

BY-LAWS

OF

NORTHSHORE VILLAGE PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

Name and Location

Section 1. Name and Location. These are the By-Laws of and for the Mississippi nonprofit and non-share corporation named:

NORTHSHORE VILLAGE PROPERTY OWNERS ASSOCIATION, INC.

Said corporation is referred to herein at times as the "Association." The principal office of the Association is located at the home of the duly elected President of the Association.

ARTICLE II

Definitions

Section 1. Project. The word "Project" and the word "community" as used herein, mean that certain community known generally as "Northshore Village" in Rankin County, Mississippi.

Section 2. Declaration. "Declaration," as used herein, means that certain instrument entitled "Declaration of Covenants, Conditions and Restrictions" under date of 10-5-87, filed for record in the office of the Chancery Clerk of Rankin County at Brandon, Mississippi, on 10-15-87 and appearing of record in the land records in said Chancery Clerk's office.

Section 3. Board of Directors. "Board of Directors," as used herein, means the Board of Directors of the Association.

Section 4. Charter. "Charter," as used herein, means the Charter of Incorporation of the Association.

Section 5. President, Vice President, Secretary and Treasurer. The words "President," "Vice President," "Secretary," and "Treasurer," as used herein, mean, respectively, the President, Vice President, Secretary and Treasurer of the Association.

Section 6. Other Definitions. Unless a different meaning is apparent from the context, all other expressions used herein shall have the same meaning as they are defined to have in the Declaration, except that the word "herein" as used in these Bylaws, shall mean in these Bylaws.

## ARTICLE III

### Membership and Voting Rights

Section 1. Membership. The Members of the Association shall be and consist of every person who is, or who hereafter becomes, an owner of record of leasehold interest in a Lot. The expression "owner of record of the leasehold interest in a Lot" shall include a contract seller of any such interest, but shall not include any person who owns such title solely as security for the performance of an obligation or payment of a debt.

Section 2. Voting Rights. Each Member shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and 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 such Lot.

Section 3. Memberships Appurtenant to Real Property. In every case, the membership shall be appurtenant to the leasehold interest in a Lot. A membership shall not be held, assigned, transferred, pledged, hypothecated, encumbered, conveyed or alienated in any manner except in conjunction with and as an appurtenance to the ownership, assignment, transfer, pledge, hypothecation, encumbrance, conveyance, or alienation of the Lot to which the membership is appurtenant.

Section 4. Other Voting Provision. If the leasehold interest therein is held by more than one person or entity, then the vote appurtenant to such Lot may be exercised by any one of the owners thereof, unless the other owner or owners of such title shall object prior to the completion of voting upon the particular matter under consideration. In the case of any such objection, the vote appurtenant to said Lot shall not be counted.

Section 5. No Pre-emptive Rights. The Members of the Association simply by virtue of being such Members, shall have no pre-emptive rights to acquire any additional memberships which the Association may issue from time to time.

## ARTICLE IV

### Meetings of Members

Section 1. Place of Meeting. Meetings of the Members shall be held at the principal office or place of business of the Association, or at whatever other suitable place or places within the State of Mississippi as are reasonably convenient to the membership as may be designated by the Board of Directors from time to time.

Section 2. Organizational Meeting. The organizational meeting of the Members shall be held at whatever time and place as may be designated by the initial Board of Directors, and shall be held within no more than sixty (60) days following the issuance of the Charter.

Section 3. Annual Meetings. The first annual meeting of the Members shall be held at whatever time and place as may be designated by the initial Board of Directors; provided, however, that the first annual meeting of Members shall be held within no more than one (1) year after the date of issuance of the Charter; thereafter the annual meeting shall be held the second Saturday of May in each succeeding year. At such annual meetings, there shall be elected by ballot of the Members a Board of Directors in accordance with the provisions of Article V of these By-Laws, and officers of the Association in accordance with the provisions of Article VI of these By-Laws. The members also may transact such other business as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Members whenever such is directed by resolution of the Board of Directors, or whenever such is requested by a petition presented to the Secretary after first having been signed by at least twenty percent (20%) of the Members; provided, however, that no special meetings shall be called, except upon resolution of the Board of Directors, prior to the first annual meeting of the Members as hereinabove provided. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except such as is stated in the notice.

Section 5. Notice of Meetings.

