

BYLAWS

OF

HAYESBURY TOWNHOMES

ASSOCIATION, INC

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Article I The Association

Section 1: Identity. These are the Bylaws of Hayesbury Townhomes Association ,Inc., a nonprofit corporation, which was formed under the Alabama Nonprofit Corporation Act [Code of Alabama 1975] by filing the Articles with the Office of the Judge of Probate of Shelby County, Alabama , on July 5 , 2001. The purposes for which the Association has been organized are set forth in the Articles. The provisions of these Bylaws are expressly subject to the terms, provisions, covenants and conditions contained in the Articles and the Declaration of Protective Covenants filed with the Office of the Judge of Probate of Shelby County Alabama on July 5, 2001 at Instrument # 2001-27838.

Section 2: Principal Office. The principal office of the Association in the State of Alabama shall be located in the City of Pelham, County of Shelby, State of Alabama. The Association may have such offices, either within or without the State of Alabama, as the Board of Directors may designate or as the business of the Association may require from time to time. The permanent mailing address of the Association shall be P.O. Box 1841, Pelham, Alabama 35124.

Section 3: Registered Office. The registered office of the Association, required by the Alabama Nonprofit Corporation Act to be maintained in the State of Alabama, maybe, but need not be, identical with the principal office in the State of Alabama, and the address of the registered office may be changed from time to time by the Board of Directors.

Article II Membership

Section 1: Membership. The Members of the Association shall consist of all Owners of a residence located in the Hayesbury Townhome subdivision, and the Membership shall be appurtenant to, and may not be separated from, ownership of a Parcel. Membership shall attach automatically upon the acceptance of the delivery of the instrument of transfer of such ownership interest, provided that such instrument is promptly recorded in the Office of Judge of Probate of Shelby County, Alabama. The Association has the right to have a true copy of said recorded instrument promptly delivered to its Board upon request.

Membership shall terminate automatically upon the tendering of delivery of an instrument of transfer of such ownership interest (provided such tender is accepted) or upon such ownership interest being divested in some other manner.

Section 2: Members in Good Standing. A Member shall be a "Member in Good Standing" ONLY if such Member:

- a) has fully paid annual dues ; and

- b) has , at least ten (10) days prior to the taking of any vote by the Association, fully paid all Assessments and other charges levied by the Association as provided herein.
- c) has not received a notice of default for unpaid Assessments or has pending against said Owner any enforcement proceeding as described in Article VI of the Declaration; and
- d) has discharged all other obligations to the Association as provided herein or in the Articles and Bylaws

The Board shall have the sole authority for determining the good standing status of any Member at any time and shall make such determination with respect to all Members prior to any vote being taken by the Association on any matter. The Board shall have the authority and right, in its sole discretion, to waive the 10-day prior payment requirement and require that such payment be made before such vote is taken. Any Member not conforming with the provisions of this Section 2 shall be declared by the Board not a Member in Good Standing and shall be disqualified from voting on matters before the Association until Member in Good Standing status is attained and so declared by the Board.

Section 3: Annual Meeting. The annual meeting of the Membership shall be held in the month of November in each year, on such a date as shall be fixed by the Board of Directors, beginning with the year 2001 (unless the Control Period is still in force, and then, under such circumstances, the first annual meeting shall occur in the month of November beginning with the year following the year in which the Control Period ended) at the hour designated by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of the directors is not held at this time, then a special meeting shall be called at a later date for said election as soon thereafter as conveniently may be.

Section 4: Special Meetings. Special meeting of the Membership, for the purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors and shall be called by the President or the Secretary at the request of Owners of one-third (1/3) or more of the total Parcels of the Property .

Section 5: Place of Meeting. The Board of Directors may designate any place, within the State of Alabama, as a place of meeting for the annual meeting or any special meeting of the Membership.

Section 6: 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, unless otherwise prescribed by statute or otherwise herein, be delivered not less than

ten (10) days nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or by persons calling the meeting, to each Member of record entitled to vote at such meeting. 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 records of the Association, with postage thereon prepaid.

Section 7: Voting Lists. The officer or agent having charge of the records of Members of the Association shall make, at least ten (10) days before each meeting of the Membership, a complete list of the Members entitled to vote at such meeting, or any adjournment thereof, arranged in numerical order of the address of each Member, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Association and shall be subject to inspection by any Member making a written request thereof at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting.

Section 8: Majority Vote. The vote of Members entitled to cast a majority of the votes represented at a meeting of the Hayesbury Townhomes Association shall be the act of the Members of the Association, unless the vote of a greater number is required by law, the Declaration, the Articles, or these Bylaws.

Section 9: Proxies. At all meetings of the Membership, a Member may vote 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 ninety days from the date of its execution, unless otherwise provided in the proxy.

Section 10: Voting Rights. Subject to the restrictions hereinafter set forth, each Member in Good Standing shall be entitled to one (1) vote. Except where otherwise required under the provisions of the Declaration, the Articles or these Bylaws, the affirmative vote of Owners who own the majority of Parcels within the Property which is represented at any meeting of Members duly called, and at which a majority is present, shall be binding upon the Members. Voting may take place by proxy executed and delivered in the manner set forth herein.

