
**BYLAWS
OF
LAKE CYRUS--3RD SECTOR
RESIDENTIAL ASSOCIATION, INC.**

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LAKE CYRUS--3RD SECTOR
RESIDENTIAL ASSOCIATION, INC.**

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**BYLAWS
OF
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ARTICLE I

THE DEVELOPMENT ASSOCIATION

Section 1.01 **Name**. The name of this Development Association shall be "Lake Cyrus--3rd Sector Residential Association, Inc.", an Alabama nonprofit corporation (the "Development Association"), which has been formed pursuant to Articles of Incorporation of Lake Cyrus--3rd Sector Residential Association, Inc. dated as of February 12, 2007 and recorded in the Office of the Judge of Probate of Jefferson County, Alabama (Bessemer Division).

Section 1.02 **Supplemental Covenants**. The provisions of these Development Bylaws are expressly subject to the terms and provisions of the Supplemental Development Covenants for Lake Cyrus--3rd Sector Residential Association, Inc. dated as of March 1, 2000, which have been recorded 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 "Supplemental Covenants"). *Capitalized terms not otherwise expressly defined herein shall have the same meanings given to them in the Supplemental Covenants or the Master Declaration, as defined in the Supplemental Covenants.*

Section 1.03 **Principal Office**. The principal office of the Development Association in the State of Alabama shall be located at 5101 Cyrus Circle, Suite 100, Birmingham, Alabama 35242. The Development 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 1.04 **Registered Office**. The registered office of the Development 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 Development Association.

ARTICLE II

MEMBERS

Section 2.01 **Membership**. Each person who is the Owner of any Lot or Dwelling within the Development Property shall be a member of the Development Association. Developer shall be deemed a member of the Development Association and shall have one (1) vote for each Lot or Dwelling owned by Developer. If a Lot or Dwelling is owned by more than one person and if only one of those persons is present at a meeting of the Development Association, that person shall be entitled to cast the vote appertaining to such Lot or Dwelling; 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 or Dwelling shall be suspended. Except as otherwise provided herein to the contrary with respect to Developer's voting rights in the Development Association, no Owner, whether one or more persons, shall be entitled to more than one vote per Lot or Dwelling owned. Membership in the Development Association shall be appurtenant to, and may not be separated from, ownership of a Lot or Dwelling. As used in these Development Bylaws, "Member" shall mean an Owner, as defined in the Supplemental Covenants. Notwithstanding anything provided herein or in the Development Articles of

Incorporation to the contrary, until the occurrence of the Turnover Date, as defined in the Master Declaration,, Developer shall have the sole and exclusive right to (a) appoint and remove all of the members of the Board of Directors of the Development Association and (b) exercise all voting in the Development Association (except as specifically provided to the contrary in Section 8.04 and 10.02 of the Supplemental Covenants). The voting rights of any Member who has violated the Supplemental Covenants or who is in default in the payment of any Development Assessments may be limited and suspended in accordance with the provisions of the Supplemental Covenants or any rules and regulations adopted from time to time by the Development Association.

Section 2.02 Annual Meeting. The annual meeting of the Members of the Development Association shall be held at 10:00 a.m. on the last business 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 Development Association shall not be held until immediately following the Turnover Date, as defined in the Master Declaration; and, provided further, however, that unless otherwise approved by the Board of Directors, all subsequent annual meetings of the Members shall be held on the anniversary date of the Turnover Date, as defined in the Master Declaration. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. Subject to the provisions of Section 2.09 below, at the annual meeting, the Members of the Development Association shall, subject to the terms of Sections 2.01 and 3.03 of these Development Bylaws, elect the Board of Directors of the Development Association and otherwise transact such other business as may come before such meeting. Subject to the provisions of Section 2.09 below, if the election of Directors shall not be held on the day designated herein for any annual meeting of the Members of the Development 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 Development Association as soon thereafter as may be convenient.

Section 2.03 Special Meetings. Subject to the provisions of Section 2.09 below, 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 Development Association and, after the Turnover Date, as defined in the Master Declaration, shall be called by the President or Secretary of the Development Association upon the petition of at least thirty percent (30%) or more of the total votes in the Development Association.