(a) It shall be the duty of the Secretary to give notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where the meeting is to be held, to each Member of record, at his address as it appears on the membership roster of the Association or, if no such address appears, at his last known address, at least fifteen (15) but not more than sixty (60) days prior to such meeting. Any notice so given shall be considered as a notice properly served. Attendance by a Member at any meeting of the Members shall be a waiver by him of notice of the time, place and purpose thereof. Notice of any annual or special meeting of the Members also may be waived in any other manner by any Member either prior to, at or after any such meeting.

(b) Meetings at which any action is authorized pursuant to Sections 3 and 4 of Article IV of the Declaration must be held in not less than fifteen (15) nor more than sixty (60) days notice to all Members.

Section 6. Roster of Membership. The Secretary shall maintain a current roster of the names and addresses of the Members of the Association. Each Member, upon becoming a Member, shall furnish the Secretary with his current mailing address, and thereafter shall notify the Secretary immediately in writing of any change or changes in his current mailing address.

Section 7. Quorum.

At each meeting called, as hereinafter provided, the presence at the meeting of Members, or of proxies, entitled to cast not less than fifty-one percent (51%) of all votes shall constitute a quorum.

Section 8. Adjourned Meetings. If at any particular meeting of Members, the number of members present should be less than or should fall below the number required for a quorum and if such deficiency is brought to the attention of the presiding officer by a proper call or request for a determination of quorum (which call and the results thereof shall be shown on the Minutes of the meeting), then no further business may be transacted at such meeting until the proper quorum is present. In such an event, one additional meeting may be called subject to the notice requirements hereinabove set forth, and the required quorum at the subsequent meeting shall not be necessary. Such subsequent meeting shall be held not more than twenty-one (21) days following the initial meeting at which the quorum requirements were not met.

Section 9. Voting. At every meeting of Members, the Members shall have the voting rights specified in Article III above. The affirmative vote of the Members having at least fifty-one percent (51%) of the total number of votes represented at the meeting, in person or by proxy, shall be necessary to decide any question properly brought before the meeting, unless the question be one as to which, by provision of law, or the Charter, or the Declaration, or these By-Laws, a different vote is required, in which case such provision of law, or the Charter, or the Declaration, or these By-Laws shall govern and control. In the event any membership is owned by a corporation, the vote or votes for such membership may be cast by an individual designated in a certificate signed by the president or any vice president of the corporation and attested by the secretary or any assistant secretary of such corporation and filed with the Secretary of the Association prior to or during the meeting at which the vote is to be cast. The vote or votes for any membership which is owned by a trust or partnership may be cast by any trustee of the trust or any partner of the partnership, partner as the case may be, and, unless another trustee of the trust or another partner of the partnership, as the case may be, shall object prior to the completion of voting upon the particular matter under consideration, the presiding officer of the meeting shall have no duty to inquire as to the authority of the individual casting any such vote or votes. No Member who is shown by the

books of the Association to be more than sixty (60) days delinquent in any payment due the Association shall be eligible to vote, either in person or by proxy, and no such delinquent Member shall be eligible to be elected to the Board of Directors or as an officer of the Association.

Section 10. Proxies. A Member may appoint only another Member as his proxy. All proxies must be in writing and must be in such form as has been approved by the Board of Directors and must be filed with the Secretary prior to the appointed time of the meeting at which the proxy is to be exercised.

Section 11. Rights of Mortgagees. Any holder of a Recorded First Mortgage on any Lot who desires notice of the annual and special meetings of the Members shall notify the Secretary to that effect by Registered Mail, Return Receipt Requested. Any such notice shall contain the name and post office address of such holders of Recorded First Mortgages and the name of the individual at such address to whom notices of the annual and special meetings of the Members should be directed. The Secretary shall maintain a roster of all holders of Recorded First Mortgages from whom such notices have been received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual and special meeting of the Members to each such holders of Recorded First Mortgages, in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the Members. Any such holders of Recorded First Mortgages shall be entitled to designate a representative to attend any annual or special meeting of the Members and such representative may participate in the discussion at any such meeting and, upon his request made to the presiding officer in advance of the meeting, may address the Members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Members upon request made in writing to the Secretary.

