

BY-LAWS
OF
THE RESERVE
OWNERS ASSOCIATION

Prepared by:

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Article 1

Name, Membership, and Definitions

Section 1. Name. The name of the Association shall be THE RESERVE OWNERS ASSOCIATION (hereinafter sometimes referred to as the "Association").

Section 2. Membership. Provisions regarding membership in the Association are fully set forth in the Declaration of Protective Covenants for THE RESERVE, (this Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

Article II

Association: Meetings, Voting, Proxies, Quorum

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors, either in the Community or as convenient thereto as practical.

Section 2. First Meeting and Annual Meetings. An annual or special meeting shall be held after the Association's directors are no longer appointed by the Declarant. Annual meetings shall be set thereafter by the Board so as to occur within sixty (60) days of the close of the Association's fiscal year. 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 (excluding Saturday and Sunday). Any Member may attend an annual meeting.

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a Majority of the Board or upon a petition signed by Owners holding at least fifty (50%) percent of the total Association vote entitled to vote thereon. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be

transacted at a special meeting, except as stated in the notice. Any Member may attend a special meeting.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to each Member a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her Residence, he or she shall designate by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice so long as Article VI, Section 4 of the By-Laws is complied with. In addition to serving notice as provided above, or as an alternative thereto, the Board may serve notice of an annual or special meeting by publishing notice in a newspaper or newsletter circulated within the Community. The date of publication shall be the date that notice is served. Notices shall be served not less than ten (10) nor more than fifty (50) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Association, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a Majority of the Association vote present at the meeting, in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein. Voting may be held by either by referendum or at a meeting. Unless a vote on any question is required by law or is required by the Declaration or By-Laws to be taken at a meeting (in which case a meeting shall be called and proxies shall be sent to all Members entitled to vote on the issue(s) to be decided at the meeting), elections and other matters requiring a membership vote may be submitted on a ballot or ballots to the Members in referendum by mail or at polling places in The Reserve. Ballots shall be returned to the Secretary by the date specified on the ballot. The Board shall determine the method of voting, the form of all ballots, the wording of questions thereon and the deadline for return of ballots. It shall designate the number and location of polling places, if any. The Board may include on any ballot questions on which it seeks an advisory vote. Members may suggest questions for an advisory vote which shall be evaluated by the Board for consistency with the exercise of its duties and responsibilities. In any advisory vote, each such question on a ballot shall indicate that the vote is for advisory purposes only. Notice of referenda shall be given in the same manner as notice of

meetings.

Section 8. Proxies. At all meetings of the Association, Members entitled to vote may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of his or her Residence, upon receipt of notice by the Secretary of the death or judicially declared incompetence of an Owner, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 9. Quorum. The presence, in person or by proxy, of Members entitled to cast at least ten (10%) percent of the votes of Members entitled to vote on the issue(s) before the meeting shall constitute a quorum at all meetings of the Association. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any action taken thereafter is approved by at least a Majority of the votes required to constitute a quorum. The quorum for a referendum shall be twenty-five (25%) percent of the votes of Members entitled to vote thereon, except that there shall be no quorum requirement for advisory votes.

Article III

Board of Directors

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Except with respect to directors appointed by the Class “B” Member or serving as a representative of the Declarant, the directors shall be eligible Members or residents; provided however, no Owner and resident representing the same Lot may serve on the Board at the same time. No Owner or resident shall be eligible to serve as a director if any assessment for such Owner’s or resident’s Lot is delinquent. A “resident” shall be any natural person 19 years of age or older whose principal residence is within the Community. In the case of a Member which is not a natural person, any officer, director, partner, member, employee, or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member, provided that no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by or serving as a representative of the Class “B” or the Declarant.

Section 2. Directors During Class “B” Control Period. Subject to the provisions of this Article, the directors shall be selected by the Class “B” Member acting in its sole discretion and shall serve at the pleasure of the Class “B” Member during the Class “B” Control Period. Directors appointed by or serving as a representative of the Class “B” Member or the Declarant shall not be subject to the qualifications for directions set forth in Section 1.

