

BYLAWS OF AIRPARK VILLAGE HOMEOWNERS ASSOCIATION

RECITALS:

1. Ronald A. Hart and Christine H. Hart, as "Declarants", have filed with the Lincoln County, Montana Recorder, a Declaration of Covenants, Easements and Restrictions, for a residential development including single family and cabana homes known as Air Park Village, AJ Estates.
2. The Declaration provides for the establishment of a homeowners' association for the government of AIRPARK VILLAGE, AJ ESTATES property owners as set forth therein.
3. The AIRPARK VILLAGE Homeowners Association, has been incorporated to act as the Master Homeowners' Association for the AirPark Village Subdivision.
4. Until such time as their successors are duly elected pursuant to the provisions hereof, Ronald A. Hart and Christine H. Hart, will serve as the Directors on the Board of Directors for the Association.
5. Pursuant to and in accordance with the Declaration, Declarant and the Directors are establishing these Bylaws of the Association.
6. These Bylaws shall together with the terms and conditions of the Declaration and the Master Declaration of AIRPARK VILLAGE CC&R's ("Master Declaration") serve as the code of regulations for the Association.
7. The Declaration and the Master Declaration are incorporated herein by reference and is made part hereof for all purposes; including, without limitation, all defined terms contained therein.

ARTICLE I

THE ASSOCIATION

Section 1. AIRPARK VILLAGE HOMEOWNERS ASSOCIATION. The Association shall be called The AIRPARK VILLAGE HOMEOWNERS ASSOCIATION, INC.

Section 2. Membership. The membership of the Association shall consist of each Owner of any Lot in AirPark Village, AJ Estates, (each individually the "Member" and collectively the "Members"); provided, however, that where there exists multiple Owners of any Lot, the multiple Owners shall designate one (1) such Owner to be the "Designated Member" for all purposes of the Association. The Designated Member shall be included within the term "Member" or "Members" within and for all purposes of these Bylaws. No purchaser of a Lot shall be deemed a Member until the sale and purchase of such Lot has been consummated by the payment of the purchase price and delivery and recording of the deed therefor. Ownership of a Lot shall be the sole qualification for membership.

Section 3. Membership Not Transferable. Except as provided herein or in the Declaration, membership in the Association shall not be transferable. The membership in the Association of each Member shall terminate upon a sale, transfer or other disposition of the Member's ownership interest in the Lot, accomplished in accordance with the provisions of the Declaration. All rights and privileges of a Member in the Association shall cease on the termination of such Lot ownership and, thereupon, the membership of such respective Owner in the Association shall automatically transfer to and vest in the new succeeding Owner. The Association may, but shall not be required to, issue certificates or other evidence of membership therein.

Section 4. Voting Rights for Members. Subject to the provisions set forth below and to the provisions of the Declaration, each Member (or Designated Member as applicable) shall be entitled to one (1) vote for each Lot owned.

Only Members in good standing shall be entitled to vote in the affairs of the Association at any annual or special meeting thereof. A Member shall be deemed to be in "good standing" and "entitled to vote" if, and only if: (i) at least three (3) days prior to the date fixed for such annual or special meeting, the Member shall have fully paid all assessments made or levied against the Member and all of the Member's Lot(s) by the Association and the Master Association as hereinafter provided, together with all interest, costs, attorneys' fees, penalties, and other expenses, if any, properly chargeable to the Member and against the Member's Lot(s), and (ii) as of the date of the meeting, the Member's voting rights are not suspended through action taken by the Board, after notice and opportunity for hearing, as a penalty for infraction of the Rules and Regulations or any of the provisions of the Declaration or these Bylaws.

Section 5. Proxies. Members may vote or act in person(s) or by proxy. The person appointed as a proxy need not be a Member of the Association. Designation by a Member of a proxy to vote or act on the Member(s) behalf shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board by the Member making such designation. If a Member has designated such Member's first Mortgagee as the Member's proxy under the terms of a first mortgage covering such Member's Lot, the presentation to the Board by a representative of such Mortgagee of a copy of that Mortgage containing such proxy designation shall constitute notice of that designation and, if the Mortgage so states, notice that the designation shall continue until such Mortgage has been satisfied or otherwise terminated. Notice to the Board in writing or in open meeting of the revocation of the designation of a proxy shall not affect any vote or act previously taken or authorized.