Section 12. Order of Business. The order of business at all regularly scheduled meetings of the Members shall be as follows:

- (a) Roll Call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and approval of minutes of preceding meeting. *2017 - 50245707*
- (d) Reports of officers, if any. *Finance*
- (e) Reports of committees, if any. *Trust & Insurance*
- (f) Unfinished business. *Trusts & Insurance - 50245707*
- (g) New Business. *Club - 50245707*
- (h) Election of directors. *Club - 50245707*
- (i) Election of officers. *ROBERT - 50245707*
- (j) Adjournment.

In the case of special meetings, Items (a) through (d) above shall be applicable, and thereafter the agenda shall consist of the items specified in the notice of meeting.

Section 13. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the Members shall be determined by the presiding officer of such meeting.

## ARTICLE V

### Directors

Section 1. Number and Qualifications. The affairs of the Association shall be managed and controlled by the Board of Directors. Following the first annual meeting of Members, the Board of Directors shall consist of no less than three nor more than nine individuals, who shall be elected as prescribed by these By-Laws. Directors shall be Members of the Association.

Section 2. Term of Office. Directors shall be elected for up to three (3) years at annual Members' meetings and shall serve until their successors shall be elected and qualified in accordance with the By-Laws. One-third of the Directors shall be elected each year.

Section 3. Change in Number. The number of Directors may be changed from time to time by appropriate action of the Board of Directors, provided, however, that the number of Directors shall never be less than three nor more than nine, and provided further that a decrease in the number of Directors shall not operate to shorten the term of any incumbent Director.

Section 4. 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. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. 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. Such nominations may be made from among members only.

Section 5. Election of Directors. Directors shall be elected by the Members and shall be elected at the annual Members' meetings, or in the event of a vacancy, either at the next ensuing annual Members' meeting or at a special Members' meeting called for that

purpose. The election of Directors shall be by secret written ballot, unless such be dispensed with for any particular election by the unanimous consent of the Members present, in person or by proxy, at the meeting during which the election is held. Each Director shall hold office until his successor has been elected at the next ensuing annual Members' meeting and has duly qualified.

Section 6. Powers and Duties. In the management and administration of the Association's affairs, the Board of Directors shall have power, authority and duty to do all acts and actions, except acts and actions which by law, the Declaration, the Charter or these By-Laws may be exercised only by or are reserved only to the Members. Such power, authorities and duties of the Board of Directors to create, establish or approve policies or decisions relating to the management and administration of the Association's affairs include, but shall not be limited to, the following:

(a) To provide for the maintenance, care, upkeep, surveillance, services and efficient operation of the Common Area.

(b) To establish, determine, assess, collect, use and expend the Assessments from the Members, and to file and enforce liens for such Assessments.

(c) To select, designate, train, hire, supervise and discharge personnel necessary or appropriate for the proper maintenance, care, upkeep, surveillance, services and efficient operation of the Common Area and Common Facilities, and to establish the compensation and other benefits of or for such personnel.

(d) To adopt, promulgate and enforce such rules, regulations, restrictions and requirements as the Board of Directors may consider to be appropriate with respect to the Property, the Lots, the Leasehold Interests and any improvements on the Lots, including Dwellings, or the use, occupancy and maintenance of the Common Area including, but not limited to, rules, regulations, restrictions and requirements designed to prevent unreasonable interference with the use, benefit and enjoyment of the Common Area by the Members and other authorized Persons, or to govern activities which may be environmentally dangerous or hazardous, including the use or application of fertilizers, pesticides and other chemicals in or on the Property.

(e) To authorize the payment of patronage refunds to the Members if and when the Board of Directors determine that the funds derived from assessments are more than sufficient to satisfy all reasonably foreseeable financial needs or requirements of the Association during the current fiscal year, including funds for reserves.

(f) To purchase insurance upon the Common Area.

(g) To maintain, repair, restore, reconstruct or demolish all or any portion of the Common Area and after any casualty loss, and to otherwise improve the Common Area.

(h) To lease and to grant licenses, easements, rights-of-way, and other rights of use in or option, sell, assign, exchange, trade, transfer, quitclaim, surrender, release, abandon, mortgage or encumber or otherwise convey all or any portion of the Common Area upon such terms, conditions and provisions as the Board of Directors considers to be advisable, appropriate, convenient or advantageous for or to the Association.

(i) To lease as tenant, purchase or otherwise acquire Lots or Leasehold Interests and to option, lease, sell, assign, exchange, trade, transfer, quitclaim, surrender, release, abandon, mortgage or encumber or otherwise convey any of such Lots or Leasehold Interests upon such terms, conditions and provisions as the Board of Directors considers to be advisable, appropriate, convenient or advantageous for or to the Association.

