

EXHIBIT "B"
TO ARTICLES OF INCORPORATION OF
WALTON'S MOUNTAIN HOMEOWNER'S ASSOCIATION, INC.,
AN ALABAMA NON-PROFIT CORPORATION

BY-LAWS

OF

WALTON'S MOUNTAIN HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I – APPLICABILITY, PURPOSE AND BINDING EFFECT

Section 1.01. APPLICABILITY AND PURPOSE. These By-Laws of Walton's Mountain Homeowner's Association, Inc. (herein referred to as the "By-Laws"), promulgated pursuant to the Alabama Nonprofit Corporation Act of 1984, as last amended (Section 10-3A-1 through 10-3A-225 of the Alabama Code of 1975, as last amended) (herein referred to as the "Corporation Act"), are for the purpose of self governance of Walton's Mountain Homeowner's Association, Inc., an Alabama nonprofit corporation (herein referred to as the "Association") as the entity responsible for the management, care, maintenance, repair and insurance of, the Common Area (herein referred to as the "Common Area") of Walton's Mountain Subdivision set forth in Exhibit "B-1" (herein referred to collectively as the "Subdivision") heretofore respectively established by:

A. The Articles of Incorporation of Walton's Mountain Homeowners Association, Inc., dated April 14, 2006 filed for record April 18, 2006 and recorded with recording stamp 20060418000250680 (herein referred to as the "Articles of Incorporation"); and

B. The Plats of the Subdivision described and set forth in Exhibit "B-1".

Both in the Office of the Judge of Probate of Madison County, Alabama, and are applicable for the following purposes of the Association:

A. To provide an entity responsible for the management, care, maintenance, repair and insurance of, the Common Area of the Subdivision as established by the Plat;

B. For establishing the reasons for and the means and methods of collecting the contributions or Assessments (whether Annual or Special) for Common Expenses;

C. For enforcement of the provisions of the Articles of Incorporation of the Association and these By-Laws; and

D. For such other purposes as the Board may determine and as provided for by the Corporation Act.

Except as to those matters which the Corporation Act specifically require to be performed by the vote of the members of the Association, the administration of the Association shall be performed by the Board as more particularly set forth herein.

All present and future Residential Lot Owners, tenants and occupants of the Residential Lots, as well as the holders of all mortgages and liens thereon, shall be subject to, and shall comply with, the provisions of the Articles of Incorporation, and these By-Laws, as they may be amended from time to time.

The acceptance of a deed or conveyance, or the entering into of a lease, or the entering into occupancy of, or the taking of a mortgage or any other lien on, any Residential Lot shall constitute an agreement that the provision of these By-Laws and the Articles of Incorporation, as they may be amended from time to time, are accepted and ratified by such Residential Lot Owner, tenant and occupant, or holder of a mortgage or lien, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any such Residential Lot Owner, tenant and occupant, mortgagee or lien holder, as if such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof, or mortgage or lien thereon.

ARTICLE II – DEFINITIONS

Any phrase, terms or works which are used herein shall have the same definitions attributed to them in the Articles of Incorporation and in the Corporation Act. In addition thereto, unless the context otherwise requires, the following phrases, terms or words as used herein are defined as follows:

SECTION 2.01 **“Articles of Incorporation”** means the articles of incorporation of the Association, as recorded in the Office of the Judge of Probate of Madison County, Alabama, and any subsequent amendments thereto.

SECTION 2.02 **“Association”** means Walton’s Mountain Association, Inc., an Alabama nonprofit corporation, its successors and assigns.

SECTION 2.03 **“Board”** means the Board of Directors of the Association.

SECTION 2.04 **“By-Laws”** means these duly adopted By-Laws of the Association, and any subsequent amendments thereto.

SECTION 2.05 **RESERVED**

SECTION 2.06 **RESERVED**

SECTION 2.07 **“Common Areas”** means the part or parts of the Subdivision as set forth in the Protective Covenants and Restrictions, and as depicted on the Plats of the Subdivision in which all of the Residential Lot Owners have an undivided

interest, and shall include all parts and open areas of the Subdivision not included within the boundaries of any Residential Lot except for streets and rights-of-way dedicated to the public.

SECTION 2.08 **"Common Expenses"** includes the expenses arising out of ownership of Common Area for which the Residential Lot Owners are liable to the Association in accordance with the Articles of Incorporation and these By-Laws, actual or estimated.

SECTION 2.09 **"Common Surplus"** means the excess of all receipts of the Association arising out of assessments against the Lots for the Common Area over the amount of Common Expenses.

SECTION 2.10 **"Corporation Act"** shall mean the Alabama Nonprofit Corporation Act of 1984, as last amended (Section 10-3A-1 through 10-3A-225 of the Alabama code of 1975, as last amended).

SECTION 2.11 **"Developer"** means W.M. Development, LLC, an Alabama limited liability company.

SECTION 2.12 **"Director"** means a member of the Board.

SECTION 2.13 **"Majority"** shall mean those votes totaling fifty-one percent (51%) of the total number of eligible votes. Unless otherwise specifically stated, the words "majority vote" means fifty-one percent (51%) of those voting in person or by proxy. Unless otherwise provided in the Articles of Incorporation, or in these By-Laws, all decisions shall be by a majority vote.