Section 2.04 Place of Meeting. Subject to the provisions of Section 2.09 below, 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 Development Association in the State of Alabama.

Section 2.05 Notice of Meeting. Subject to the provisions of Section 2.09 below, written or printed notice (or wireless transmission via facsimile or electronic mail) 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 Development Association. All notices shall be deemed given or served upon any Member when given as provided in Section 12.15 of the Supplemental Covenants.

Section 2.06 Quorum. Subject to the provisions of Sections 2.09 and 2.10 below, with respect to the annual or any special meeting of the Members of the Development Association, a quorum shall be deemed to exist if Members of the Development Association entitled to cast at least thirty percent (30%) of all votes of the Development Association are present, in person or by proxy, at such meeting. If the required quorum is not present, another meeting may be called subject to the same notice requirements but the required quorum at the

subsequent meeting shall be the presence, in person or by proxy, of Members entitled to cast at least twenty percent (20%) of the total votes of the Development Association. At such time that a quorum is obtained, the vote of a majority in interest of the Members who are voting, in person or by proxy, at such meeting shall be required to approve any matter submitted to the Members of the Development Association for approval. 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.

Section 2.07 Proxies. At all meetings of the Members of the Development Association and in all ballot votes of the Members of the Development Association held pursuant to Section 2.09 below, 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 Development Association before or at the time of the meeting or at the time of any ballot vote held pursuant to Section 2.09 below. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 2.08 Voting by Members. Subject to the provisions of Section 2.01 above, this Section 2.08 and Sections 2.10 and 3.03 below, each Member of the Development Association shall be entitled to one (1) vote for each Lot or Dwelling owned by such Member. Developer shall be entitled to one (1) vote for each Lot or Dwelling owned by Developer. No fractional voting shall be permitted. When more than one person is the owner of a Lot or Dwelling, the provisions of Section 2.01 of these Development Bylaws shall be applicable to the exercise of such voting rights. For purposes of these Development Bylaws and the Development Articles of Incorporation, the vote of a "majority" of the Members of the Development Association shall mean the vote, whether in person or by proxy, of at least fifty-one percent (51%) of the total number of votes either (a) represented at a duly constituted annual or special meeting of the Members (i.e., at which a quorum is present) or (b) voted at a ballot vote held in accordance with the terms and provisions of Section 2.09 hereof; provided, however, that any Member whose voting rights in the Development Association or under the Supplemental Covenants are then currently suspended shall not be entitled to vote on any matters submitted to the Members for approval and shall not be included in any determination as to whether a quorum exists or the minimum number of votes are cast in a ballot vote. Unless a greater proportion is specified in these Development Bylaws or the Development Articles of Incorporation and, subject to the terms and provisions of this Section 2.08 and Sections 2.10 and 3.03 of these Development Bylaws, any matter which requires the vote of, approval, disapproval or consent of the Members of the Development Association shall be deemed to have been given if a "majority" of the Members of the Development Association represented at a duly constituted meeting or at a ballot vote held in accordance with the terms and provisions of Section 2.09 below, either in person or by proxy, affirmatively vote for, approve, disapprove or consent to the same. Notwithstanding anything provided herein to the contrary, until the occurrence of the Turnover Date, as defined in the Master Declaration, Developer shall have the sole and exclusive right to exercise all voting rights in the Development Association; provided, however, that with respect to (i) any Special Assessments to be made pursuant to Section 8.04 of the Supplemental Covenants which require the consent and approval of a specified number of the Members, then Developer shall submit such Special Assessment to the Members for approval in accordance with the voting requirements of this Section 2.08 and (ii) amendments to the Supplemental Covenants which, pursuant to Section 10.02 of the Supplemental Covenants, require the consent or approval of a specified percentage in interest of the Members, then Developer shall submit such amendment to the Owners for approval in accordance with the voting requirements set forth above in this Section 2.08.

Section 2.09 Ballot Voting in Lieu of Meetings.