(j) To retain or employ a Management Agent for such compensation and for the performance of such duties and services as established or prescribed by the Board of Directors from time to time.

(k) To negotiate, prepare, execute, acknowledge and deliver all contracts, agreements, commitments and other documents relating to the Association's affairs.

(l) To prosecute, defend, appeal, settle, compromise or submit to arbitration any suit, action, claim or proceeding at law or in equity or with or before any governmental agency or authority which involves or affects the Association, including the Common Area.

(m) To retain or employ and pay the fees, expenses or other compensation of accountants, attorneys, architects, contractors, engineers, consultants or other Persons who may be helpful, necessary, appropriate or convenient in or to the Association's affairs, whether or not related to or affiliated with any director or officer of the Association or any Member.

(n) To borrow any funds required for the Association's affairs from any Person on such terms, conditions and provisions as may be acceptable to the Board of Directors, and to secure the repayment of any such loans by executing deeds of trust or by pledging or otherwise encumbering or subjecting to security interest all or any portion of the assets of the Association, including the Common Area.

(o) To establish rules, regulations, restrictions and requirements or fees and charges from time to time relating to the

use of the recreational areas and amenities now or hereinafter located in or on the Common Area.

Section 7. Vacancies. Should the office held by a Director become vacant, such vacancy shall be filled by an election at the next ensuing annual Members' meeting or at a special Members' meeting called for that purpose, and each individual so elected shall serve as Director until his successor has been elected at the next ensuing annual Members' meeting, and has been duly qualified.

Section 8. Removal of Directors. At any special Members' meeting duly called for such purpose, any Director may be removed from office, with or without cause, by the affirmative vote of a majority of the votes of the Members present and voting, in person or by proxy, at such meeting, and in the event of such removal, a successor to the Director thus removed may be elected then and there to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting called for the purpose of considering such removal. If any Director who is a Member becomes more than sixty (60) days delinquent in payment of any assessment or carrying charge owed the Association, he may be removed from his office as a Director by a resolution adopted by a majority of the remaining Directors, and in the event of such removal, said remaining Directors may appoint an individual to serve as his successor, in which event the individual so appointed shall serve as Director until the next ensuing annual Members' meeting.

Section 9. Compensation. Except upon resolution of at least two-thirds (2/3) of the Members of the Association, no compensation shall be paid to Directors for their services as Directors. After the first annual Members' meeting, no remuneration shall be paid to any Director who is also a Member for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before such services are undertaken. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.

Section 10. Organizational Meeting. The first meeting of a newly constituted Board of Directors shall be held within ten (10) days after the annual Members' meeting at which the elected Directors on such Board were elected, and such first meeting shall be held at the principal office of the Association or at such other place as may have been fixed by the Members at such annual Members' meeting, and no notice shall be necessary to the Directors of such first meeting.

Section 11. 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

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 day fixed for such meeting.

Section 12. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to 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 upon like notice if requested in writing by at least one-half (1/2) of the Directors.

Section 13. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may waive, in writing, notice of such meeting, and such waiver shall have the same effect as if notice of the meeting had been properly and timely given to said Director. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and business of any type may be transacted at such meeting.

Section 14. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the actions of the majority of the Directors present at any meeting at which a quorum is present shall be the actions of the Board of Directors. If at any meeting of the Board of Directors, including any one or more adjourned meetings, there should be less than a quorum present, the majority of those present may adjourn the meeting to a later time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 15. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall consent individually or collectively in writing to such action. Such written consent or consents shall be filed as part of the minutes of the Board of Directors.

Section 16. Rights of Mortgagees. Any holders of Recorded First Mortgages of any Lot who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail, Return Receipt Requested. Any such notice shall contain the name and post office address of such holders of Recorded First Mortgages and the name of the individual at such address to whom notices of the regular and special meetings of the Board of Directors should be directed. The Secretary shall

maintain a roster of all holders of Recorded First Mortgages from whom such notices have been received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular and special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notices to the Directors. Any such holders of Recorded First Mortgages shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 17. Fidelity Bonds. The Board of Directors shall require that all officers, directors and employees of the Association who regularly handle or otherwise are responsible for the funds of the Association shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty in accordance with the requirements of Article VII of these By-Laws. The premiums on such bonds or insurance shall be paid by the Association.