SECTION 2.14 **"Member"** means a Member of the Association, that is to say, a Residential Lot Owner. Membership in the Association shall be limited to, and is required of, those persons who hold and own a record title fee simple ownership interest in any Residential Lot, but does not include a holder of a mortgage or other lien on a Residential Lot, and does not include a lessee or tenant of a Residential Lot.

SECTION 2.15 **"Mortgage"** shall refer to any mortgage, deed to secure debt, deed of trust, or other instrument given for the purpose of securing the performance of an obligation, including, but not limited to, a transfer or conveyance for such purpose of fee title to a Residential Lot or Residential Lots.

SECTION 2.16 **"Officers"** shall mean those individuals named in the Articles and thereafter those individuals who are elected by the Board to serve the Association as President, Vice president, Secretary/Treasurer, or such other officers as the Board may, from time to time, determine are necessary, as provided for in Article VII hereof.

SECTION 2.17 **"Person"** means any individual, corporation, partnership, association, trustee, fiduciary or other legal entity.

SECTION 2.18 **"Plat"** means the plat of the Subdivision.

SECTION 2.19 **"Residential Lot"** means each portion of the Subdivision intended for fee simple ownership for single-family residential purposes as designated on the Plats of the Subdivision set forth in Exhibit "B-1".

SECTION 2.20 **"Residential Lot Owner"** means a record title holder of a fee-type ownership interest in a Residential Lot, but does not include a holder of a mortgage or other lien on the Residential Lot, and does not include a lessee or tenant of a Residential Lot. Residential Lot Owners are required to be members of the Association as a condition of their ownership of their respective Residential Lot or Residential Lots.

SECTION 2.21 **"Rules and Regulations"** means such rules and regulations of the Subdivision as may be adopted by the Board.

SECTION 2.22 **"Singular, Plural, Gender"** Whenever the context so permits, the use of the plural shall include the singular, the use of the singular shall include the plural, and the use of any gender shall be deemed to include all genders.

SECTION 2.23 **"Subdivision"** means collectively the property set forth and described in Exhibit "B-1".

SECTION 2.24 **"Other Terms"** have their natural meanings or the meanings given in the Articles of Incorporation or in the Corporation Act.

ARTICLE III – MEMBERSHIP

SECTION 3.01 **QUALIFICATIONS.** A residential Lot Owner shall automatically become, and is required to become, a member of the Association upon taking title to his Residential Lot and shall remain a member for his entire period of ownership, as may be more fully provided below. If title to a Residential Lot is held by more than one person, the membership shall be limited to one who shall exercise voting rights for such Residential Lot as provided for in Article IV of these By-Laws. Membership does not include persons who hold an interest merely as security for the performance of an obligation such as a Mortgage, and the giving of a security interest or a Mortgage shall not terminate the Residential Lot Owner's membership. Membership shall be appurtenant to the Residential Lot to which it appertains and shall be transferred automatically by conveyance of that Residential Lot.

SECTION 3.02 **CHANGE OF MEMBERSHIP.** Change of membership in the Association shall be established by the recording in the Office of the Judge of Probate of Madison County, Alabama, of a deed or other instrument conveying a record

title to a Residential Lot in the Subdivision, and the delivery to the Secretary/Treasurer of the Association of a certified copy of such deed or other instrument, the Residential Lot Owner designated by such instrument thereby becoming a Member of the Association. The membership of the prior Residential Lot Owner shall be terminated thereby.

ARTICLE IV – VOTING

SECTION 4.01 VOTING RIGHTS. The votes for a Residential Lot shall be cast by the Residential Lot Owner, or by his proxy designated in the manner herein provided for. The number of votes to which a Residential Lot Owner is entitled is provided in the Articles of Incorporation and in these By-Laws. In the event one residence is constructed on more than one Lot, the Member shall be entitled the right to one (1) vote.

SECTION 4.02 DESIGNATION OF VOTING REPRESENTATIVE AND ELIGIBILITY TO VOTE. In the event a Residential Lot is owned by one (1) person, his right to vote shall be established by the record title to his Residential Lot. If a Residential Lot is owned by more than one (1) person, the person entitled to cast the vote for the Residential Lot shall be designated by a certificate of appointment signed by all of the record owners of the Residential Lot and filed with the Secretary/Treasurer of the Association. If a Residential Lot is owned by a corporation, partnership, trust or other legal entity, the officer or agent thereof entitled to cast the vote for the Residential Lot shall be designated by a certificate of appointment signed by the duly authorized representative of the board of directors or other governing body of such entity and filed with the Secretary/Treasurer of the Association. If such a certificate is not filed with the Secretary/Treasurer of the Association for a Residential Lot owned by more than one (1) person, or by a corporation, partnership, trust or other legal entity, the membership, or vote of the Residential Lot Owner concerned, shall not be considered in determining the requirement for a quorum nor for any purpose requiring the approval of the person entitled to cast the vote for the Residential Lot. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Residential lot concerned is effected. A certificate designating the person entitled to cast the vote of a Residential Lot may be revoked by any owner thereof.