Section 3. Veto. After the termination of the Declarant's right to appoint Directors and officers, the Declarant shall have a veto power over all actions of the Board, as is more fully provided in this Section. This power shall expire upon the expiration of Declarant's option unilaterally to subject additional property to the Declaration, unless earlier surrendered in writing. This veto power shall be exercisable only by Declarant, its successors, and assigns who specifically take this power in a recorded instrument. The veto shall be as follows:

No action authorized by the Board of Directors shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) Declarant shall have been given written notice of all meetings and proposed actions to be approved at meetings by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice shall comply with the provisions of these By-Laws regarding notice of regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at the meeting; and

(b) Declarant shall have been given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board or the Association. Declarant and its representatives or agents shall make its concerns, thoughts, and suggestions known to the Members of the Association and/or the Board. As to such meeting, Declarant shall have and is hereby granted a veto power over any such action, policy, or program authorized by the Board of Directors and to be taken by the Board. The veto may be exercised by Declarant, its representatives, or agents within fourteen (14) days after notice in writing to Declarant of action taken by the Board of Directors. Any veto power shall not extend to the requiring of any action or counterclaim on behalf of the Board.

Section 4. Number of Directors. The initial Board of Directors shall consist of three (3) members. The Board shall be increased to five (5) members as provided in Section 6 of this Article.

Section 5. Nomination of Directors. The Board may establish a nominating committee consisting of a chairperson, who shall be a member of the Board, and three or more Members or representatives of Members. If established, the nominating committee shall be appointed by the Board not less than 30 days prior to each election to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such election. A nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled as provided in Section 6 below.

Nominations shall be also permitted from the floor at a meeting of the Members. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members

and to solicit votes. Directors appointed by or serving as a representative of the Class “B” Member or the Declarant shall not be subject to these nomination requirements.

Elected Directors may be elected by referendum. Cumulative voting is not permitted. Those candidates receiving the largest number of votes shall be elected. In the case of a tie vote, the winner shall be determined by the flip of a coin.

Notwithstanding any other provision contained herein, not later than thirty days after the time that the Declarant’s right to appoint directors has terminated, the board shall, by resolution, increase its size to five members, who shall be elected by owners of residences. The three directors receiving the highest number of votes shall be elected for a term of two years and the remaining directors shall be elected for a term of one year or until the first annual meeting after the declarant's right to appoint directors terminates, whichever is shorter.

All Owners of Residences eligible to vote shall have the right to vote on all Directors to be elected as provided in the Declaration. The election shall be by a plurality of the votes cast. There shall be no cumulative voting. Each Member shall be entitled to cast his vote for each of as many nominees as there are vacancies to be filled at the time of the election.

The declarant, in its sole discretion and without loss of any rights herein to the contrary, may permit Owners of Residences to elect a larger number of Directors earlier than is required herein.

Section 6. Election and Term of Office.

(a) Upon the earlier of six (6) years from the date of recording of the Declaration or thirty (30) days after the time that 100 residences have come into existence have certificates of occupancy issued thereon and have been conveyed to Class “A” Members shall elect one (1) of the three (3) directors, who shall be an at-large director and shall serve a terms of two (2) years or until the occurrence of the event described in subsection (b), whichever is shorter. If such director’s term expires prior to the occurrence of the event described in subsection (b), a successor shall be elected for a like term. The remaining two (2) directors shall be appointees of the Class “B” Member.

(b) Within ninety (90) days after termination of the Class “B” Control Period, the Board shall be increased to five (5) directors. The Association shall hold an election at which the Class “A” Members shall elect three (3) of the five (5) directors who shall serve as at-large directors and shall serve a term of two years. The remaining directors shall be appointees of the Class “B” Member.