Section 18. Committees.

(a) The Board of Directors, by resolution adopted by a majority of the Directors, may appoint committees to perform such tasks and to serve for such periods as the Board may deem desirable. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee will be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

(b) The Board of Directors shall appoint an Architectural Review Committee.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, A Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. Only those individuals who are members of the then current Board of Directors shall be eligible to serve as officers of the Association. However, a Director, merely by virtue of being a Director, shall not be considered an officer of the Association.

Section 2. Election of Officers. The initial officers of the Association shall be elected at the organizational meeting of the Members. Thereafter, the officers of the Association shall be elected annually at each annual Members' meeting, or, in the event of a vacancy, at a special Members' meeting called for such

purpose. Each officer so elected shall hold office until his successor has been elected at the next ensuing annual Members' meeting, and has duly qualified.

Section 3. Vacancies. Should the office held by an officer become vacant, such vacancy shall be filled by an election at the next annual Members' meeting or at a special Members' meeting called for that purpose, and the individual so elected shall hold the office to which elected until his successor has been elected at the next ensuing annual Members' meeting, and has duly qualified.

Section 4. Removal of Officers. At any special Members' meeting duly called for such purpose, any officer may be removed from office, with or without cause, by the affirmative vote of a majority of the Members present and voting, in person or by proxy, at such meeting, and in the event of such removal, a successor to the officer thus removed may be elected then and there to fill the vacancy thus created. Any officer whose removal has been proposed shall be given an opportunity to be heard at the meeting called for the purpose of considering such removal.

Section 5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Members and all meetings of the Board of Directors. He shall have all of the general authorities, powers and duties which are normally vested in the office of president of a corporation, provided, however, that such authorities, powers and duties, from time to time, and at any time, may be restricted or enlarged by the Board of Directors.

Section 6. Vice President. The Vice President shall take the place of the President, and shall have the authorities and powers and perform the duties of the President, whenever the President is unwilling or unable to act. If neither the President nor the Vice President is willing and able to act, then the Board of Directors shall appoint one of its members to act as the chief executive officer of the Association on an interim basis. The Vice President shall assist the President generally, and when acting for the President, shall have the same authorities, powers and duties as the President. The authorities, powers and duties of the Vice President, from time to time and at any time, may be restricted or enlarged by the Board of Directors.

Section 7. Secretary. The Secretary shall keep the minutes of all Members' meetings and the minutes of all Board of Directors' meetings. The Secretary shall give notice of all annual and special Members' meetings and all regular and special Board of Directors' meetings. The Secretary shall have custody of the seal of the Association, if any. The Secretary shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may specify. In addition, the Secretary shall have whatever other authorities, powers and duties, but only such

authorities, powers and duties, as may be prescribed by the Board of Directors. If, at any one or more times, the Secretary is unwilling or unable to perform his duties, such duties may be performed by any one or more individuals designated by the Board of Directors.

Section 8. Treasurer. The Treasurer shall have responsibility for the funds and securities of the Association, and shall have responsibility for keeping, or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall have responsibility for causing the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as from time to time may be designated by the Board of Directors. In addition, the Treasurer shall have whatever other authorities, powers and duties, but only such authorities, powers and duties, as may be prescribed by the Board of Directors. If, at any one or more times, the Treasurer shall be unwilling or unable to perform any part of his duties, such duties may be performed by one or more other individuals designated by the Board of Directors.

#### ARTICLE VII

##### Indemnification of Officers and Directors

Section 1. Indemnification. The Association shall indemnify every officer and director of the Association, and every person who may serve at the request of the Board of Directors as a director or officer of another association in which the Association owns an interest or shares of stock or of which the Association is a creditor, against all costs actually and reasonably incurred by any such officer, director or person in connection with the defense of any action, suit or proceeding, civil or criminal, to which any such officer, director or person is a party by reason of his being or having been such officer, director or person, provided that such indemnification shall not extend to any matters concerning which such officer, director or person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty or a violation of the provisions of the appropriate sections of the Mississippi code. Such indemnification shall include amounts payable as the result of the settlement of any such action, suit or proceeding; provided, however, that any such settlement shall be approved in writing by the then Board of Directors. The officers and directors of the Association shall not be liable to the Members or to the Association for any mistake of judgment, or otherwise, except as provided by law and 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 each such officer and Director 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, whether by law, by resolution adopted by the Members after notice, or otherwise.