Section 6. Meetings of Members.

(a) Annual Meeting. The annual meeting of the Members of the Association for the election of members of the Board, the consideration of reports to be laid before such meeting, and the transaction of such other business as may be properly brought before the meeting shall be held at a location on AirPark Village, AJ Estates Property or at such other place upon the Property or at such other place as designated by the Board on a date which also will be specified in the notice of such meeting at such time as may be designated by the Board and specified in the notice of the meeting, which notice shall be given as provided in Subsection C of this Section 6 of Article I.

(b) Special Meetings. Special meetings of the Members of the Association may be held on any business day when called by the President of the Association or by the Board or by Members entitled to cast at least sixty-five percent (65%) of the votes of the Association. Upon request in writing delivered either in person or by certified mail or registered mail to the President or the Secretary of the Association by any person or persons entitled to call a meeting of Members, such officer shall forthwith cause to be given to the Members entitled thereto written notice by personal delivery or by mail, of a meeting to be held on a date not less than thirty (30) nor more than sixty (60) days after the receipt of such request as such officer may fix. If such notice is not given within thirty (30) days after the delivery or mailing of such request, the Members calling the meeting may fix the time of the meeting and give notice thereof. Each special meeting shall be called to convene at 12 p.m. or at such other agreed upon time, and shall be held at a designated location at the Development or at such place as shall be specified in the notice of such meeting. No business other than that specified on the call or notice of said meeting shall be considered at any special meeting.

(c) Notices of Meetings. Not less than thirty(30) nor more than sixty (60) days before the date fixed for any meeting of the Members of the Association, written notice stating the date, time, place and purpose of such meeting shall be given by or at the direction of the Secretary of the Association or any other person or persons required or permitted by these Bylaws to give such notice. The notice shall be given by personal delivery or by mail to each Member of the Association who is a Member of record as of the day preceding the day on which notice is given. If mailed, the notice shall be addressed to the respective Members of the Association. Notice of the time, place and purposes of any meetings of the Members of the Association may be waived in writing, either before or after the holding of such meeting, by any Member, which writing, shall be filed with or entered upon the records of the meeting. The attendance of any Member at any such meeting, without protesting, prior to or at the commencement of the meeting, the lack of proper notice, shall be deemed to be a waiver by the Members of notice of such meeting.

(d) Quorum - Adjournment. Except as may be otherwise provided by law or by the Declaration , at any meeting of the Members of the Association, the Members of the Association entitled to exercise a majority of the voting power of the Association present in person or by proxy shall constitute a quorum for such meeting. No action may be authorized or taken by a lesser percentage than required by law, by the Declaration or by these Bylaws. The Members entitled to exercise a majority of the voting power represented at a meeting of Members, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

(e) Actions without a Meeting. All actions, except removal of a Director, which may be taken at a meeting of the Association, may be taken without a meeting with the approval of and in a writing or writings signed by Members having the percentage of voting power required to take such action if the same were taken at a meeting. Such writings shall be filed with the Secretary of the Association. Written notice of any action proposed to be taken by such written consent of members shall be given to all parties who are entitled to notice under Subsection C, of this Section and Article, not less than sixty (60) days prior to commencing the circulation of the action for written consent among the Members.

(f) Order of Business. The order of business at all meetings of members of the Association shall be as follows:

- (1) Calling of meeting to order.
- (2) Roll-call.
- (3) Proof of notice of meeting or waiver of notice.
- (4) Reading of minutes of preceding meeting.
- (5) Reports of Officers.
- (6) Reports of Committees.
- (7) Election of Directors (when appropriate).
- (8) Unfinished and/or old business.
- (9) New business.
- (10) Adjournment.

