

**BYLAWS
OF
WYNDHAM RESIDENTIAL ASSOCIATION, INC.**

ARTICLE I

THE ASSOCIATION

Section 1.01. Name. The name of this Association shall be "Wyndham Residential 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 Probate Office of Shelby County, Alabama.

Section 1.02. Purposes. The purposes for which the Association is organized are set forth in the Articles of Incorporation, which purposes include, without limitation, providing for the efficient preservation of the appearance, value and amenities of the "Development", as herein defined. As used herein, the term "Development" shall mean and refer to any portion of the real property described in Exhibit A attached hereto and incorporated herein by reference which is developed by "Developer" as hereinafter defined, for "Residential Lots", as hereinafter defined. As used herein, the term "Developer" shall mean and refer to Royal Construction & Development Co. Inc., an Alabama limited liability company, its successors and assigns. As used herein, the term "Residential Lot" or "Residential Lots", whether used in the singular or plural tense, shall mean and refer to any real property within the Development which has been or will be developed for single-family residential purposes, including without limitation, attached or detached residential dwellings, townhouses, condominiums, cooperatives, duplexes, garden homes, patio homes, zero-lot-line homes, cluster homes or any other types of single-family dwellings. As of the date hereof, a portion of the Development is subject to the Declaration of Protective Covenants for Camden Sector, dated May 28, 1997 and recorded as Instrument No. 1997-16429 in the Office of the Judge of Probate of Shelby County, Alabama (which, together with all amendments thereto and all subsequent protective covenants which refer to this Association as the entity which will collect assessments and maintain the Common Area of the Development and otherwise exercise the rights and remedies of the owner's association described in such protective covenants and all amendments thereto, are hereinafter collectively referred to as the "Protective Covenants"). Capitalized terms not otherwise expressly defined herein shall have the same meanings given to them in the Protective Covenants.

Section 1.03. Principal Office. The principal office of the Association in the State of Alabama shall be located at 1855 Data Drive, Suite 100, Hoover, Alabama 35244. 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 1.04. 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 a Residential Lot in the Development shall be a member of the Association. Developer shall be deemed a member of the Association and shall have one (1) vote for each Residential Lot owned by Developer. If a Residential 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 Residential 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 Residential Lot shall be entitled to no more than one vote. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Residential Lot. As used in these Bylaws, "member" shall mean the owner of any Residential Lot. Notwithstanding anything provided herein or in the Articles of Incorporation to the contrary, for so long as Developer owns any portion of the Development, (a) Developer shall have the sole and exclusive right to (i) elect the Board of Directors of the association, (ii) appoint the officers of the Association and the members of the Committee, as defined in the Protective Covenants, (iii) remove and replace any members of the Board of Directors and the members of the Committee, (iv) amend these Bylaws and the Articles of Incorporation, (v) amend the Protective Covenants (subject to the limitations set forth therein) and (vi) take all other action on behalf of the Association and vote on all other matters required to be voted on or approved by the members of the Association (except to the extent all members of the Association are entitled to vote on the matters described in item (b) below this Section 2.02) and (b) the voting rights of the members of the Association shall be limited to (i) approving any special Assessments as provided in the Protective Covenants and (ii) approving amendments to the Protective Covenants if such approval is required pursuant to the provisions of the Protective Covenants. As long as Developer owns any portion of the Development, the members shall have no further voting rights or privileges in the Association. Notwithstanding the foregoing, Developer may, in its sole and absolute discretion, elect at any time to relinquish any or all of the foregoing rights to the members of the Association. The voting rights of any member shall

be limited and suspended in the event such member has failed to pay any assessments due to 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 May each year or at such other time or such other day within such month as shall be fixed by the Board of Directors. 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 Section 2.01 and 3.03 of these Bylaws, elect the Board of Directors of the Association, review the annual budget for the Association 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 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 petition of at least one-half (1/2) 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 thirty (30) nor more than sixty (60) 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. The presence, either in person or by proxy, of members holding at least fifty-one percent (51%) or more of all votes in the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called

subject to the same notice requirements as set forth in Section 2.05 above, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

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 time of its execution, unless otherwise provided in the proxy.