Section 11: Control Period. During the Control Period the Developer shall pay all expenses otherwise payable by the Association. The Developer shall have (a) the right to manage all the affairs and decisions of the Association, (b) the exclusive right to elect the Directors of the Association (who need not be Owners), (c) the right to amend these Bylaws from time to time as hereafter set forth.

Article III

Board Of Directors (Officers of HOA)

Section 1: General Powers. The business and affairs of the Association shall be managed by or under the direction of its Board of Directors.

Section 2: Number, Tenure and Qualifications. The number of directors of the Association shall consist of three (3) directors. Each director shall hold office until his successor shall have been elected. Directors need not be residents of the State of Alabama or Members of the Association during the Development Control Period. Following the conclusion of the Development Control Period, all directors must be Members of the Association.

Section 3: Election of Directors.

(a) Election of directors shall be held at the annual meeting of the Membership. The election shall be by written secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast. The Owner of each Lot shall be entitled to cast the number of votes fixed by Section 11 of Article II for each of as many nominees as there are vacancies to be filled at the time of the election. There shall be no cumulative voting. The names receiving the largest number of votes shall be elected.

(b) Notwithstanding the provisions of subparagraph (a) above, Developer, its successors and assigns, shall elect the Members of the Board of Directors of the Association, and in the event of vacancies, Developer shall fill vacancies, until all Parcels are owned by Owners other than Developer or until Developer elects, at its option, to terminate control of the Association. Within sixty (60) days after the date of termination of control of the Association by Developer, the Board of Directors, shall call and give not less than ten (10) nor more than thirty (30) days notice of a special meeting of the Membership for the purpose of electing the Members of the Board of Directors.

Section 4: Voting Options.

(a) Option 1: *Ballots* All elections to the Board of Directors shall be made on a written ballot which shall : (a) describe the vacancies to be filled ; set forth the names of those nominated for such vacancies and those nominated by petition timely filed with the Secretary of the Association; and (c) contain a space for a write in vote of the Members for each vacancy. All ballots shall be signed by the Member casting it and returned to the Secretary of the Association, who, upon receipt of ballot shall tally.

(b) Option 2 : *Orally or by Show of Hands* Voting may be done orally or by show of hands. If a majority cannot be determined, then the vote shall be by ballots. A special meeting shall be held in not less than ten (10) days nor more than thirty (30) days notice for the purpose of electing the vacancy or vacancies on the director (s) of the Board.

Section 5: Directors Term of Services. At the first annual meeting of the Members there shall be elected in the manner set forth in these Bylaws, three (3) Directors; one .who will serve as President of HOA ; a second director will serve as Secretary of HOA ; and a third director who will serve as Treasurer of HOA. No limit will be placed as to how long each member will serve.

Section 6: Duties of Officers.

- (a) President - The President shall be the chief executive officer to the Association and shall in general supervise and control all of the business and affairs of the Association. He/she shall preside at all meetings of the Membership. In general, the President shall perform all duties incident to the office of President.
- (b) Secretary - The Secretary shall: (a) keep the minutes of the proceedings of the Members and meetings of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of records ; (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by said Member ; (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned.
- (c) Treasurer - The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association; and in general perform all of the duties as from time to time may be assigned to him/her by the President. All checks written require two officers' signatures.

Section 7: Quorum. As stated in Section 1 of Article III, it is the responsibility of the Board of Directors to handle the business and affairs of the Association. The quorum for doing said business is two Directors of said Board.

Section 8: Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if consent is documented in the secretary's minutes, setting forth the action so taken that was agreed upon by all directors.

Section 9: Vacancies. Subject to the provisions of Section 2 of this Article III, any vacancy occurring in the Board of Directors and any directorship to get filled by reason of an increase in the number of directors may be filled by a majority of the remaining directors. A director elected or appointed, as in the case may be, shall be elected or appointed for the unexpired term of his predecessor in office.

Section 10: Committees. The Board of Directors may designate one or more committees to assist in the management of the activities and affairs of the Association. One such committee that is required under the Protective Covenants Declaration of Hayesbury Townhomes, filed with the Judge of Probate of Shelby County , Alabama ,on July 5,2001, is the Architectural Review Committee. It shall be composed of at least two and no more than five individuals designated by the Developer up until the Termination of Developer Voting Rights. At that time, the Association shall become vested with the rights, duties and functions of the Architectural Review Committee, all of which shall be enforceable by the Association. Duties of said committee are stated in the Declaration of Protective Covenants, Restrictions, Easements, Rights and Liens Hayesbury Townhomes, Section II, 2.1 – 2.10. The number of individuals serving on the ARC may be increased if Board of Directors so designates.

Section 11: Resignations. Any Director of the Association may resign at any time by giving written notice to the Secretary of the Association. Such resignation shall take effect at the time specified therefore; and the acceptance of such resignation shall not be necessary to make it effective.