(g) Vote by a Business Entity. The vote of any corporate, partnership or trust Member may be cast on its behalf by any officer, partner, or beneficiary of such Member authorized to take such action on behalf of the business entity.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Board of Directors. The Board of Directors initially shall be those two (2) persons named as the initial Board pursuant to the provisions of the Articles, or such other person or persons as may from time to time be substituted by Declarant. The Declarant shall control appointments to the Board of Directors as provided within the Declaration. Within thirty (30) days after the Relinquishment Date, the then-existing Lot Owners, including the Declarant with respect to any unsold Lots, shall duly nominate and elect three (3) Lot Owners to serve as the Board of Directors. The terms of such Directors shall be one (1) years. As noted above, each Lot Owner in such elections shall be entitled to cast one vote for each Lot owned. There shall be no cumulative voting.

Although none of Declarant' appointees need be Lot Owners, Members or occupants of a Lot, after the Relinquishment Date all members of the Board shall be Lot Owners.

Section 2. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. At the first organizational meeting of the Association (after the Relinquishment Date referred to above), all nominations shall be made from the floor. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than one (1) month prior to each annual meeting of the Members and shall serve thereafter until a new Nominating Committee is appointed, unless otherwise provided by the Board or otherwise voluntarily terminated. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 3. Election. Election to the Board by the Members shall be by secret written ballot. At such elections, the Members or their proxies may cast with respect to each vacancy, such voting power as they are entitled to exercise under the provisions of the Declaration. The persons receiving the highest number of votes shall be elected. Cumulative voting is not permitted.

Section 4. Removal. Any one (1) or more members of the Board, excepting any Directors named in the Articles or selected by Declarant, may be removed from the Board, with or without cause, by a majority of the Members. In the event of death, resignation or removal of a Director other than one named in the Articles or selected by Declarant, that Director's successor shall be selected by the remaining members of the Board unless the election of a successor Director is conducted at that same meeting and shall serve until the next annual meeting, when a Director shall be elected to complete the term of such deceased, resigned or removed Director. Declarant shall have the sole right to remove, with or without cause, any Director designated in the Articles or selected by Declarant. Declarant may also select the successor of any Director selected by Declarant who dies, resigns, is removed from office or leaves office for any other reason before the first election of Directors.

Any member of the Board may resign at any time by oral statement to that effect made at a meeting of the Board of Directors or in a writing to that effect delivered to the Secretary or President of the Association. Such resignation shall take effect immediately or at such other time as the resigning member of the Board may specify, and acceptance of such resignation shall not be necessary to make it effective.

Section 5. Compensation. Unless otherwise determined by the Members at a meeting duly called and noticed for such purpose, no Director shall receive compensation for any service rendered to the Association as a Director. However, any Director may be reimbursed for his, her or its actual expenses incurred in the performance of duties.

Section 6. Organization Meetings. Immediately after each annual meeting of members of the Association, the Board shall hold an organization meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given.

Section 7. Regular Meetings. Regular meetings of the Board shall be held no less than quarterly, without notice, on such date and at such place and hour as may be fixed from time to time by resolution of the Board.

Section 8. Special Meetings. Special meetings of the Board shall be held when called by the President of the Board, or by any two (2) Directors after not less than sixty(60) days' notice to each Director. Such notice of the time and place of such meeting shall be given in writing by the person or persons calling the meeting, to each member of the Board either by personal delivery or telegram at least twenty-four (24) hours before the meeting, or by mail deposited at least three days prior to the meeting. The notice need not specify the purposes of the special meeting.

Section 9. Quorum. The presence at any duly called and noticed meeting of Directors entitled to cast a majority of the voting power of Directors shall constitute a quorum for such meeting.

Section 10. Voting Power. Except as otherwise provided in the Declaration, these Bylaws, the Articles or by law, each Director shall be entitled to cast one vote, and the vote of a majority of Directors voting on any matter that may be determined by the Directors at a duly called and noticed meeting shall be sufficient to determine that matter.

Section 11. Action in Writing Without Meeting. Any action that could be taken by Directors at a meeting may be taken without a meeting with the affirmative vote or approval, in a writing or writings, of all of the Directors.

