

**BYLAWS
OF
NORTHWOOD HILLS PROPERTY OWNERS ASSOCIATION
(A Mississippi Non-Profit Corporation)**

Article 1

Name and Location

The name of the organization shall be Northwood Hills Property Owners Association hereinafter called "Association," a non-profit organization organized and existing under the laws of the State of Mississippi. The principal office of the Association shall be located at such suitable and convenient place as shall be permitted by law and designated by the Board of Directors.

Article 2

Definitions

Section 1. "Association" shall mean the and refer to Northwood Hills Property Owners Association, Inc., a non-stock, non-profit Mississippi Corporation, its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property (including any improvements thereon) and any facilities thereon owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is part of the Properties, including contract sellers, but excluding those having an interest in a Lot merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Kimberlin INC. Development Company its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development, but only to the extent that any of the rights, reservations, easements, interests, exemptions, privileges and powers of me Declarant are specifically assigned or transferred to such successors or assigns.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded among the Land Records for the County of Desoto, Mississippi.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Article 3

Purpose and Owner Obligation

Section 1. **Purpose:** The purpose for which this non-profit Association was formed is to be and constitute the homeowner's association referenced in the Declaration to provide for the governance, maintenance, safety, management, operation, of all of the committees, services, or facilities herein set forth; the enforcement of all covenants contained herein, the assessment, collection, and application of all charges imposed hereunder or liens created hereby; and such other purposes as or will be set forth in the Bylaws.

Section 2. **Owner Obligation:** All present or future owners or any other person who might reside in the Properties are subject to the regulations set forth in these Bylaws. The mere acquisition of any of the residential lots comprising the Properties or the mere act of occupancy of any living units on the lots will signify that these Bylaws are accepted, ratified and will be strictly followed.

Article 4

Membership

Section 1. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of any obligation. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

Article 5

Voting Rights

The Association shall have two classes of voting membership:

Class A. Class A members shall be all those Owners as defined in Article 4 with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article 4. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant. The Class B member(s) shall be entitled to two (2) votes for each Lot in which it holds the interest required for membership by Article 4, provided that the Class B membership shall cease and be converted to Class A membership on a section by section basis at such time that more than seventy-five percent (75%) of the Lots in that section have been sold by the Declarant to individual purchasers, provided that the Declarant shall retain his Class B membership as to other sections where less than seventy-five percent (75%) of the Lots have been sold to individual purchasers.

Article 6

Common Area Property Rights

Section 1. Members' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

- (a) The right of the association to limit the number of guests of members, if applicable;
- (b) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area, if the need arises;
- (c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in said thereof to mortgage said property, and the rights of such mortgagee in said properties shall be subordinate to the rights of the homeowners hereunder;
- (d) The right of the Association to suspend the voting rights and right to use of the recreational facilities by a member for any period during which any assessment against his Lot remains unpaid; and
- (e) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by members entitled to cast two-thirds (2/3) of the votes of the Class B membership, if any, has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every member not less than 10 days nor more than 60 days in advance.

Section 2. Delegation of Use. Any member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Area to the Association, free and clear of all encumbrances and liens, prior to the conveyance of the first Lot.

Section 4. Easements. The Association by normal corporate action may convey and grant any easements in addition to those shown on recorded subdivision plats, so long as such easements do not cross any buildings on any Lot.

Article 7

Covenant for Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) services assessments, and (3) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual, services and special assessments, together with interest, late charges, costs, and reasonable attorneys' fees, shall be a charge on the Lot (including all improvements thereon), and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment, together with interest, late charges, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area Or abandonment of his Lot or any Dwelling Unit thereon.

Section 2. Purpose of Assessments. The annual assessments and Services Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvement and maintenance of the Common Area, its facilities, any private streets and easement areas.

Section 3. Basis and Maximum of Annual Assessments. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Two Hundred Dollars (\$200.00) for Class A members, other than participating Builders. The Class B member and participating Builders shall pay 25% of the Class A member assessment and the Class B member covenants and agrees to fund any budget operating deficits until the Class B member (Declarant) has conveyed 75% of said Lots to Owners (other than Declarant and participating Builders). Notwithstanding the foregoing, Declarant and participating Builders shall pay full assessments on all Lots owned by Declarant or participating Builders upon which a dwelling unit has been completed and is occupied.