SECTION 4.03 VOTING IN PERSON OR BY PROXY. A Residential Lot Owner may vote in person or by a dated proxy executed in writing by the Residential Lot Owner or his duly authorized attorney-in-fact. No proxy shall be valid except for the particular meeting designated therein, and no proxy shall be honored unless filed with the Secretary/Treasurer of the Association before the appointed time of the meeting. Except as provided by applicable law, no proxy may be revoked except by written notice delivered to the Secretary/Treasurer of the Association. No person other than the Residential Lot Owner shall act as proxy for more than one (1) Residential lot in addition to his own Residential lot.

ARTICLE V – MEETINGS OF MEMBERSHIP

SECTION 5.01 ANNUAL MEETINGS. Annual meetings shall be held within ninety (90) days after the end of each fiscal year at a day and at a time determined by the Board. The annual meeting shall be held for the purpose of electing Directors and of transacting any other business authorized to be transacted by the Residential Lot Owners.

SECTION 5.02 SPECIAL MEETINGS. Special meetings of the Residential Lot Owners may be called by the Board or the President, for any purpose or purposes, and shall be called by the Secretary/Treasurer at the request, in writing, of fifty-one percent (51%) of the Residential Lot Owners. Business transacted at all special meetings shall be confined to the object(s) stated in the notice thereof.

SECTION 5.03 NOTICE OF MEETINGS. Notice of all Residential Lot Owners' meetings stating the place, day, hour and purpose for which the meeting is called shall be personally delivered or mailed by the Secretary/Treasurer to each Residential lot Owner at his Residential Lot not less than ten (10) nor more than fifty (50) days prior to the date of such meeting. The mode of giving of such notice shall be governed by the provisions of Section 14.04 of these By-Laws.

SECTION 5.04 WAIVER OF NOTICE. Waiver of notice of any meeting by a Residential Lot Owner made in writing before or at the meeting shall be deemed the equivalent of proper notice. Attendance at a meeting by a Residential Lot Owner, whether in person or by proxy, shall be deemed a waiver of notice of the meeting by such Residential lot Owner, unless such Residential Lot Owner specifically objects to the form at a Special Meeting shall also be deemed a waiver of notice of all business transacted thereat unless objection to the form of notice is raised before the purpose for which the meeting is called is put to a vote.

SECTION 5.05 QUORUM Residential Lot Owners holding more than fifty-one percent (51%) of the votes entitled to be cast represented in person or by proxy shall constitute a quorum at all meetings of the Residential Lot Owners.

SECTION 5.06 VOTE REQUIRED TO TRANSACT BUSINESS. When a quorum is present at any meeting, the vote of a majority of the votes cast shall be necessary for the adoption of any matter voted upon by Residential lot Owners unless the question is one upon which, by express provision of the Corporation Act, the Articles of Incorporation, or these By-Laws, a different number is required, in which case the express provision shall govern and control the decision in question.

SECTION 5.07 ADJOURNED MEETINGS. If any meeting of Residential Lot Owners cannot be organized because a quorum has not attended, the Residential Lot Owners who are present, either in person or by proxy, may adjourn the meeting at which a quorum shall later be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

SECTION 5.08 THE ORDER OF BUSINESS. The order of business at annual Residential Lot Owners' meetings shall be:

- A. Call to order;
- B. Calling of the roll and certifying of proxies;
- C. Proof of notice of meeting or waiver of notice;
- D. Reading and disposal of any unapproved minutes;
- E. Reports of officers;
- F. Reports of committees;
- G. Election of Directors;
- H. Unfinished business;
- I. New business; and
- J. Adjournment.

SECTION 5.09 PLACE OF MEETING. Meetings of the Residential Lot Owners shall be held at the Subdivision or at such other suitable place convenient to the Residential Lot Owners as may be designated by the Board in the notice thereof.

SECTION 5.10 UNANIMOUS CONSENT. Any action which may be taken by a vote of the Residential Lot Owners may be taken without a meeting if a waiver of notice and a consent, in writing, setting forth the action so taken, shall be signed by all of the Residential Lot Owners entitled to vote with respect to the subject matter thereof. Any such written waiver and consent, or a copy thereof, shall be filed with the minutes of the Association.

ARTICLE VI – BOARD OF DIRECTORS

SECTION 6.01. NUMBER AND TERM.

A. The first Board shall consist of one (1) member who shall be designated in the Articles of Incorporation. The number of Directors shall thereafter consist of five (5) members. Directors shall be Residential Lot Owners. The Directors elected at the annual meeting of the Residential Lot Owners shall be elected to serve for a term of five (5) years. One-fifth (1/5) of the terms of the members of the Board elected by Residential Lot Owners shall expire annually. In any event, however, and except as otherwise provided in these By-Laws, a Director shall hold office for the term to which he is elected or appointed and until his successor shall have been elected or appointed and qualified.