Section 12. Powers. The Board shall exercise all powers and authority, under law, and under the provisions of the Articles, these Bylaws, and the Declaration, that are not specifically and exclusively reserved to the Members by law or by other provisions thereof, and without limiting the generality of the foregoing, the Board shall have the right, power and authority to:

- (a) take all actions deemed necessary or desirable to comply with and/or benefit from all requirements of law, the Articles, the Declaration and these Bylaws;
- (b) obtain insurance coverage no less than that required pursuant to the Declaration;
- (c) enforce and/or benefit from (as applicable) the covenants, conditions and restrictions set forth in the Declaration;
- (d) repair, maintain and improve those portions of the Development as are the Association's responsibility under the Declaration;
- (e) establish, enforce, levy and collect Assessments as provided in the Declaration;
- (f) adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of Members and their guests thereon and establish penalties for the infraction thereof;
- (g) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association (such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for each infraction of published rules and regulations or of any provisions of the Declaration, these Bylaws or the Articles);
- (h) declare the office of a member of the Board to be vacant in the event such Director shall be absent from two (2) consecutive regular meetings of the Board;
- (i) authorize the officers to enter into one (1) or more management agreements with third parties in order to facilitate the efficient operation of the property; (it shall be the primary purpose of such management agreements to provide for administration, management, repair and maintenance as provided in the Declaration, and the receipt and disbursement of funds as may be authorized by the Board. The terms of any management agreements shall be as determined by the Board to be in the best

interest of the Association, subject, in all respects, to the provisions of these Bylaws, the Articles and the Declaration);

- (j) purchase or lease or otherwise acquire in the name of the Association or its designee (corporate or otherwise) on behalf of all Members, any Lot offered for sale or lease, or Lots subject to foreclosure or other judicial sales;
- (k) do all things and take all actions permitted to be taken by the Association by law, the Declaration, these Bylaws, and the Articles, not specifically reserved thereby to others;
- (l) grant licenses;
- (m) establish and maintain a funded reserve for contingencies and replacements in any amount which it determines, in its sole discretion, to be necessary or advisable and, to the extent that it deems desirable, to create requirements for other reasonable reserves (such as maintenance and repair, working capital, bad debts, and depreciation) and designate trust funds for the benefit of Members or the Association;
- (n) form committees of the Board and/or composed of persons who need not be members of the Board, members of the Association, or Occupants, and delegate to such committees such powers, authority, and responsibilities as the Board may, in the exercise of its sole discretion, determine to be appropriate; and,
- (o) borrow from any reserve fund established and maintained by it for a maximum period of ninety (90) days to fund expenditures authorized in the Declaration or these Bylaws;
- (p) cooperate with the Air Park Village Homeowners Association and APVHA Board for the benefit of property owners;
- (q) assist the AirPark Village Homeowners Association and/or APVHA Board in enforcement of the Master Declaration and/or the Cabanas Declaration.

Section 13. Duties. It shall be the duty of the Board to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting, or at any special meeting when such statement is requested in writing by Members representing one-half (1/2) or more of the voting power of Members;
- (b) supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- (c) as more fully provided in the Declaration:

- (i) fix the amount of Assessments against each Lot as provided therein;
 - (ii) give written notice of each Assessment to every Member subject thereto within the time limits set forth therein; and,
 - (iii) foreclose the lien against any Lot(s) for which Assessments are not paid within a reasonable time after they are authorized by the Declaration to do so, or bring an action at law against the Member(s) personally obligated to pay the same, or both;
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid;
- (e) procure and maintain insurance as provided in the Declaration, and as the Board deems advisable;
- (f) at its discretion cause all officers or employees handling Association funds to be bonded;
- (g) cause the property subject to the Association's scope of authority to be maintained within the scope of authority provided in the Declaration;
- (h) cause the Master Declaration to be enforced; and,
- (i) take all other actions required to comply with all requirements of law, the Articles, the Master Declaration and these Bylaws.

