept, on behalf of the Association, any contribution, gift, bequest or devise for the general purposes, or for any special purpose, of the Association.

**Section 5.08 Fiscal Year.** The fiscal year of the Association shall be the calendar year.

**Section 5.09 Annual Statements.** The Board of Directors shall determine and approve annually an annual budget covering the estimated Common Expenses for the Property for the upcoming year, such budget to include a capital contribution or reserve account, if necessary, for the capital needs of the Association. The amount set forth in such budget shall constitute the aggregate amount of all Annual Assessments for all the Property for the then applicable year and each Member shall pay his prorata share of the same in accordance with the terms and provisions of the Declaration. Furthermore, the Board of Directors of the Association shall also have the right, pursuant to Section 8.04 of the Declaration to levy Special Assessments. Furthermore, Individual Assessments may be levied by the Association against any Member in accordance with the terms and provisions of Section 8.05 of the Declaration. Not later than four (4) months after the close of each fiscal year, the Board of Directors shall prepare or cause to be prepared a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its fiscal year and an income and expense statement showing the results of its operations during its fiscal year. Such statements may, in the discretion of the Board, be audited statements. Upon receipt of written request, the Treasurer promptly shall mail to any member copies of the most recent such balance sheet and income and expense statement on payment of a reasonable charge therefor.

**Section 5.10 Notices.** Each member shall be obligated to furnish to the Secretary of the Association, the address, if other than the Lot of such member, to which any notice or demand to the Owner under the Declaration of these Bylaws is to be given, and if no address other than such Lot shall have been designated, all such notices and demands shall be mailed or delivered to such Lot.

**Section 5.11 Payment of Taxes on Common Areas and Insurance Premiums.** The Board shall, to the extent funds are available, cause payment to be made, in a timely manner, of all taxes assessed against the Common Areas or Association property and of all insurance premiums.

## ARTICLE VI

### INSURANCE

**Section 6.01 Types of Coverage.** The Association shall maintain in effect at all times as a Common Expense the types of insurance coverage required by the Declaration, any workmen's compensation or other insurance required by law, and such other insurance as the Board may from time to time deem appropriate. The Board shall review the amount and terms of such insurance annually.

**Section 6.02 Damage of Destruction to Common Areas.** Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction means repairing or restoring the damaged property to substantially the same condition in which it existed prior to the fire or other casualty. The Association shall promptly commence and complete the repair and restoration of any portions of the Common Areas damaged by any such fire or other casualty. If the insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all members, without the necessity of a vote or the consent or approval of any of the members, as provided in the Declaration, to provide funds to pay such excess costs of repair or reconstruction. Such a Special Assessment shall be levied against the Members equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such Special

Assessments shall be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and Special Assessments shall be disbursed by the Association in payment for such repair or reconstruction as is established by the Board of Directors. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Association. If it is determined by the Board of Directors that the damage or destruction for which the insurance proceeds are paid shall not be repaired or reconstructed, such proceeds shall be retained by and for the benefit of the Association, and the ruins of the Common Areas damaged or destroyed by fire or other casualty shall be cleared and the Common Areas left in a clean, orderly, safe, and sightly condition.

**Section 6.03 Condemnation of Common Areas.** Whenever all or any part of the Common Areas within the Property shall be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board, the award made or collected for such taking or sale in lieu thereof shall be payable to the Association and shall be disbursed or held as follows:

(a) If the taking or sale in lieu thereof involves a portion of the Common Areas on which Improvements have been constructed, then the Association shall restore or replace such Improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available therefor, in accordance with the plans approved by the Board of Directors and the ARC (as defined in the Declaration). If the award is not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Members, without the necessity of a vote or the consent or approval of any of the Members, as provided in the Declaration, to provide funds to pay such excess costs of repair or reconstruction. Such a Special Assessment shall be levied against the Members equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. If the Board of Directors determine that such Improvements are not to be repaired or restored, the award or proceeds shall be retained by and for the benefit of the Association to be used as provided in the Declaration.

(b) If the taking or sale in lieu thereof does not involve any Improvements to the Common Areas, or if there are net funds remaining after any such restoration or replacement of such Improvements is completed, then such award or net funds shall be retained by and for the benefit of the Association.

## ARTICLE VII

### INDEMNIFICATION

**Section 7.01 Indemnification.** The Association shall, to the fullest extent permitted by applicable law, indemnify any person (and the heirs, executors and administrators of such person), who, by reason of the fact that he or she is or was a Director, officer, employee or agent of the Association (including all members of the ARC), or is or was serving at the request of the Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, was or is a party or is threatened to be made a party to: (a) any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals, (other than an action by or in the right of the Association), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such claim, action, suit or proceeding; or (b) any threatened, pending or completed claim, action, suit or

proceeding by or in the right of the Association to procure a judgment in its favor, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action, suit or proceeding. Any indemnification by the Association pursuant hereto shall be made only in the manner and to the extent authorized by the Articles of Incorporation and applicable law, and any such indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may otherwise be entitled.

**Section 7.02 Indemnification Insurance.** The Association shall have the power and authority to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under applicable law.

## ARTICLE VIII

### GENERAL PROVISIONS

**Section 8.01 Waiver of Notice.** Whenever any notice is required to be given under any provision of law, the Articles of Incorporation or these Bylaws, 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. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the members, the Board of Directors or members of a committee of Directors need be specified in any written waiver of notice unless otherwise required by these Bylaws. Attendance of a Director at a meeting of the Board of Directors shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**Section 8.02 Incorporation by Reference.** All of the terms, provisions, definitions, covenants and conditions set forth in the Declaration are hereby expressly incorporated herein by reference as if fully set forth herein. In the event of any conflict or ambiguity between the terms, provisions, definitions, covenants and conditions set forth herein in these Bylaws and in the Declaration, then the provisions of the Declaration shall at all times control.

**Section 8.03 Power of Directors to Amend.** The Board of Directors shall have the right, power and authority to alter, amend or repeal the Bylaws of the Association or adopt new Bylaws for the Association at any regular or special meeting of the Board. Furthermore, following the occurrence of the Turnover Date, the Members of the Association, by the affirmative vote of a majority of all of the Districts, as provided in Section 2.08 above, may alter, amend, or repeal the Bylaws of the Association or adopt new Bylaws for the Association at any annual meeting or at a special meeting called for such purposes. Notwithstanding anything provided in this Section 8.03 to the contrary, any amendments to Sections 2.08, 3.03 or 8.03 may not be amended or modified without the written approval of the Developer.

**Section 8.04 Seal.** The Board of Directors may, but shall not be obligated to, provide a corporate seal which shall be circular in form and have inscribed thereon the name of the Association, the state of incorporation and such other words as the Board of Directors may prescribe; provided, however, that the use of the seal of the Association on any contract or agreement shall not be required to evidence the validity, authenticity or approval of such contract or agreement.