Section 2. Conflict and Identity of Interest. The Directors and officers shall exercise their powers and duties in good faith and with a view to the interest of the Association. No contract or other transaction between the Association and one or more of its Directors or officers, or between the Association and any corporation, firm or association in which one or more of the Directors or officers of this Association are directors or officers or are pecuniarily or otherwise interested, shall be either void or voidable because such Director or Directors or officer or officers were present at the meeting of the Board of Directors or any committee thereof which authorized or approved the contract or transaction, or because his or their votes were counted for such purpose, if any, of the conditions specified in any of the following paragraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes of the Board, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for such purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the Members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for such purpose; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

A common or interested Director may be counted in determining the presence of a quorum at any meeting of the Board of Directors or any committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not a common or interested Director.

## ARTICLE VIII

### Management Agent

Section 1. Management Agent. The Board of Directors at their discretion shall retain or employ a Management Agent at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors from time to time may

authorize. The Management Agent shall perform such duties and services as the Board of Directors shall direct and authorize which may include, without being limited to, the following power and authority:

(a) To establish and collect the annual maintenance and special Assessments, and enforce liens to secure the collection of such Assessments.

(b) To provide for the maintenance, care, upkeep, surveillance, services and efficient operation of the Common Areas.

(c) To select, designate, train, hire, supervise and discharge personnel necessary or appropriate for the proper maintenance, care, upkeep, surveillance, services and efficient operation of the Common Area.

(d) To enforce and to recommend the Board of Directors to approve and enforce such rules and regulations, restrictions and requirements relating to maintenance, care, upkeep, surveillance, services and operation of the Common Areas.

(e) To provide such other services for the Association as may be requested by the Board of Directors, including legal and accounting services.

Any management agreement entered into by the Association and any Management Agent shall permit termination for cause by the Association upon 30 days' written notice to the Management Agent. The term of any such management agreement shall not exceed one year, but may be renewable by mutual agreement for successive one-year terms.

## ARTICLE IX

### Insurance and Casualty Losses

Section 1. Insurance. The Board of Directors at their discretion shall obtain and maintain, to the extent reasonably available or necessary, the following:

(a) A hazard insurance policy on all of the Common Areas, providing protection against loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by the standard "all risk" endorsement.

(b) A comprehensive policy of public liability insurance in such amount and in such form as may be considered appropriate by the Board of Directors in its discretion.

(c) Workmen's compensation insurance to the extent necessary to comply with any applicable law; and

(d) 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

(e) Insurance affording fidelity coverage to protect the Association against dishonest acts on the part of officers and Directors of the Association, trustees of and for the Association, and employees and agents of the Association who handle or are responsible for the handling of funds belonging to the Association, which fidelity coverage shall meet at least the following requirements:

(i) all such fidelity bonds and policies of insurance shall name the Association as obligee or named insured, as the circumstances may require; and

(ii) all such fidelity bonds and policies of insurance shall be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating budget of the Association, including reserves; and

(iii) all such fidelity bonds and insurance shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to any and all obligees and insureds named thereon and to any mortgagee of any Lot who requests such notice in writing; and

(f) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as shall be considered appropriate by the Board of Directors in its discretion.

Section 2. Limitations. All insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Mississippi and holding Rating Classification of "A" or better and a Financial Size Category of "X" or better as reflected from time to time in the current edition of Best's Key Rating Guide - Property-Casualty.

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors, or its authorized representative.

maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the Owners of the Lots or their mortgagees, and any "no other insurance" or similar clause in any policy obtained for the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) Such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased, whether or not within the control or knowledge of the Board of Directors, and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any one or more Members of the Association, or any of their respective agents, employees, tenants, mortgagees or invitees, or by reason of any act of neglect or negligence on the part of any of them.

(e) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to all insureds named therein, including any mortgagee of any Lot who requests such notice in writing.

(f) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members and their respective agents, employees and tenants, and a waiver of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

Section 3. Insurance on Residences & Personal Property Insurance. Each Owner shall insure his Dwelling and other improvements on his Lot at all times against losses due to hazards which may be insured or covered under extended coverage provisions, including fire, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicles, and smoke, and other hazards. In the event of a loss due to such hazards, each Owner shall promptly repair, rebuild or restore the damaged or destroyed Dwelling and other improvements from the insurance proceeds or other funds to substantially the same condition as existed prior to the damage or destruction, unless otherwise permitted by the Board of Directors.