(a) Notwithstanding anything provided to the contrary in the Supplemental Covenants, the Development Articles of Incorporation or these Development Bylaws, any matter which is required or permitted to be approved by the Members of the Development Association, including, without limitation, amendments to the Supplemental Covenants, the Development Articles of Incorporation and the Development Bylaws which require any consent or approval of the Members, the election and removal of members of the Board of Directors and the approval of Special Assessments, may, subject to the rights retained and reserved by Developer until the Turnover Date, as defined in the Master Declaration, pursuant to the terms of Sections 2.08 and 3.03 hereof, be submitted to the Members of the Development Association by a ballot vote, without any requirement that either an annual or special meeting of the Members of the Development Association be held, subject to the satisfaction of the following terms and conditions:

(i) Any matters to be submitted to the Members for approval pursuant to a ballot vote shall (1) be set forth on a ballot, the form of which must be approved by the Board of Directors, (2) subject to the provisions of Section 2.10 below, be mailed to all Members of the Development Association (utilizing the notice provisions set forth in Section 5.10 hereof) not less than ten (10) days nor more than fifty (50) days before the date such ballots shall be counted by the Board of Directors and (3) specify that all such ballots must be returned to and received by the Development Association no later than 12:00 p.m. on the date specified on such ballot as the date on which the ballots will be counted by the Board of Directors; and

(ii) Any matter submitted to the Members for approval by ballot vote shall be deemed approved only if (1) at least thirty percent (30%) of all Members entitled to vote on such matter cast ballots with respect to such proposal (regardless of whether such ballots are cast for or against such matter) and (2) a majority of all votes cast in such ballot vote approve such matter.

(b) The ballot voting procedures set forth above may be utilized in lieu of the holding of any annual or special meeting of the Members of the Development Association.

Section 2.10 Suspension of Voting Rights. Any Member who has not timely paid any Development Assessments due to the Development Association pursuant to any of the provisions of the Supplemental Covenants shall not be entitled to vote on any matters submitted to the Members for a vote and shall not be included in determining whether a quorum exists or whether the requisite number of Members have voted in a ballot vote.

ARTICLE III

BOARD OF DIRECTORS

Section 3.01 General Powers. The business and affairs of the Development Association shall be managed by or under the direction of its Board of Directors (individually a "Director" and collectively, the "Directors"). All actions required or permitted to be taken by the Development Association under the Supplemental Covenants shall be taken by the sole action of the Board of Directors without any requirement that any Owners or Mortgagees consent to or approve of such action.

Section 3.02 Number, Tenure and Qualifications.

(a) The number of Directors of the Development Association shall be three (3). Prior to the Turnover Date, as defined in the Master Declaration, members of the Board need not be Owners or members of the Development Association. From and after the Turnover Date, as defined in the Master Declaration, the members of the Board shall be Owners and members of the Development Association.

(b) Prior to the Turnover Date, as defined in the Master Declaration, each Director appointed by Developer shall serve an initial term of one (1) year; provided, however, that Developer may, in its sole discretion, remove any Director appointed by Developer at any time, with or without cause, upon written notice to such Director. Each Director shall hold office until his successor shall have been elected and qualified. Prior to the Turnover Date, as defined in the Master Declaration, Directors need not be residents of the State of Alabama or Members of the Development Association. From and after the occurrence of the Turnover Date, as defined in the Master Declaration, Directors must be Members (or the spouses of Members).

(c) At the first meeting (or ballot vote) of the Members of the Development Association following the Turnover Date, as defined in the Master Declaration, the Members shall elect all three (3) members of the Board of Directors. Such candidates shall be nominated pursuant to the provisions of Sections 3.03(b) and 3.03(c) below and shall be elected for one (1) year terms. All such elected members of the Board of Directors shall serve until such time as their respective successors have been duly elected. At each subsequent annual meeting of the Members (or any ballot of vote held in lieu of any annual meeting) following the first meeting (or ballot vote) of the Members, the Members shall elect Directors for terms of one (1) year each to fill the position of any expired terms of any Director. Following the Turnover Date, as defined in the Master Declaration, no person may be elected to serve as a Director for more than three (3) consecutive terms (regardless of the length of such consecutive terms).