B. As long as the Developer owns more than ten (10) Residential Lots, the Developer shall be entitled to designate one member of the Board. The Developer may remove the Director so designated by it from time to time and replace him with another Director of its own choosing; provided, however, that it shall file with the Secretary/Treasurer a designation of the member of the Board designated to serve pursuant to the provision of this Section 6.01. In the event no person has been designated or deemed to be designated by the Developer pursuant to this Section 6.01, the Developer

may remove the most recently elected Director receiving the least number of votes and designate one in his stead.

C. At the Annual Meeting of Residential Lot Owners, held pursuant to Section 5.01 of Article V of these By-Laws, the Director designated Place One in the Articles of Incorporation shall be replaced by a Director elected by the Residential Lot Owners. At the Second Annual Meeting, the Director originally designated Place Two in the Articles of Incorporation shall be replaced by a Director elected by the Residential Lot Owners. At the Third Annual Meeting, the Director originally designated Place Three in the Articles of Incorporation shall be replaced by a Director elected by the Residential Lot Owners. At the Fourth Annual Meeting, the Director originally designated Place Four in the Articles of Incorporation shall be replaced by a Director elected by the Residential Lot Owners. At the Fifth Annual meeting, the Director originally designated place Five in the Articles of Incorporation shall be replace by a Director elected by the Residential Lot Owners. At each Annual Meeting subsequent thereto, the Director whose term of office then expires shall be replaced by a Director elected by the Residential Lot Owners. The foregoing notwithstanding, the right of the Residential Lot Owners to elect Directors shall be subject to the right reserved to the Developer under subparagraph B of this Section 6.01 to designate one Director.

SECTION 6.02 REMOVAL Any Director other than the one designated by the Developer may be removed, either with or without cause, by an affirmative vote of two-thirds (2/3) of the votes eligible to be cast by Residential Lot Owners in person or by proxy at a meeting of Residential Lot Owners duly held for such purpose.

Any Director whose removal has been proposed by the Residential Lot Owners shall be given at least ten (10) days notice of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting.

SECTION 6.03 VACANCY AND REPLACEMENT. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, a majority of the remaining Directors, though less than a quorum, at a Special Meeting of Directors duly called for this purpose, shall choose a successor or successors; provided, however, a Director removed by a vote of the Residential Lot Owners may be replaced only by a Director nominated and confirmed by a vote of the Residential Lot Owners. Any successor Director or Directors shall hold office for the unexpired term of his predecessor in office.

SECTION 6.04. REGULAR MEETING. The Annual Meeting of the Board shall be held immediately prior to the annual Residential Lot Owners' meeting, provided a quorum shall be present, or as soon thereafter as may be practicable. The Directors may, by resolution duly adopted, establish that regular monthly, quarter-annual or semi-annual meetings of the Board shall be required.

SECTION 6.05. SPECIAL MEETINGS. Special meetings of the Board for any purpose may be called by the President or upon the written request of any two (2) Directors upon at least five (5) days notice to each Director.

SECTION 6.06 NOTICE OF MEETINGS. Except as provided in Section 6.05 of Article VI of these By-Laws, notice of all Directors' meetings shall state the place, day, hour and purpose for which the meeting is called, and shall be personally delivered or mailed by the Secretary/Treasurer to each Director not less than one (1) day nor more than ten (10) days prior to the date of such meeting. The mode of giving of such notice shall be governed by the provisions of Section 14.04 of these By-Laws.

SECTION 6.07 WAIVER OF NOTICE. Any Director may at any time waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all Directors are present at any meeting of the Board, no notice shall be required to conduct the meeting and any business may be transacted at such meeting.

SECTION 6.08 QUORUM AND VOTE REQUIRED TO TRANSACT BUSINESS. At all meetings of the Board, a majority of the Directors elected and then serving shall constitute a quorum for the transaction of business, and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by the Articles of Incorporation, the Corporation Act, or these By-Laws. If all Directors are present at any meeting of the Board, no notice shall be required to conduct the meeting and any business may be transacted at such meeting.

If a quorum shall not be present in any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present.

If a quorum is present when the meeting is convened, the Directors present may continue to do business, taking action by a vote of a majority of those present, until adjournment notwithstanding the withdrawal of enough Directors to leave less than a quorum present, or the refusal of any Director present to vote.

The President shall preside over all meetings of the Board and the Secretary/Treasurer shall keep a minute book, recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meeting. Roberts Rules of Order (latest edition) shall be the authority for the procedures to conduct the meetings of the Board when not in conflict with the Articles of Incorporation, the Corporation Act or these By-Laws.

SECTION 6.09 UNANIMOUS CONSENT. Any action which may be taken by the Board at a meeting may be taken without a meeting if a waiver of notice and a consent, in writing, setting forth the action so taken, shall be signed by all of the Directors. Any such written consent, or a copy thereof, shall be filed with the minutes of the Board.