## ARTICLE X

### Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January of each year, except for the first fiscal year which shall begin on the date of the filing for record of the Declaration in the Land Records in the office of the Chancery Clerk of Rankin County at Brandon, Mississippi. The commencement date of the fiscal year as herein established shall be subject to change from time to time by resolution of the Board of

subject to change from time to time by resolution of the Board of Directors should the Board of Directors deem any such change or changes appropriate.

Section 2. Principal Office Change of Same. The principal office of the Association shall be at the location set forth in Article I of these By-Laws. The Board of Directors, by resolution, may change the location of the principal office of the Association from time to time.

Section 3. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and expenditures and other transactions of and for the Association. The amount of any assessment or portion of any assessment required for payment of any capital expenditures as to any reserves of the Association shall be credited upon the books of the Association to a restricted capital or reserve account. The receipts and expenditures of the Association shall be credited and charged to other accounts under classifications such as the following:

(a) "Current Operations" which shall involve the control of actual expenses of the Association, including reasonable allowances for necessary contingencies and working capital funds in relation to the assessments and expenses herein elsewhere provided for; and

(b) "Reserves for Replacement" which shall involve the control of such reserves for replacement as are provided for in these By-Laws and as may be approved from time to time by the Board of Directors; and

(c) "Other Reserves" which shall involve the control over funding of and charges against any other reserve funds which may be approved from time to time by the Board of Directors; and

(d) "Investments" which shall involve the control over investment of reserve funds and such other funds as may be deemed suitable for investment on a temporary basis by the Board of Directors; and

(e) "Betterments" which shall involve the control over funds to be used for the purpose of defraying the cost of any construction or reconstruction, unanticipated repair or replacement of the common areas and for expenditures for additional capital improvements or personal property made or acquired by the Association with the approval of the Board of Directors.

Section 4. Reporting. At the close of each fiscal year, the Association shall furnish the Members and any mortgagee requesting same with an annual financial statement, which shall set forth a

disbursements of the Association. Such annual financial statement shall be furnished within ninety (90) days following the end of each fiscal year. Upon written request of fifty-one percent (51%) of the membership, the books and records of the Association shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Association shall furnish the Members and any mortgagee requesting same a copy of said audited financial report.

Section 5. Inspection of Books. The books and accounts of the Association, the 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 by the holders of Recorded First Mortgages on the Lots and their duly authorized agents and attorneys, for purposes reasonably related to their respective interests and after reasonable notice to the Board of Directors.

Section 6. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or a Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons as may be authorized from time to time by the Board of Directors.

Section 7. Seal. The Board of Directors may provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer.

## ARTICLE XI

### Amendments

Section 1. Amendments. Subject to any other applicable limitations set forth in these By-Laws, these By-Laws may be amended by vote of the Members if, and only if, the number of votes cast in favor of any particular amendment shall be equal to at least two-thirds (2/3) of the total number of votes held by all Members of record at the time of the vote. Amendment of these By-Laws shall be considered only at a special or annual meeting of Members, and only if a description of the proposed amendment accompanied a proper notice of such meeting.

Section 2. Proposal of Amendments. Amendments to these By-Laws may be proposed by the Board of Directors or by petition signed by Members having at least twenty-five percent (25%) of the total votes of all Members, which petition shall be delivered to the Secretary. A description of any proposed amendment shall accompany the notice of any annual or special meeting of the Members at which

the notice of any annual or special meeting of the Members at which such proposed amendment is to be considered and voted upon.

All amendments, if any, shall be recorded in the office of the Chancery Clerk of Rankin County, Mississippi.

## ARTICLE XII

### Interpretation - Miscellaneous

Section 1. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Charter. All the words and expressions in these By-Laws shall have the same meanings, respectively, as are attributed to them by the Declaration, except where such is clearly repugnant to the context.

In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these By-Laws and the Charter, the provisions of the Charter shall control.

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

Section 3. Severability. In the event any promise or provisions of these By-Laws 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 provision of these By-Laws 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 By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws or to aid in the construction thereof.

Section 6. Gender, etc. Whenever in these By-Laws 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.