Section 14. Non-Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Members or to the Association or its Members for any mistake of judgment or for any acts or omissions made in good faith as such Directors. The Members and the Association and its Members shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in good faith or contrary to the provisions of the Declaration applicable to the Lots or contrary to the Bylaws of this Association. The liability of any Owner or Member arising out of the aforesaid indemnity shall be limited to such proportion of the total liability as the number of votes held by the Owner relates to the total number of votes held by all Lot Owners.

Section 15. Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate Fidelity Bonds. The premiums on such bonds shall be paid by the Association and shall be a Common Expense.

ARTICLE III

OFFICERS

Section 1. Enumeration of Officers. The officers of this Association shall be a president, a vice president, a secretary, a treasurer and such other officers as the Board may from time to time determine. No officer need be a member of the Association nor need any officer be a Director. The same person may hold more than one (1) office.

Section 2. Selection and Term. The officers of the Association shall be selected by the Board at the first meeting of the Board of Directors following each Annual Meeting of the members, and shall serve for a term of one (1) year(s), unless he or she shall sooner resign, be removed, or otherwise disqualified to serve.

Section 3. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for the above described period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 4. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Duties. The duties of the officers shall be such duties as the Board may from time to time determine. Unless the Board otherwise determines, the duties of the officers shall be as follows:

- (a) President. The president shall preside at all meetings of the Board, shall have the authority to see that orders and resolutions of the Board are carried out, and shall sign all leases, mortgages, deeds and other written agreements.
- (b) Vice President. The vice president shall perform the duties of the President in the event of his absence, inability or refusal to act, and shall have such other authority and perform such other duties as may be determined from time to time by the Board of Directors.
- (c) Secretary/Treasurer. The secretary shall record the votes and keep the minutes and proceedings of meetings of the Board and of the Lot owners, serve notice of meetings of the Board and of the Lot owners, and keep appropriate current records showing the names of Lot owners of the Association together with their addresses.

The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, disburse such funds as directed by resolution of the Board, sign all checks and promissory notes of the Association, keep proper books of account, and prepare an annual budget and a statement of income and expenditures to be presented to the Lot owners at the annual meeting, and deliver or mail a copy of each to each of the Lot owners.

ARTICLE IV

COMMITTEES

Section 1. The Board of Directors may appoint a Review Committee and a Nominating Committee, as provided by these Bylaws and/or the Declaration. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes.

Section 2. It shall be the duty of the Board of Directors to act as a Committee of the whole to receive complaints from members on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such Directors, officers or Committees of the Association further concerned with the matter presented.

ARTICLE V

GENERAL POWERS OF THE ASSOCIATION

Section 1. Payments from Maintenance Funds. Each Member shall pay Assessments for Expenses, as provided herein and/or in the Declaration, for the benefit of all of the Members, and the Association shall place the funds so collected in one (1) or more accounts of the Association (such account or accounts being hereinafter referred to as the "Maintenance Fund"), and out of the Maintenance Fund the Association shall arrange and pay for the following:

(a) Utility Services. The cost of any utility service for the Common Areas, if any, and the cost of any utilities which are not separately metered or otherwise directly charged to individual Members; however, the Association may discontinue such payments at any time, in which case each Member shall be responsible for direct payment of his or her share of such expenses as shall be determined by the Board of Directors of the Association. The Association reserves the right to levy additional assessments against any Member to reimburse it for excessive use, as shall be determined by the Board of Directors, by such Member of any utility service having been charged against or to the Maintenance Fund;

(b) Casualty Insurance. The premiums upon a policy or policies of casualty insurance, with extended coverage, vandalism and malicious mischief endorsements, as provided in the Declaration, the amount of which insurance shall be reviewed annually;

(c) Liability Insurance. The premiums upon a policy or policies insuring the Association, the members of the Board and the Members against any liability to the public or to the Members, and their invitees or tenants, incident to the Development, Open Space and/or the Common Areas as provided in the Declaration, the limits of which policy or policies shall be reviewed annually;

(d) Worker's Compensation. The costs of worker's compensation insurance to the extent necessary to comply with any applicable law;