SECTION 6.10 POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration and management of the affairs of the Association and of the Common Area of the Subdivision and may do all such acts and things except as by Articles of Incorporation, the Corporation Act, these By-Laws or by other applicable law, may not be delegated to the Board by the Residential Lot Owners. The Board shall have the power to enforce the provisions of the Association Articles and By-Laws, enforce obligations of the Residential Lot Owners and to do anything and everything necessary and proper for the sound management of the Association and of the Common Area of the Subdivision. The Board shall have the power to levy fines against the Residential Lot Owners for violations of reasonable rules and regulations established by it to govern the conduct of the Residential Lot Owners for violations of reasonable rules and regulations established by it to govern the conduct of the Residential Lot Owners. No fine may be levied for more than Fifty and No/100 Dollars (\$50.00) for any one violation but for each day a violation continues after written notice it shall be considered a separate violation. Collection of fines may be enforced against the Residential Lot Owner or Residential Lot Owners involved as if the fines were Common Expenses owed by the particular Residential Lot Owner or Residential Lot Owners.

In addition to the duties imposed by these By-Laws or by any resolution of the Association hereafter adopted, the Board shall have the power to do and shall be responsible for, the following, in way of explanation, but not limitation:

- A. Authorizing the opening of bank accounts on behalf of the Association and designating the signatories required.
- B. Enforcing, by legal means, the provisions of the Articles of Incorporation and these By-Laws.
- C. Authorizing books and records to be kept with detailed accounts of the receipts and expenditures affecting the Association and its administrations. The said books and records shall be available for examination by the Residential Lot Owners, as provided in the Corporation Act. All books and records shall be kept in accordance with generally accepted accounting procedures.
- D. Preparation and adoption of an annual budget, in which there shall be established the assessment or contribution of each Residential Lot Owner to the Common Expenses.

E. Making Annual or Special Assessments to defray the cost of the Common Expenses, establishing the means and methods of collecting such Assessments, and establishing the means and methods of collecting such Assessments, and establishing the period for the installment payments of any such Assessments. Unless otherwise determined by the Board the Annual Assessment against the proportionate share of the Common Expenses shall be payable in equal monthly installments, with each installment to be due and payable on or before the fifteenth (15th) day of the month next following the month when made.

F. Providing for the management, care, maintenance, repair and insurance of the Common Area of the Subdivision, and for the purchase, maintenance and repair of street lamps and component parts for use in the Subdivision as required by the City of Huntsville, Alabama.

G. Designating, hiring and dismissing the personnel necessary for the management and operation of the Association and for the management, care, maintenance, repair and insurance of the Common Area of the Subdivision and, where appropriate, providing or 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.

H. Authorizing the collection of Assessments, depositing the proceeds thereof in a bank depository which it shall approve, and authorizing the use of the proceeds to administer the affairs of the Association.

I. To maintain all utility and drainage easements, open areas and common areas in the Subdivision as shown on the plat

J. Making Special Assessments to defray the cost of maintaining portions of the utility and drainage easement running in the Subdivision, upon the failure and/or refusal of one or more of the Residential Lot Owners who own said Residential Lots to so maintain said utility and drainage easement. Said Special Assessments for said purpose shall be imposed only against those Residential Lot Owners who fail and/or refuse to so maintain said utility and drainage easement. Unless otherwise determined by the Board said Special Assessments against said Residential Lot Owners shall be payable in full on or before the fifteenth (15th) day of the month next following the month when made.

K. Instituting legal proceedings on behalf of or against the Residential Lot Owners concerning the Association.

L. Altering, amending or repealing these By-Laws.

SECTION 6.11 COMPENSATION. No Director shall be compensated for his services as such. This provision shall not prohibit a Director from receiving compensation as an employee of the Association, nor preclude the contracting with a

Director, or with any firm or corporation in which a Director may own an interest, for the management of the Common Area of the Subdivision for which such Director or Directors may receive compensation.

SECTION 6.12. MANAGING AGENT. The Board shall be authorized to employ the services of a manager or managing agent, who may either be, but is not required to be, a Director, Officer or employee of the Association, or a firm or corporation in which a Director or an Officer owns an interest, to manage the Common Area of the Subdivision under the supervision of the Board. The compensation paid to any such manager or managing agent shall be in the amount established from time to time by the Board. Any management contract shall contain a termination, for cause or without cause, upon no more than thirty (30) days written notice. Any management contract shall not be for more than one (1) year.

SECTION 6.13 LIABILITY OF THE BOARD OF DIRECTORS. The members of the Board shall not be liable to the Residential Lot Owners for any mistake of judgment, negligence, or otherwise except for their own individual act or omission, which gives rise to a cause of action, amounts to willful or wanton misconduct or fraud or gross negligence, and except for any personal injury to or death of another person or property damage arising out of an accident inflicted by that Director while acting within the line and scope of said Director's duties. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Common Area of the Subdivision. It is understood and permissible for the Board, whether Residential Lot Owners or employed by the Developer, to contract with the Developer or any affiliated firms or corporations, without fear of being charged with self-dealing.

ARTICLE VII – OFFICERS

SECTION 7.01 DESIGNATION. The principal officers of the Association shall be the President, the Vice President, and the Secretary/Treasurer. The President and Secretary/Treasurer shall be elected by and from the Board. The Vice President shall be elected by the Board, but may be either a Board or an Association Member. The Board may appoint such other subordinate officers as in its judgment may be necessary. Such subordinate officers shall not be required to be members of the Board. No person may hold more than one office.