Section 3.03 Election, Removal and Replacement of Directors.

(a) Until the occurrence of the Turnover Date, as defined in the Master Declaration, 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 Development Association. Each member of the Board of Directors appointed by Developer shall serve an initial term of one (1) year; provided, however, that Developer may, in its sole discretion, remove any member of the Board of Directors at any time, with or without cause, upon written notice to such member of the Board of Directors. In the event of the death or resignation of a member of the Board of Directors at any time prior to the Turnover Date, as defined in the Master Declaration, 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) Immediately prior to the Turnover Date, as defined in the Master Declaration, the then existing members of the Board of Directors shall appoint a nominating committee consisting only of Members of the Development Association. At least ten (10) days prior to the first annual meeting of the Members (or any ballot vote held in lieu of any annual meeting), the nominating committee shall provide written notice to all Members identifying those Members who have been nominated by such nominating committee as candidates for the five (5) positions on the Board of Directors which will be vacated on the Turnover Date, as defined in the Master Declaration. Each subsequent year after the Turnover Date, as defined in the Master Declaration, the Board of Directors shall appoint a nominating committee consisting of Members of the Development Association which shall, at least ten (10) days prior to the annual meeting of the Members (or any ballot vote held in lieu of any annual meeting), provide written notice to all Members identifying those Members who have been nominated by such nominating committee as candidates to fill the upcoming vacancies on the Board of Directors at the next annual meeting of the Members (or any ballot vote held in lieu of any annual meeting).

(c) At each annual meeting of the Members (or any ballot vote held in lieu of any annual meeting) on or after the Turnover Date, as defined in the Master Declaration, the Members will have the right to nominate from the floor (or write-in on any ballot) the name(s) of any Member(s) not nominated by the nominating committee as a candidate for any position on the Board of Directors which will be vacated and filled by the vote of the Members at such annual meeting (or any ballot vote held in lieu of any such annual meeting).

(d) From and after the Turnover Date, as defined in the Master Declaration, the Members of the Development Association shall elect at each annual meeting of the Members (or in any ballot vote held in lieu of any annual meeting) from and among the Members nominated pursuant to Sections 3.03(b) or 3.03(c) above the members of the Board of Directors to fill the expired terms of any Director(s).

(e) Following the occurrence of the Turnover Date, as defined in the Master Declaration, any member of the Board of Directors of the Development Association elected by the Members may be removed, with or without cause, at any time or from time to time by the majority vote of the Members at an annual or a special meeting (or any ballot vote held in lieu of any annual meeting) of the Members 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 or the removal of any Director pursuant to Section 3.03(f) below at any time after the Turnover Date, as defined in the Master Declaration, then the remaining members of the Board of Directors shall appoint a substitute Director to fill the vacancy of such deceased or resigned member of the Board of Directors who shall serve for the remainder of the term of such former member of the Board of Directors. There shall be no cumulative voting by the Members.

(f) Any Director who fails to attend three (3) or more consecutive meetings of the Board of Directors may be removed from the Board of Directors by the vote of a majority of the Directors, as defined in Section 3.08 below.

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 Development 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 Development 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; (c) by telegram delivered to the telegraph company at least 24 hours in advance of such meeting or (d) by facsimile transmission or electronic mail given 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(a) of these Development 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 Development Articles of Incorporation or these Development 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 by the Board of Directors may be taken without a meeting of 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 or her expenses, if any, of attendance at each meeting of the Board of Directors. No such payment shall preclude any Director from serving the Development Association in any other capacity and receiving compensation therefor.

Section 3.12 Committees. Subject to the terms and provisions of Section 3.15 below, the Board of Directors, by resolution adopted by a majority of the Directors, may designate from among the 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 of Directors, 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 amending the Development Articles of Incorporation or Development Bylaws, issuing capital stock, debentures or incurring any indebtedness on behalf of the Development Association, adopting a plan of merger or consolidation or filling vacancies on the Board of Directors. 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 Director of any responsibility imposed upon it or such Director by law.