(e) Wages and Fees for Services. The fees for services of any person or firm employed by the Association; including, without limitation, the services of a person or firm to act as a manager or managing agent for the Common Areas, the services of any person or persons required for the maintenance or operation of any part(s) of the Development under the Association's control, any

legal and/or accounting services necessary or proper in the operation of the Association or the enforcement of the Declaration and these Bylaws and for the organization, operation and enforcement of the rights of the Association;

(f) Care of Association Areas. The cost of the maintenance, repair and/or replacements of the portions of the Common Areas which are to be maintained and repaired by the Association pursuant to the Declaration;

(g) Certain Maintenance of Lots. The cost incurred by the Association in connection with any maintenance and/or repair to any Lot or Residence and/or any portion of the Development which is the Member's responsibility, which the Association, in its discretion, deems to be necessary, and which maintenance and/or repair the Member has failed or refused to perform within a reasonable time after written notice of the necessity of such maintenance or repair has been delivered to the Member. In such circumstances, the Association shall levy a special assessment against such Member or Members for any such maintenance and/or repair together with other expenses which the Association may have incurred therewith;

(h) Additional Expenses. The cost of any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, Expenses or Assessments which the Association is required to secure or pay for pursuant to the terms of the Declaration, these Bylaws and/or by law or which is in the opinion of the Association are necessary or proper for the maintenance and operation of the Development as a first class real estate development or for the enforcement of the Declaration, these Bylaws and/or any rules and regulations promulgated hereunder.

Section 2. Capital Additions and Improvements. The Association's powers hereinabove enumerated shall be limited in that the Association shall have no authority to acquire and pay for out of the Maintenance Fund any capital additions and improvements (other than for purposes of replacing or restoring portions of the Common Areas, subject to all the provisions of the Declaration and these Bylaws) having a total cost in excess of Fifty Dollars (\$50), nor shall the Association authorize any structural alterations, capital additions to, or capital improvements of, the Common Areas, if any, requiring an expenditure in excess of One Hundred Dollars (\$100), without in each case the prior approval of sixty-five percent (65%) of the voting power of the Association.

Section 3. Contracts with Developer. Anything contained in these Bylaws and the Declaration to the contrary notwithstanding, the Declarant shall not enter into any contract with the Association to provide any services to the Association and/or the Common Areas which is for a period in excess of One (1) year(s) from and after the date the Members have assumed control of the Association, unless such management contract or other agreement is renewed and continued by the Association by a majority vote of the Members, other than the Declarant, duly taken and conducted in accordance with the Bylaws and the Declaration.

Section 4. Rules and Regulations. The Board of Directors may adopt rules and regulations and the Association, by vote of the Members entitled to exercise a majority of the voting power of the Association, may from time to time supplement, amend and modify such rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Development, and for the health, comfort, safety and general welfare of the Members of the Association. Written

notice of such rules and regulations shall be given to all Members. In the event any such rules and regulations shall conflict with any provisions of the Declaration or of these Bylaws, the provisions of the Declaration and of these Bylaws shall govern.

Section 5. No Active Business to be Conducted for Profit. The Association shall have no authority to conduct an active business for profit on behalf of Members or any of them; provided, however, that the Association shall have authority to lease or sublease any Lots or residences it may acquire by deed or lease in accordance with the provisions of the Declaration or these Bylaws.

Section 6. Delegation of Duties. Nothing herein contained shall be construed so as to preclude the Association, through its Board of Directors and officers, from delegating to persons, firms or corporations of its choice, including any manager or managing agent, such duties and responsibilities of the Association as the Board of Directors of the Association shall from time to time specify, and to provide for reasonable compensation for the performance of such duties and responsibilities.

ARTICLE VI

DETERMINATION AND PAYMENT OF COMMON EXPENSES AND ASSESSMENTS

Section 1. Obligation of Members to Pay Assessments and to Make a Contribution to Working Capital. It shall be the duty of every Member to pay the Member's proportionate share of any and all Assessments. Payment thereof shall be in such amounts and at such times as may be determined by the Board, as herein provided or as provided in the Declaration. Each Member shall also be obligated to pay all special assessments and other costs and assessments properly chargeable to such Member.