SECTION 7.02 ELECTION OF OFFICERS. The Officers of the Association shall be elected annually by the Board at the meeting of the Board held immediately prior to each annual meeting of the Residential Lot Owners, and shall hold office for the term to which they are elected or appointed and until their successors shall have been elected or appointed and qualified.

SECTION 7.03 PRESIDENT. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Residential Lot Owners and of the Board. 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 Corporation Act.

SECTION 7.04 VICE PRESIDENT. In the absence of the President, or in the event of his death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. He shall perform such other duties as from time to time may be assigned to him by the President or by the Board.

SECTION 7.05 SECRETARY/TREASURER.
The Secretary/Treasurer shall keep the minutes of all meetings of the Residential Lot Owners and of the Board; shall see that all notices are duly given in accordance with the provisions of the Articles of Incorporation, these By-Laws, or as required by Law; be custodian of the books and records of the Association; and keep a current list of Residential Lot Owners. The Secretary/Treasurer also shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association, in such banks, or other depositories, as shall be selected in accordance with the provisions of these By-Laws; be responsible for the preparation of the Annual Budget of the Association in accordance with the Board's directions; and, in general, perform all of the duties as from time to time may be assigned to him by the President or by the Board. If required by the Board, the Secretary/Treasurer shall give a bond for the faithful discharge of his duties in such summand with such surety, or sureties, as the Board may determine.

SECTION 7.06 POWERS. In addition, but not in contradiction to their powers set forth above, the respective officers shall have the general powers usually vested in such officer of a nonprofit corporation; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any Officer as the Board may see fit; provided further, however, that all agreements, contracts, deeds, leases, promissory notes and other such legal instruments of the Association shall be executed by the President and the Secretary/Treasurer.

SECTION 7.07 TERM. Each Officer shall hold office for the term of one (1) year and until his successor shall have been elected or appointed and qualified.

SECTION 7.08 REMOVAL OF OFFICERS. Upon the affirmative vote of a majority of the members of the Board, any Officer may be removed whenever, in the judgment of a majority of the Board, the best interests of the Association will be served thereby.

SECTION 7.09 RESIGNATION. Any Officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Association, unless some other time be fixed in the resignation, and then from that date. The acceptance of a resignation shall not be required to make it effective.

SECTION 7.10 VACANCIES. If the office of the President, Vice President, or the Secretary/Treasurer, or one or more, becomes vacant by reason of death, resignation, disqualification or otherwise, the Directors, by a majority vote of the entire Board, may choose a successor or successors who shall hold office for the unexpired term of his predecessor in office.

SECTION 7.11 COMPENSATION. The officers shall receive no compensation for their services.

SECTION 7.12 LIABILITY OF OFFICERS. The Officers shall not be liable to the Residential Lot Owners for any mistake of judgment, negligence, or otherwise except for their own individual act or omission, which gives rise to a cause of action, amounts to willful or wanton misconduct or fraud, or gross negligence, and except for any personal injury to or death of another person or property damage arising out of an accident inflicted by that officer while acting within the line and scope of said officer's duties. It is intended that the Officers shall have no personal liability with respect to any contract made by them on behalf of the Common Area of the Subdivision. It is understood and permissible for the Officers, whether Residential Lot Owners or employed by the Developer, to contract with the Developer or any affiliated firms or corporations, without fear of being charged with self-dealing.

ARTICLE VIII – ASSOCIATION RESPONSIBILITIES

SECTION 8.01 PROMULGATION AND ENFORCEMENT OF RULES AND REGULATIONS. The Association is hereby granted the authority and power to promulgate and enforce such reasonable rules and regulations as are necessary for the efficient and sound operation of the Common Area of the Subdivision.

SECTION 8.02 LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS. The Association shall indemnify every Officer and Director against any and all expenses or liabilities, including attorney's fees, reasonably incurred by or imposed upon such officer or Director in connection with any action, suit or other proceeding (including settlement of any such action, suit or proceeding, if approved by the Board) to which any such Officer or Director may be made a party by reason of being or having been an Officer or Director, whether or not such person is an Officer or Director at the time such expenses or liabilities are incurred. The Officers and Directors shall not be liable to the Residential Lot Owners for any mistake of judgment, negligence, or otherwise except for their own individual act or omission, which gives rise to a cause of action, amounts to willful or wanton misconduct or fraud, or gross negligence, and except for any personal injury to or death of another person or property damage arising out of an accident inflicted by that Officer or Director while acting within the line and scope of said Officer's or director's duties. The Officers and Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such Officers or Directors may also be members 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 right to which any Officer or director, or former Officer or Director, may be entitled.

SECTION 8.03 MAINTENANCE OF ACCOUNTING RECORDS.

The Association shall maintain accounting records in accordance with generally accepted accounting principles, open to inspection by Residential Lot Owners at reasonable times. Such records shall include:

- A. A record of all receipts and expenditures; and
- B. An account for each Residential Lot, setting forth any shares of Common Expenses or other charges due, the due dates thereof, the present balance due and any interest in Common Surplus.