Section 2.08. Voting by Members. Subject to the provisions of Section 2.01 and 3.03 of these Bylaws, each member of the Association shall be entitled to one (1) vote for each Residential Lot owned by such member. Developer shall be entitled to one (1) vote for each Residential Lot owned by Developer. No fractional voting shall be permitted. When more than one person is the owner of a Lot, the provisions of Section 2.01 of these Bylaws shall be applicable to the exercise of such voting rights. For purposes of these Bylaws and the Articles of Incorporation, the vote of a "majority" of the members of the Association shall mean the vote of at least fifty-one (51%) of the total numbers of votes represented at a meeting whether in person or by proxy. Unless a greater proportion is specified in these Bylaws or the Articles of Incorporation, and subject to the terms and provisions of Section 2.01 and 3.03 of these Bylaws, any matter which requires the vote, approval or disapproval or consent of the members of the Association shall be deemed to have been given if a "majority" of the members of the Association represented at a meeting, either in person or by proxy, affirmatively vote for, approve or consent to the same.

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.

Section 3.02. Number, Tenure and Qualifications. 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) For so long as Developer owns any portion of the Development, (i) all of the members of the Board of Directors of the Association shall be elected by Developer and (ii) Developer shall have the right at any time and from time to time to remove any Directors, either with or without cause, and may appoint a successor to such removed Director or otherwise fill any vacancies on the Board, without any consent or approval of any of the members. Notwithstanding the foregoing, Developer may, in its sole and absolute discretion, elect at any time to relinquish the foregoing reserved rights in which event all members of the Board of Directors shall be appointed and removed pursuant to the provisions of Section 3.03 (b) below.

(b) At such time as Developer no longer owns any portion of the Development (or at such earlier time as Developer relinquishes its rights under Section 3.03(a) above), the members of the Association shall, by majority vote of the members of the Association, (i) elect the members of the Board of Directors at the annual meeting of the members of the Association and (ii) have the right to remove either with or without cause, at any time or from time to time, any of the members of the Board and appoint a successor to such removed Director. 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 other 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 anyplace, 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 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.

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

Section 3.10. Vacancies. For so long as Developer owns any portion of the Development, any vacancy occurring in the Board of Directors shall be filled by Developer as provided in Section 3.03 (a) above. At such time as Developer no longer owns any portion of the Development (or at such earlier time as Developer relinquishes its rights under Section 3.03(a) above), any vacancy occurring in the Board of Directors, other than a vacancy occurring by reason of a Director's removal pursuant to Section 3.03(b) of these Bylaws, may be filled by the affirmative vote of a majority of the remaining Directors, then the vacancy or vacancies occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the members of the Association. 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 expense, 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 a majority of the full 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 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.

SECTION 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 at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of principal officers shall not be held at such meeting, such election shall be held as soon as may be convenient. 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, 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 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 of 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 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 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 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. **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", as hereinafter defined.

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, 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 member 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 agent or attorney for

any proper purpose. True and correct copies of the Articles of Incorporation, these Bylaws, the Protective Covenants, 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 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 continued 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 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 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. 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 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 Residential Lot of such member, to which any notice or demand to such member under these Bylaws is to be given, and if no address other than such Residential Lot shall have been designated,

all such notices and demands shall be mailed or delivered to such Residential Lot.

Section 5.11. Assessments. Pursuant to each of the Protective Covenants, the Board of Directors of the association have the right, in their sole and absolute discretion, to levy, assess and collect annual and special assessments which shall be payable by the owner of each Residential Lot within the Development. The Board of Directors shall also have the right, in their sole and absolute discretion, to levy different amounts as assessments to each Residential Lot based on the zoning classification of such Residential Lot. For purposes of illustrating the foregoing, the Board of Directors may, in their discretion, elect to assess estate lots which comprise Residential Lots at a higher amount than that which is assessed for cluster homes or other smaller lots comprising Residential Lots within the Development. Each member of the Association, by becoming a member of the Association, shall pay any and all annual assessments and special assessments in such amounts as may be assessed from time to time by the Board of Directors.