Each party purchasing a Lot from Declarant shall deposit with the Association, at the closing of his or her purchase, such sum as may be required by Declarant as the new owner's initial contribution to the working capital of the Association. Such Contribution shall be non-refundable.

ARTICLE VII

ESTABLISHMENT OF ANNUAL BUDGET

Section 1. Preparation of Estimated Budget. Prior to the beginning of each fiscal year, the Board shall estimate the total amount necessary to pay the cost of management fees, wages, materials, insurance, services and supplies which will be required during the ensuing calendar year for the rendering of all such services in connection with the Development, together with a reasonable amount considered by the Association to be necessary for a reserve for contingencies and replacement, and shall notify each Member in writing as to the amount of such estimate, with reasonable itemization thereof. The estimated cash requirements (hereinafter referred to as the "Estimated Cash Requirement") shall be assessed to the Members according to each Member's voting interest as set forth in the Declaration. On or before the first day of the ensuing fiscal year, and the 1st day of each and every month of said ensuing year, each Member shall be obligated to pay to the Association the monthly amount determined to be payable that month as the appropriate amount of the annual Expenses for that year as well as the amount of any other Assessment made

pursuant to the terms of the Bylaws and Declaration. On or before the date of the annual meeting in each calendar year, the Association shall supply to all Members an itemized accounting of the maintenance expenses actually incurred in the preceding calendar year, together with a tabulation of the amounts collected pursuant to the estimate provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited pro-rata according to each Member's voting interest to the next monthly installments for Expenses due from Members under the then current year's estimate, until exhausted, and any net shortage shall be added according to each Member's voting interest to the installments due in the succeeding six (6) months after rendering of the accounting. The annual budget, including the initial budget of the Association, shall be established on an annual basis. Each Member recognizes that the initial cost for the maintenance and operation of the Development (inclusive of the Common Areas) may be less during the initial operations due to the new condition of some of the improvements thereon and its partial use and that, thereafter, it is probable that the amount of the monthly Assessments may increase.

The portion of each Assessment payment made or to be made by each Member which may appropriately be considered, under generally accepted accounting principles as a contribution to capital and which the Board designates as such, shall be designated separately as such on the records of the Association and on Assessment notices sent to Members. That portion of each Assessment payment which is allocable to the reserve for contingencies and replacements and the portion allocable to any other reserve shall also each be separately designated for these purposes on the records of the Association and on Assessment notices sent to Members.

Section 2. Budget for First Year. The Board of Directors of the Association, as designated by the Declarant as provided in Article II, Section 1, shall promptly prepare an Estimated Cash Requirement which will be the basis for determining the amount of the monthly Assessments which each Member shall be obligated to pay.

Section 3. Failure to Prepare Annual Budget. The failure or delay of the Association or Board of Directors to prepare or serve the annual or adjusted estimate on the Members shall not constitute a waiver or release in any manner of any Member's obligation to pay the Expenses for maintenance costs and necessary reserves or any other charge as herein provided, whenever the same shall be determined. In the absence of any annual estimate or adjusted estimate, the Member shall continue to pay the monthly Assessments at the existing monthly rate or rates established for the previous period until the first monthly Assessment payment date which occurs more than ten (10) days after such new annual or adjusted estimate shall have been mailed or delivered.

Section 4. Books and Records of Association. The Association shall keep full and correct books of account and the same shall be open for inspection by any Member or any representative of any Member duly authorized in writing, at reasonable times during normal business hours and upon request by a Member or his or her representative. Upon Thirty (30) days notice to the Board and upon payment of a reasonable fee, any Member shall be furnished a statement of his or her account setting forth the amount of any unpaid assessments or other charges due and owing from such Member.

Section 5. Status of Funds Collected by Association. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for special assessments as

may be levied hereunder against less than all of the Members, and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the use, benefit and account of all of the Members in proportion to each Member's voting interest as provided in the Declaration. The Board may, in its sole discretion, take any action which it deems necessary as to the collection, holding, disbursement, or categorization of the reserve funds in order to comply with the provisions of the Internal Revenue Code, U.S. Treasury Regulations issued thereunder, and/or any ruling by the Internal Revenue Service as to the noninclusion of such funds in the taxable income of the Association.