Section 4. Effect of Non-Payment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be assessed a late fee and shall bear interest from the due date at a rate of ten percent (10%) interest per annum or such greater amounts as may be determined by the Board of Directors and the Owner obligated for such assessment shall also be liable for all reasonable costs and expenses, including reasonable attorneys fees incurred by the Association in attempting to collect said assessment and/or enforce its lien. The Association may bring an action at law against the owner personally obligated to pay the same. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

Section 5. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Article 8

Meeting of Members

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon the written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days (but not more than sixty (60) days) before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of the notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporations, the Declaration of these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum, as aforesaid, shall be present or be represented.

Section 5. Voting. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which he owns on each question. Each of the Class B members shall have the right to cast three (3) votes for each Class B membership which he owns on each question. The vote of the Members representing fifty-one percent (51 %) of the total of the votes of all of the memberships at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, or of the Declaration or of these By-laws, a different vote is required, in which case such express provision shall govern and control. No Class A Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy.

Article 9

Board of Directors: Selection: Term of Office

Section 1. Number. The affairs of the Association shall be managed by a Board of Directors consisting of an uneven number of not less than three (3) nor more than seven (7) Members who shall be elected by the Members of the Association.

Section 2. Term of Office. The Members shall elect two (2) Directors for a term of three (3) years, two (2) Directors for a term of two (2) years, and the remaining Director(s) for a term of one (1) year; and at each annual meeting thereafter, the Members shall elect a Director to each vacancy for a term of three (3) years.

Section 3. Removal. After the first annual meeting of the Members, any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. Prior to the first annual meeting of the Members, any Director may be removed from the Board, with or without cause, by the Declarant. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association.

Section 10

Nomination and Election of Directors

Section 1. Nomination. Nomination for election to the Board of Directors, commencing with the first annual meeting of Members, shall be made from the floor at the annual meeting.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declarations. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Article 11

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the date named for such meeting.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice of each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice of the written request of any two (2) of the Directors.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every, act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Fidelity Bonds. The Board of Directors may require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty. The premiums on such bonds or insurance shall be paid by the Association.

Article 12

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have power to:

- (a) Adopt and publish rules and regulations governing the use of the Common Area, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) Suspend the voting rights and right to use the Common Areas of a Member during any period in which such Member will 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 infraction of published rules and regulations;
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
- (d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

Section 2. Duties. It shall be the duty of the Board of Directors 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 of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;
- (b) As more fully provided in the Declaration, to:

- (1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) Place a lien against any property for which assessments are not paid within (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.
- (c) Issue, or cause to be issued, upon demand by any person, a certificate setting forth whether or not any assessment has been paid.
 - (d) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
 - (e) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
 - (f) Cause the common Area to be maintained;
 - (g) Otherwise perform or cause to be performed the functions and obligations of the Board and the Association as provided for in the Declaration and Articles of Incorporation and these Bylaws.
 - (h) Designate depositories for Association funds; designate those officers and agents who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded;
 - (i) Adopt and publish rules and regulations governing the use of the Common Areas and facilities.

Article 13

Officers and Their Duties

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, Secretary, and Treasurer who shall at all times be members of the Board of Directors.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until his successor is duly elected and qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. 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 unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The Offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices.

Section 8. Duties. The duties of the officers are as follows:

President

The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried but; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Association together with their addresses, and shall perform such other duties as required by the Board

Treasurer

The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books of account, cause and annual audit of the Association books to be made by a public accountant; at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Article 14

Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by, or imposed upon, an officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgement, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold such officer and Directors free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the association or former officer or Director of the Association may be entitled.

Article 15

Committees

The Association may appoint an Architectural Review Board, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

Article 16

Insurance

Section 1. Insurance. The Board of Directors of the Association shall obtain and maintain, to the extent reasonably available, at least the following;

- (a) A comprehensive policy of public liability insurance with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Million and No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, (~~hired automobile liability, non-owned automobile liability~~ Note: line drawn through this statement in copy of ByLaws,) liability for property of others and, such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership and use of the Common Areas and facilities or any portion thereof; and
- (b) A "Legal Expense Indemnity Endorsement," or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and
- (c) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these Bylaws, as are or shall hereafter be considered appropriate by the Board of Directors.

Article 17

Casualty Damage – Reconstruction or Repair

Section 1. Use of Insurance Proceeds. In event of damage or destruction to the Common Area by fire or other casualty, the same shall be promptly repaired, replaced or reconstructed in substantial conformity with the original plans and specifications for the Common Area with the proceeds of insurance available for that purpose, if any. The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of the Common Area for purposes other than the repair, replacement or reconstruction of the Common area without the prior written consent and approval of the holders of all first mortgages of record on the Lots.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction of the Common Area caused by fire or other casualty not insured against, then and in either of those events, upon resolution of the Board of Directors, the repair, replacement and reconstruction of the damage shall be accomplished promptly by the Association at its common expense.