Section 12: Levy Fines for violations of the Declarations; Covenants and the Bylaws
The Board of Directors may levy a fine against an Owner, not to exceed One Hundred Dollars (\$100.00) for each separate violation by the Owner, or his or her family member, tenants, guests, visitors, or invitees. A fine may be levied after ten (10) days from the original violation notification date with a single notice, except that no such fine shall exceed Two Thousand Five Hundred Dollars (\$2500.00) in the aggregate. Written notice of the nature of the violation given by either United State Mail or personal delivery shall be given prior to the levy of the initial fine. No written notice shall be necessary for the levy of a separate fine for a repeated or continued violation if substantially similar to the initial violation for which the notice was provided. The Board of Directors shall have the authority to adopt rules, regulations and policies to fully implement its fining authority.

The Board acknowledges the following home maintenance violation fines for failure to adhere to the covenants and bylaws.

1 st violation	\$ 25
2 nd violation	\$ 50
3 rd violation	\$100

Or the board may in its sole discretion levy a fine equal to the cost of correction for such violation.

The party against whom the fines may be levied shall have an opportunity to respond, to present evidence, and to provide written argument on all issues involved to the Board.

Section 13: Liens against Owners. The Board of Directors (Officers) shall place a lien on a parcel if the Owner fails to:

- (a) Pay the annual dues;

- (b) Pay any special assessments that has been given to every owner ; or
- (c) Accumulated over One Hundred Fifty Dollars (\$150.00) in levied fines.

Each such assessment or fine, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of said property at the time when the assessment was given.

Liens shall be recorded in the office of the Judge of Probate of Shelby County, Alabama.

The Owner of the property shall be responsible for all dues, fines and assessments regardless of of occupancy.

Article IV Contracts, Loans, Checks and Deposits

Section 1: Contracts. The Board of Directors (Officers) may authorize any agent or agents to enter into any contract or execute and deliver any instrument in the name or behalf of the Association, and such authority may be general or confined to specific instances.

Section 2: Loans.

- (a) No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by two- thirds (2/3) of the Members in Good Standing of the Association.
- (b) No loans shall be made by the Association to its Directors (Officers). Any director who assents to or participates in the making of such loan shall be liable to the Association for the amount of such loan until repayment thereof.

Section 3: Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by two officers, agent or agents of the Association and in such a manner as shall from time to time be determined by the Board of Directors (Officers).

Section 4: Deposits. All funds of the Association shall be deposited in a timely manner to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

Article V Books and Records

Section 1: Accounting. The Association shall keep correct and complete books and records of account and shall keep minutes of the proceeding of the Members, Board of record of the names and addresses of Members entitled to vote. The accounting records shall be maintained in accordance with generally accepted accounting principles. All books and records shall be open to inspection by the Members for any proper purpose at any reasonable time.

Section 2: Treasurer Annual Financial Report. The treasurer will distribute an annual financial report to all homeowners present at the annual homeowners' meeting. Copies of this report shall be available to any homeowner upon request.

Section 3: Assessments. Assessments against the Members as provided in the Declaration shall be made for the calendar year annually in advance on or before December 31, preceding the year for which the assessments are made. Such assessments shall be due in an annual installment and is due by January 31. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors.

Section 4: Assessments for Emergencies. Assessments for Common Expenses for emergencies that cannot be paid from the annual assessments for Common Expenses shall be made only after notice of the need for such is given to the Members concerned, and it shall be due thirty (30) days after such notice in such a manner as the Board of Directors (Officers) may require in the notice of assessment.

Article VI Fiscal Year

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

Article VII Indemnification

Section 1: Actions Not Brought By or in Right of Association. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by

reason of the fact that he /she 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, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually or reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was unlawful.

Section 2: Actions Brought by or in Right of Association. The Association shall Indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he/she 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, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually or reasonably incurred by him/her in connection with the defense or settlement of such action or suit if he/she acted in good faith and in a manner he reasonably believed to be in and not opposed to the best interest of the Association and except that no identification shall be made in respect of any claim, issued or matter as to which such person shall have adjudged to be liable for negligence or misconduct in the performance of his/her duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3: Terms of Indemnification.

- (a) To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 and 2, or in defense of any claim, issue or matter therein, he/she shall be indemnified against expense (including attorneys' fees) actually and reasonably incurred by him/her in connection therewith.
- (b) Any indemnification under Sections 1 and 2 (unless ordered by the court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he/she has met the applicable standard of

conduct set forth in Sections 1 and 2. Such determination shall be made (i) by the Board of Directors by a majority vote of directors who are not parties to such action, suit or proceedings, or (ii) if so directed by directors, by independent legal counsel in a written opinion, or (iii) by the Members.

- (c) Expenses incurred in defending a civil or criminal action, suit or proceeding as authorized by the Board of Directors in the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this section.

- (d) The indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of Members or disinterested director or otherwise, both as to action in his/her official capacity and as to action in another capacity while holding such office, and shall continue as a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Article VIII Amendment

The bylaws may be amended, altered or repealed by Developer until such times as all Parcels are owned by Owners other than Developer or until Developer elects, at its option to terminate control of Association. Upon termination of control, the Bylaws may be amended by the Members at any regular or special meeting upon the affirmative vote of not less than three fourths (3/4) of the Members in Good Standing.