Section 6. Annual Audit. The books of the Association shall be audited once a year by the Board, and such audit shall be completed prior to each annual meeting of the Members. If requested by a majority of the Board of Directors, such audit shall be made by a Certified Public Accountant or an independent auditing firm.

Section 7. Encumbrancer's Statement and Right to Cure. Any encumbrancer may from time to time request in writing a written statement from the Board of Directors setting forth all unpaid amounts properly chargeable against the Lot covered by his, her or its encumbrance, which such request shall be complied with promptly. Any encumbrancer holding a lien on a Lot may pay any such unpaid amount properly chargeable against such Lot, and upon such payment such encumbrancer shall have a lien on such Lot for the amounts paid.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Service of Notices on the Board of Directors. Notice required to be given to the Board of Directors or to the Association may be delivered to any member of the Board of Directors or officer of the Association either personally or by mail addressed to such member or officer.

Section 2. Service of Notices on Devisees, Heirs-at-Law and Personal Representatives. Notices required to be given to any devisees, heirs-at-law, or personal representative of a deceased Member may be delivered either personally or by mail to such person at his, her or its address appearing on the records of the court wherein the estate of such deceased Member is being administered.

Section 3. Non-Waiver of Covenants. No covenants, restrictions, conditions, obligations or provisions contained in the Declaration or these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 4. Agreements Binding. All agreements and determinations lawfully made by the Association in accordance with the procedures established in the Declaration and these Bylaws shall be deemed to be binding on all Members, their respective successors, heirs and assigns.

Section 5. Enforceability of Covenants. The invalidity of any covenant, restriction, condition, limitation or any other provision of these Bylaws, or any part of the same shall not impair or affect in any manner the validity, enforceability or effect of the rest of these Bylaws.

Section 6. Insurance on Contents of Lots. Each Member shall be responsible for insuring the Lot, Residence and contents of the Member's Residence and any additions and improvements thereto and decorations and furnishings and personal property therein, and the Member's personal property stored elsewhere at the Development and the Member's personal liability to the extent not covered by the liability insurance for all of the Members obtained as part of the Assessments as above provided. All policies maintained by the Member under this provision shall include a waiver of subrogation in the event of a loss, for the benefit of the Association, Declarant, Directors, any managing agent and their respective agents.

Section 7. Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants, or rights created by these Bylaws shall be unlawful or void for violation of: (i) the rule against perpetuities or some analogous statutory provision, (ii) the rule restricting restraints on alienation, or (iii) any other statutory or common law rule imposing time limits, then such provision shall continue only until 21 years after the death of the last survivor of the now living descendants of George W. Bush, President of the United States of America.

ARTICLE IX

AMENDMENT OF BYLAWS

Prior to the Relinquishment Date, Declarant shall have the sole and absolute right to amend or modify these Bylaws without any formal meeting or action and upon presentation to the Board of Directors of a written Certificate of Amendment/Modification (as applicable). After the Relinquishment Date, these Bylaws may be amended or modified at any time(s) by action or approval of Members exercising Sixty-Five percent (65%) or more of the voting power of the Association; provided, however, in any event that: (a) any of the Bylaws which affect the rights or interests of Declarant and/or Declarant's agent(s) shall not be amended or modified without Declarant's prior written consent; and, (b) Declarant may make unilateral amendments to these Bylaws as aforesaid and/or for purposes of the Declaration.

IN WITNESS WHEREOF, the Declarant and the Directors have approved and adopted these Bylaws for and on behalf of the Association at _____ County, _____, on and effective this ____ day of _____, 20__.

Signed and acknowledged
in the presence of:

("Declarant")

Witness

Print name: _____

By: _____

Witness

Print name: _____

Signed and acknowledged
in the presence of:

("Association")

Witness
Print name: _____

By: _____

Witness
Print name: _____

Witness
Print name: _____

By: _____

Witness
Print name: _____

Witness
Print name: _____

By: _____

Witness
Print name: _____