Article 18

Books and Records – Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin at the date of recordation of the Declaration among the Land Records for Desoto County, Mississippi. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Secretary and Treasurer or in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses incurred by the Association. The amount of any assessment or portion of any assessment, required for payment of any capital expenditure or reserves of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the Members.

Section 3. Auditing. At the close of each fiscal year, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Association shall furnish the Members and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association, within ninety (90) days following completion of the audit.

Section 4. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Lot and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Article 19

Assessments

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments and, if applicable, services assessments, which are secured by a continuing lien upon the Property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall be assessed a late fee and bear interest from the date of delinquency at the rate of interest of ten percent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Article 20

Amendments

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Article 21

FHA – VA Approvals – Rights of Lenders

Section 1. FHA-VA Approvals. Provided that any Lot subject to the Declaration is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration or guaranteed by the Veterans Administration, and, provided further, that there are then Class B memberships of the Association outstanding, neither the Members, the Board of Directors nor the Association shall, by act or omission, take any of the following action without the prior written consent or approval of the Federal Housing Administration and the Veterans Administration, as the circumstances may require:

- (a) make any annexation or additions other than as provided for in the Declaration; or
- (b) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Common Area directly or indirectly owned by the Association; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Area by the Members of the Association shall not be considered a transfer within the meaning of this Section 1; or
- (c) abandon or terminate the Declaration; or
- (d) modify or amend any provision of the Declaration, these Bylaws or the Articles of Incorporation of the Association; or
- (e) merge or consolidate the Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Association in any other entity.

Section 2. Consents by Lenders. Any other provision of the Declaration, these Bylaws or the Articles of Incorporation to the contrary notwithstanding, neither the Members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of two-thirds (2/3) in number of the holders of the first mortgages of record on the Lots:

- (a) abandon, partition, alienate, release, hypothecate, dedicate, subdivide, encumber, sell or transfer any of the Common Area directly or indirectly owned by the Association; provided, however, that the granting of rights of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Area by the Members of the Association shall not be considered a transfer within the meaning of this Section; or
- (b) abandon or terminate the Declaration; or
- (c) modify or amend any substantive provision of the Declaration, or of these Bylaws or the Articles of Incorporation of the Association; or
- (d) merge or: consolidate the Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Association to any other entity; or
- (e) substantially modify the method of determining and collecting assessments against an Owner or his Lot as provided in the Declaration; or
- (f) waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearances of buildings or structures on the Lots or the exterior maintenance of the Common Area: or

- (g) fail to maintain fire and extended coverage on insurable Association Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or
- (h) use hazard insurance proceeds for losses to the Common Area for other than the repair, replacement or reconstruction of such Common Area.

Section 3. Additional Rights of mortgagees – Notice. The Association shall promptly notify the holder of the first mortgage of record on any Lot for which any assessment levied pursuant to the Declaration, or any installment thereof, becomes delinquent for a period in excess of thirty (30) days and the Association shall promptly notify the holder of the first mortgage on any lot with respect to which any default in any other provision of the Declaration remains uncured for a period in excess of thirty (30) days following the date of such default. Any failure to give any such notice shall not affect the validity or priority of any first mortgage on any Lot and the Protection extended in the Declaration to the holder of any such mortgage shall not be altered, modified or diminished by reason or such failure.

No suit or civil action may be taken for any assessment levied pursuant to the Declaration except after (10) days' written notice to the holder of the first mortgage on the Lot which is the subject matter of such suit or proceeding.

Any first mortgagee of any Lot may pay any taxes, utility charges or other charge levied against the Common Area which are in default and which may have become a charge or lien against any of the Common Area and any such first mortgagee may pay any overdue premiums on any hazard insurance policy or secure new hazard insurance coverage on the lapse of any policy, with respect to the Common Area. Any first mortgagee who advances any such payment shall be due immediately reimbursement of the amount so advanced from the Association.

Section 4. Casualty Losses. In the event of substantial damage or destruction to any of the Common Areas or facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the Lots. No provision of the Declaration or the Articles of Incorporation or these Bylaws of the Association shall entitle any Member to any priority over the holder of any first mortgage of record on his Lot with respect to the distribution to such Member of any insurance proceeds paid or payable on account of any damage or destruction of any of the Common Area.

Article 22

Interpretation - Miscellaneous

Section 1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 2. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in these Bylaws shall be given in writing.

Section 3. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 6. Gender, etc.. Whenever in the Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.