(c) Until termination of the Class “B” membership, the Class “B” Member shall be entitled to appoint two (2) directors. Upon termination of the Class “B” membership, the directors appointed by the Class “B” Member shall resign and the remaining directors shall be entitled to appoint directors to serve until the next annual meeting, at which time the Class “A” Members shall be entitled to elect directors to fill such positions. Each director shall be elected for a term of two

(2) years.

Section 7. Removal of Directors. At any regular or special meeting of the Association duly called, any one (1) or more of the members of the Board may be removed, with or without cause, by Owners holding a Majority of the total Association vote entitled to vote thereon and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than three (3) calendar months may be removed by a Majority vote of the Directors at a meeting, a quorum being present. This Section shall not apply to Directors appointed by Declarant.

Section 8. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Members, shall be filled by a vote of the Majority of the remaining Directors at any meeting of the Board of Directors. Each Person so selected shall serve the unexpired portion of the term.

B. Meetings.

Section 9. Organization Meetings. The first meeting of the members of the Board of Directors following each referendum of the membership shall be held immediately thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. Regular meetings of the Board 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 four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 11. Special Meetings. Special meetings of the Board shall be held when requested by the President, Vice President or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a Person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph company must be received at least forty-eight (48) hours before the time set for the meeting.

Section 12. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board, a Majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a Majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a Majority of the required quorum for that meeting. If any meeting cannot be held because a quorum is not present, a Majority of the Directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time that the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. Directors may not receive compensation from the Association for acting as such. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.

Section 15. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

Section 16. Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a sensitive nature.

Section 17. Action Without A Formal Meeting; Conference Call Meetings. Any action to be taken at a meeting of the Board or any action that may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors. A member or members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment, by means of which all Persons participating in the meeting can hear each other. Such participation shall constitute presence in person at such meeting.

C. Powers and Duties.

Section 18. Powers. The Board of Directors shall be responsible for the affairs of the

Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles of Incorporation, or these By-Laws directed to be done and exercised exclusively by the Members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Residence Owner to the Association Expenses;

(b) making assessments to defray the Association Expenses and other assessments authorized by the Declaration, establishing the means and methods of collecting such assessments, and establishing the period of payment for assessments;

(c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association as determined by the Board, including maintenance or provision of services which are generally provided by a municipality, such as maintenance of street lights, and garbage pick-up;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(g) providing services to all areas that the Association is obligated to provide services for;

(h) paying the cost of all services, if any, rendered to the Association or its Members which are not chargeable to Owners of Residences;

(I) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred;

(j) depositing Association funds into interest bearing accounts; and

(k) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements and other agreements

with trusts, condominium associations, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

To the extent permitted by law, the Board shall have the power to delegate its functions to designees of the Board such as, without limitation, a management agent, committees established by the Board, and employees and independent contractors of the Association.

Section 19. Management Agent. The Board may employ for the Association a management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Declarant or an affiliate of the Declarant may be employed as management agent. The term of any management agreement shall not exceed three (3) years and shall be subject to termination by either party, without cause and without penalty, upon not more than ninety (90) days' written notice.

Section 20. Borrowing. The Board shall have the power to borrow money for the purpose of repair or restoration of the Common Property and facilities without the approval of the Members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed One Hundred Thousand (\$100,000.00) Dollars outstanding debt at any one time.

Section 21. Enforcement.

(a) Notice. Prior to imposition of any sanction requiring compliance with these procedures as set forth in the Declaration, the Board or its delegate shall serve the alleged violator with written notice including (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed, (iii) a statement that the alleged violator may present a written request for a hearing to the Board or the covenants committee, if one has been appointed, within 15 days of the notice; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a request for a hearing is received within 15 days of the notice. If a timely request is not received, the sanction stated in the notice shall be imposed; provided, however, the Board or covenants committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 15-day period. Such suspension shall not constitute a waiver of the right to sanction future violation of the same or other provisions and rules by any Person. In the event of a continuing violation, each day the violation continues beyond the 15-day period shall constitute a separate offense, and fines may be imposed on a per diem basis without further notice to the violator. In the event of a violation which recurs within one year from the date of any notice hereunder, either the Board or covenants committee may impose a sanction without further notice to the violator.