SECTION 8.04 MANAGEMENT, ETC. OF COMMON AREA. The Association shall be responsible for the management, care, maintenance, repair and insurance of the Common Area as provided in the Articles of Incorporation and these By-Laws.

In the Protective Covenants and Restrictions of the Subdivision, a right of access, ingress and egress, and maintenance by way of a perpetual easement appurtenant is granted to the Association, its agents, employees and/or servants, across, along, over, through and under all utility and drainage easements for the purpose of allowing the Association, its agents, employees and/or servants, to so maintain said utility and drainage easement.

SECTION 8.05 ANNEXATION WITHOUT APPROVAL OF MEMBERSHIP. Until 25 years after the recording of the By-Laws in the Public Records, Developer may from time to time unilaterally subject to the provisions of this Declaration all or any portion of the real property Developer owns contiguous to the Subdivision. The Developer may transfer or assign this right to annex real property, provided that such transfer is memorialized in a written, recorded instrument executed by Developer.

Such annexation shall be accomplished by filing the appropriate legal documentation in the Public Records describing the real property being annexed. Such documentation shall not require the consent of the Members, but shall require the consent of the owner of such real property, if other than Developer. Any such annexation shall be effective upon the filing for record of such documentation unless otherwise provided therein.

Nothing in this documentation shall be construed to require the Developer or any successor to annex or develop any contiguous real property in any manner whatsoever.

SECTION 8.06 ANNEXATION WITH APPROVAL OF MEMBERSHIP. The Association may annex any real property to the provisions of these By-Laws with the consent of the owner of such property, the affirmative vote of the

Members of the Association represented at a meeting duly called for such purpose, and the written consent of the Developer so long as Developer owns any real property which is subject to these By-Laws or which may be unilaterally subjected to these By-Laws by the Developer.

Such annexation shall be accomplished by filing Supplemental documentation describing any real property being annexed in the Public Records. Any such documentation shall be signed by the President and the Secretary of the Association and by the owner of the annexed property, and by the Developer, the Developer's consent is required. Any such annexation shall be effective upon filing unless otherwise provided therein.

SECTION 8.07 WITHDRAWAL OF PROPERTY.

The Developer reserves the right to amend the By-Laws so long as it has a right to annex Additional Property pursuant to Section 8.05, for the purpose of removing any portion of the Properties from the coverage of these By-Laws, provided such withdrawal is not contrary to the overall, uniform scheme of development for the Properties. Such amendment shall not require the consent of any Person other than the Owner of the property to be withdrawn, if not the Developer. If the property is Common Area, the Association shall consent to such withdrawal.

SECTION 8.08 ADDITIONAL COVENANTS AND EASEMENTS.

The Developer may unilaterally subject any portion of the Properties to additional covenants and easements, including covenants obligating the Association to maintain and insure such property on behalf of the Owners and obligating such Owners to pay the costs incurred by the Association through Assessments. Such additional covenants and easements shall be set forth in a Supplemental document filed either concurrently with or after the annexation of the subject property, and shall require the written consent of the owner(s) of such property, if other than the Developer. Any such documentation may supplement, create exceptions to, or otherwise modify the terms of these By-Laws as it applies to the subject property in order to reflect the different character and intended use of such property.

SECTION 8.09 AMENDMENT.

This Article shall not be amended without the prior written consent of Developer so long as the Developer owns any property which is subject to these By-Laws or which may be unilaterally subjected to these By-Laws by the Declarant.

SECTION 8.10 SIDEWALKS.

Each Residential Lot Owner is responsible for the cost and construction of sidewalks as required by the City of Huntsville. Such Sidewalks in the Subdivision shall be constructed and completed within one year after the filing of the Articles of Incorporation of the Association. The Association shall take all steps necessary to release the Developer from the City of Huntsville sidewalk bonding requirements within one year after the filing of the Articles of Incorporation of the Association

ARTICLE II - ASSESSMENTS

SECTION 9.01. PURPOSE OF ASSESSMENTS. The Assessments provided for herein shall be used for the general purposes of promoting the health, safety, welfare, common benefits, and enjoyment of the Residential Lot Owners and occupants of Residential Lots in the Subdivision as may be more specifically authorized from time to time by the Board by funding the management, care, maintenance, repair and insurance of the Common Area of the Subdivision and for the other purposes set forth in these By-Laws.

SECTION 9.02. ASSESSMENTS. On or before the fifteenth (15th) day of the first such month and of each succeeding month of the year covered by the Annual Budget, each Residential Lot Owner shall pay, as his respective monthly Assessment, one-twelfth (1/12) of his share of the Assessments for such year as shown by the Annual Budget. The Assessments shall be as set forth in Articles of Incorporation and in these By-Laws. The failure to send or to receive monthly statements shall not relieve any Residential Lot Owner of his obligation to pay his monthly Assessment on or before the date said Assessment is due. No Residential Lot Owner shall be relieved of his obligation to pay his Assessment by abandoning or not using his Residential Lot or the Common Area of the Subdivision.