Section 3.13 Resignations. Any Director of the Development 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 Development 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 Development 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 Development Association.

Section 4.02 Election of Principal Officers; Term of Office. The principal officers of the Development 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 such officer's death or until such officer 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 of the Board of Directors, 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 Development 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 Development Association.

Section 4.04 Delegation of Duties of Officers. The Board of Directors may delegate the duties and powers of any officer of the Development 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 Development 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 Development 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 Director, shall preside at all meetings of the Members of the Development 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 Development Association at which he or she is present. The President shall be the chief executive officer of the Development Association and, subject to the control of the Board of Directors, shall have general supervision over the business and affairs of the Development 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 or her 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 Development Association and of the Board of Directors at which he 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 Development Association, and shall have supervision over the care and custody of the records and seal of the Development Association. The Secretary shall be empowered to affix the corporate seal to documents, the execution of which on behalf of the Development 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 Development Association and shall cause the funds of the Development Association to be deposited in the name of the Development 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 or her from time to time by the Board of Directors or the President.

Section 4.13 Salaries. The officers of the Development Association shall not be entitled to any salaries or other compensation except for expenses incurred on behalf of the Development 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 Development Association handling or responsible for Development Association funds furnish an adequate fidelity bond. The premium for any such bond shall be paid by the Development Association and shall constitute a Common Expense.

Section 5.02 Books and Records Kept by Development Association. The Development Association shall keep accurate financial records, including itemized records of all receipts and disbursements, shall keep 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 Development Association. The Development Association shall keep at the office of the Development Association a record giving the names and addresses of the Directors and all Members of the Development Association, which shall be furnished by each Owner pursuant to Section 5.10 of these Development Bylaws.

Section 5.03 Inspections. The books, records and papers of the Development Association shall at all times during reasonable business hours be subject to inspection by any Member or his agent or attorney for any proper purpose. True and correct copies of the Development Articles of Incorporation, these Development Bylaws, the Supplemental Covenants and all rules and regulations of the Development Association with all amendments thereto, shall be maintained at the principal registered offices of the Development Association and copies thereof shall be furnished to any Member on request upon payment by such Member 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 Development Association, in addition to the officers so authorized by the Supplemental Covenants and these Development Bylaws, to enter into any contract or execute and deliver any instrument in the name of, or on behalf of the Development 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 Development Association, shall be signed by such officer or officers or agents of the Development 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 Development Association.

Section 5.06 Deposits. All funds of the Development Association shall be deposited from time to time to the credit of the Development 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 and give, on behalf of the Development Association, any contribution, gift, bequest or devise for the general purposes, or for any special purpose, of the Development Association.

Section 5.08 Fiscal Year. The fiscal year of the Development 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 Development Property for the upcoming year,

such budget to include a capital contribution or reserve account, if necessary, for the capital needs of the Development Association. The amount set forth in such budget shall constitute the aggregate amount of all Annual Assessments for all of the Development 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 Supplemental Covenants. Furthermore, the Board of Directors shall also have the right, pursuant to Section 7.04 of the Supplemental Covenants, to levy Special Assessments. Furthermore, Individual Assessments may be levied by the Development Association against any Member in accordance with the terms and provisions of Section 7.05 of the Supplemental Covenants. 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 Development 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 shall promptly mail to any Member copies of the most recent such balance sheet and income and expense statement upon payment by such Member of a reasonable charge therefor.