Section 5.12. Payment of Common Expenses. In addition to the costs and expenses to be paid from annual assessments pursuant to the terms of any of the Protective covenants, the following amounts shall also be paid by the Association from the annual assessments

collected from the owners of each Residential Lot within the Development (hereinafter collectively referred to as ("Common Expenses")):

(a) Salaries, fringe benefits, and other compensation paid out-of-pocket expenses reimbursed by the Association to its employees, agents, officers and any third-party contractors;

(b) Management fees and expenses of administration, including legal and accounting fees, incurred by the Association;

(c) Utility charges for any utility services serving any of the Common Areas and charges for other common services for the Development, including, without limitation, trash and refuse collection and pick-up and security services;

(d) The costs of any insurance policies for the benefit of the Association or as may be required or permitted under any of the Protective Covenants or as may be required by any applicable law or lender providing financing with respect to any Residential Lot within the Development including, without limitation, fire, flood and other hazard coverage, public liability, and any other insurance coverage which the Board of Directors of the Association determines, in its sole and absolute discretion, to be in the best interest of the Association;

(e) The expenses of maintaining, operating, repairing and replacing any portions of the Common Area and any other amenities and facilities serving any of the Residential Lots within the Development which the Board, in its sole discretion, determines to be in the best interest of the Association;

(f) Ad valorem real and personal property taxes assessed and levied upon any Common Area or any other property of the Association;

(g) The costs and expenses for conducting recreational, cultural or other related programs for the benefit of the members of the Association;

(h) The establishment and maintenance of a reasonable reserve fund to cover unforeseen operating contingencies or deficiencies or to be utilized to repair and replace any portions of the Common Area; and

(i) All other fees, costs and expenses incurred by the Association, including, without limitation, taxes and governmental charges not separately assessed to the members of the Association or to any of the Residential Lots.

ARTICLE VI

INSURANCE

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

Section 6.02. **Damage of Destruction to Common Area.** Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Area covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agents 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 in order to repair or reconstruct the same 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 Area 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 subject to the approval of such special assessment by fifty-one percent (51%) of all members of the Association, to provide funds to pay such excess costs of repair or reconstruction. Such a special assessment shall be levied against the members 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 insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and 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 Area damaged or destroyed by fire or other casualty shall be cleared and the Common Area left in a clean, orderly, safe and sightly condition.

Section 6.03. Condemnation of Common Area. Whenever all or any part of the Common Area of the Development shall be taken by any authority having the power of condemnation of 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 Area 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 Area which are available therefor, in accordance with the plans approved by the Board of Directors and the Committee (as defined in the Protective Covenants). 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, subject to the approval of such special assessment by fifty-one percent (51%) of all members of the Association, to provide funds to pay such excess costs of repair or reconstruction. Such a special assessment shall be levied against the members 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.

(b) If the taking or sale in lieu thereof does not involve any improvements to the Common Area, or if there are net funds remaining after 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 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, 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 attorney's fees), judgements, 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 judgement in its favor, against expenses (including attorney's 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 Article 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 the law.

ARTICLE VIII

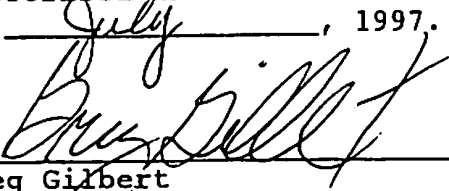
GENERAL PROVISIONS

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.

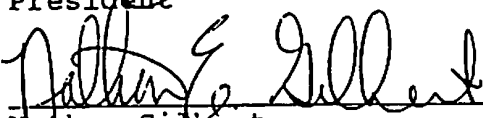
Section 8.02. **Power of Directors to Amend.** The Board of Directors shall have the right, power and authority to alter, amend or repeal the Bylaws of the Association or adopt new Bylaws for the Association at any regular or special meeting of the Board. Furthermore, at such time as Developer no longer owns any portion of the Development, the members of the Association, by the affirmative vote of fifty-one percent(51%) of the total votes in the Association 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.

Section 8.03. **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.

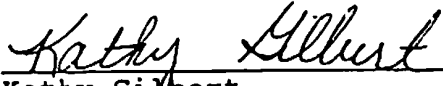
IN WITNESS WHEREOF, the undersigned Incorporator has hereunto
subscribed his name to these Bylaws as of this 9th day
of July, 1997.



Greg Gilbert
President



Nathan Gilbert
Vice President



Kathy Gilbert
Secretary/Treasurer