(c) Hearing. If a hearing is requested within the allotted 15-day period, the hearing shall be held before the covenants committee, or if none has been appointed, then before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes

of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or delegate who delivered such notice. The notice requirements shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) **Appeal.** If a hearing is held before a covenants committee, the violator shall have the right to appeal the committee's decision to the Board. To exercise the right, a written notice of appeal must be received by the manager, president, or secretary of the Association within 15 days after the hearing date.

Article IV

Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, and shall be elected by a majority of the members of the Board. Any two (2) or more offices may be held by the same Person, excepting the offices of President and Secretary.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board at the organizational meeting of the Board. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term. Officers shall serve until their successors have been elected.

Section 3. Removal. Any officer may be removed by 2/3's vote of the Board whenever, in its judgment, the best interest of the Association will be served thereby.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Alabama Nonprofit Corporation Act.

Section 5. Vice President. The Vice President shall act in the president's absence and shall have all powers, duties, and responsibilities provided for the president when so acting.

Section 6. Secretary. The Secretary shall keep the minute of all meetings of the Association and of the Board and shall have charge of such books and papers as the Board may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Alabama law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping or causing to be kept full and accurate financial records and books of account showing all receipts and disbursements, for preparing or

causing to be prepared all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board.

Section 8. Resignation. 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 the 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.

Article V

Committees

Section 1. General. In addition to the committees established in the Declaration, committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board. The Board in its sole discretion shall obtain liability insurance covering the members of each committee and the Association for the activities of such committees, if reasonably available.

Section 2. Covenants Committee. The Board may establish a Covenants Committee to advise the Board regarding violations of the Declaration, By-Laws, rules and regulations, use restrictions and design guidelines. The Committee shall also advise the Board regarding sanctions to be imposed for such violations.

Section 3. Architectural Review Committee. The Board shall establish an Architectural Review Committee to carry out the functions provided for such committee in the Declaration. The Committee, in its sole discretion, may employ the services of experts for advice and may expend funds of the Association for the fees of such experts.

Section 4. Citizens Advisory Committees. The Board may establish Citizens Advisory Committees to advise the Board and other committees.

Article VI

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. *Roberts Rules of Order*, (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Alabama law, the Articles of

Incorporation, the Declaration, these By-Laws, or a ruling made by the Person presiding over the proceeding.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Alabama law, the Articles of Incorporation, the Declaration, and these By-Laws, then the provisions of Alabama law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 4. Notices. Unless otherwise specified in the Declaration or By-Laws, all notices, demands, bills, statements, or other communications required or permitted to be sent under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by first class mail, postage prepaid:

(a) if to a Member at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the last known address of the Member; or

(b) if to the Association, the board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members.

If there are multiple Owners of a single piece of property, notice to one (1) shall be deemed notice to all. Multiple Owners may designate one (1) Owner as the Person entitled to receive notice of Association matters by so notifying the Association in writing.

Section 5. Amendment.

(a) **By Declarant.** Until termination of the Class “B” membership, Declarant may unilaterally amend these By-Laws for any purpose. Thereafter, the Declarant may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee Mortgage loans on the Lots; or (iv) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendments shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing. In addition, so long as the Declarant owns any property which is subject to the Declaration or which may be unilaterally subjected to the Declaration by Declarant, it may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any right of any Member.

(b) **By Board.** Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of the Board of Directors, and the written consent of the Declarant, so long as Declarant owns any property which is subject to the

Declaration or which may be unilaterally subjected to the Declaration of the Declarant.

(c) **Validity and Effective Date.** Any amendment to these By-Laws shall become effective upon recordation in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of the Declarant or the Class "B" Member without the written consent of the Declarant, the Class "B" Member, or the assignee of such right or privilege.

Adopted on this the _____ day of _____, 2005

The Reserve Owners Association, Secretary