Section 5.10 Notices. Each Member shall be obligated to furnish to the Secretary of the Development Association in writing, the address, if other than the Lot or Dwelling of such Member, to which any notice to such Owner under the Supplemental Covenants or these Development Bylaws is to be given and, if no address other than such Lot or Dwelling shall have been designated in writing, then all such notices and demands shall be mailed or delivered to the Lot or Dwelling of such Owner. Any Member may, for the purposes of notices hereunder, specify in writing to the Development Association that all notices be submitted to such Member by facsimile transmission or through the Internet utilizing a specified electronic mailbox for that particular Member. All notices required or permitted to be given by the Development Association to any Member under the Supplemental Covenants, these Development Bylaws or under any other documents or agreements shall be deemed to have been sufficiently given or served upon any Member when either (a) deposited into the United States mail for first-class delivery with postage prepaid and addressed to the last address furnished by such Member to the Development Association (or if no address has been furnished, then to the Lot or Dwelling of such Owner), in which case notice shall be deemed given upon deposit of the same in the United States mail, (b) delivered to the Dwelling, if any, situated on a Member's Lot, in which event notice shall be deemed given upon delivery of such notice to the mailbox or when attached to the front door of such Lot or Dwelling, (c) sent by facsimile transmission to a facsimile number provided in writing by such Member to the Development Association, which notice shall be deemed to have been given upon transmission of such facsimile notice or (d) sent by Internet to an electronic mailbox address provided in writing by such Member to the Development Association, which notice shall be deemed to have been given upon transmission of such electronic mail by the Development Association.

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

Section 5.12 Rules and Regulations. The Board of Directors shall have the right, from time to time and at any time, to adopt, amend, modify and repeal rules and regulations governing the use of any of the Development Common Areas, which rules and regulations shall be binding upon all Members.

ARTICLE VI

INSURANCE

Section 6.01 Types of Coverage. The Development Association shall maintain in full force and effect at all times all of the following types of insurance: (a) Development Property and casualty insurance for

the benefit of the Development Association insuring all insurable improvements in and to the Development Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism and malicious mischief, (b) public liability insurance coverage for the benefit of the Development Association (and the Board of Directors) covering all of the Development Common Areas and any damage or injury caused by the negligence of the Development Association, its Board of Directors and all members, officers, agents and employees thereof, (c) workmen's compensation and any other insurance required by law, (d) directors' and officers' liability insurance as the Board of Directors may, in its sole discretion, determine to be appropriate or as may be required by the Articles or the Supplemental Covenants and (e) any and all other insurance, including, without limitation, fidelity bonds, as the Board of Directors may from time to time deem appropriate or as may be required by the Articles or the Supplemental Covenants. Any and all insurance to be maintained by or for the benefit of the Development Association shall be in such form, in such amounts, with such insurance carriers, at such cost and with such deductibles as the Board of Directors, in its sole and absolute discretion, may determine to be necessary or appropriate. Any public liability insurance maintained by the Development Association shall also name as additional insureds thereunder all members of the Board of Directors and Developer. All insurance coverage authorized hereunder shall be written in the name of the Development Association and all costs thereof shall be deemed a Common Expense. The Board of Directors shall review the amount and terms of such insurance annually.

Section 6.02 Indemnification. Pursuant to the terms of the Articles and Supplemental Covenants, the Development Association is obligated to indemnify the officers, members of the Board of Directors and all agents and employees of the Development Association. In connection therewith, the Development Association shall purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Development Association or is or was serving at the request of the Development 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 Development Association would have the power to indemnify him against such liability under applicable law.

ARTICLE VII

GENERAL PROVISIONS

Section 7.01 Waiver of Notice. Whenever any notice is required to be given under any provision of law, the Supplemental Covenants, the Development Articles of Incorporation or these Development 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 any committees established by the Board of Directors need be specified in any written waiver of notice unless otherwise required by these Development 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 7.02 Incorporation by Reference. All of the terms, provisions, definitions, covenants and conditions set forth in the Supplemental Covenants 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 Development Bylaws and in the Supplemental Covenants, then the provisions of the Supplemental Covenants shall at all times control.

Section 7.03 Amendments. The Board of Directors shall have the sole right, power and authority, without the consent or approval of the Members, to alter, amend or repeal the Development Bylaws of the

Development Association or adopt new Development Bylaws for the Development Association at any regular or special meeting of the Board of Directors. Notwithstanding anything provided in this Section 7.03 to the contrary, any amendments to these Development Bylaws prior to the Turnover Date, as defined in the Master Declaration, must be approved by Developer.

Section 7.04 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 Development 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 Development Association on any contract or agreement shall not be required to evidence the validity, authenticity or approval of such contract or agreement.