SECTION 9.03 SPECIAL ASSESSMENTS. If the Annual Assessments prove inadequate for any year, the Board may at any time levy a Special Assessment against the Residential Lot Owners; provided, however, that prior to becoming effective, any Special Assessment must be approved by the affirmative vote of fifty-one percent (51%) of those Residential Lot Owners of the Association present, in person or by proxy, at a Special or Annual Meeting of the Residential Lot Owners, provided the notice of such meeting shall have stated the Special Assessment was to be considered.

SECTION 9.04 PRORATION OF ASSESSMENTS. For the first fiscal year, the Annual Budget shall be as approved by the first Board. If such first year, or any succeeding year, shall be less than a full year, then the monthly Assessment for such Residential Lot Owner shall be proportional to the number of months and days in such period covered by such budget. Commencing with the date of closing of his Residential Lot by each Residential Lot Owner, the Residential Lot Owner shall pay his Assessment for the current month or fraction of a month.

SECTION 9.05 CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS. Each Residential Lot Owner, by the acceptance of a deed for his Residential Lot, whether or not expressed in the deed, is deemed to covenant and agree to pay to the Association: (1) Annual Assessments or charges made in compliance with these By-Laws; (2) Special Assessments made in compliance with these By-Laws; and (3) Specific Assessments against any particular Residential Lot which are established pursuant to the terms of these By-Laws. All such

Assessments, together with charges, interest, costs, and reasonable attorney's fees, in the maximum amount permitted by law, shall be a charge on the Residential Lot and shall be a continuing lien upon the Residential Lot against which each Assessment is made. Any Assessment shall also be the personal obligation of the person who was the Owner of such Residential Lot. Owner shall be liable for his or her portion of any Assessment becoming due while he or she is the Owner of a Residential Lot. Assessments shall be paid in such manner and on such dates as provided in these By-Laws unless as otherwise provided for by the Board.

In the event a Residential Lot Owner owns two or more contiguous lots and intends to construct a single residence thereon, then, subject to the Residential Lot Owner's timely notification to the Association setting forth such intent, the Association may assess the Residential Lot Owner for only one Lot assessment. Such Residential Lot Owner's intention, as set forth above, shall be stated in writing to the Board within ninety (90) days of the (i) acquisition of title to the Lots; or (ii) the recording of the Association. Then, in such event, the Residential Lot Owner shall be entitled to one (1) vote in accord with **SECTION 4.01** above. The Association may assess the Residential Lot Owner for each Lot in the event the notification above is not timely received.

SECTION 9.06 ACCELERATION. If a Residential Lot Owner shall be in default in payment of an Assessment installment, including, but not limited to, the monthly installments based on the Annual Budget, the Board may accelerate the remaining installments upon ten (10) days' written notice to such Residential Lot Owner, whereupon the entire unpaid balance of the installments due for the Annual Budget shall become due and payable upon the date stated in such notice.

SECTION 9.07 ACCOUNTING RECORDS. The Board shall provided for the maintenance of accounting records for the Association, such records to be maintained in accordance with generally accepted accounting principles, and such records shall include all records provided for in the Corporation Act, in the Articles of Incorporation, and these By-Laws.

SECTION 9.08 COMPUTATION OF OPERATING BUDGET AND ASSESSMENT. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting, to prepare an Annual Budget covering the estimated costs of operating the Common Area of the Subdivision during the coming year. The Board shall cause a copy of the Annual Budget and the Assessments to be levied against each Residential Lot for the following year to be delivered to each Residential lot Owner at least ten (10) days prior to the meeting. The Annual Budget and the Assessments shall become effective unless disapproved at the Annual meeting by a vote of a majority of the total Residential Lot Owners. Notwithstanding the foregoing, however, in the event the Residential Lot Owners disapprove the proposed Annual Budget for the succeeding year, then and until such time as an Annual Budget shall have been determined and approved, as herein provided, the Annual budget in effect for the current year shall continue for the succeeding year. Such Annual Budget shall take into account the estimated Common Expenses, and cash requirements for the year, including salaries, wages, payroll, taxes,

supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power and other expenses. The Common Expenses shall be those expenses designated by the Board pursuant to these By-Laws. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Board on behalf of the Association, of any Residential Lot which is to be sold at a foreclosure or other judicial sale. The Annual Budget shall provide for an adequate reserve fund for maintenance, repairs, and replacements of those portions of the common Area that must be replaced on a periodic basis. To the extent that the Assessments and other cash income collected from the Residential Lot Owners during the preceding year shall be more or less than the expenditures for such preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account.

SECTION 9.09 NOTICE OF MEETING. Written notice of any meeting called for the purpose of taking any action authorized under Section 9.08 of this Article IX shall be sent to all Residential Lot Owners at least ten (10) days prior to the meeting. Upon the written request of an owner of a Mortgage on a Residential Lot, it shall be entitled to written notice of any such meeting and shall be permitted to designate a representative to attend and observe the meeting.

SECTION 9.10 ANNUAL STATEMENTS. Within ninety (90) days after the end of each year covered by an Annual Budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Residential Lot Owner a statement for such year so ended, showing a summary of the receipts and expenditures and such other information as the Board may deem desirable. Any holder of a Mortgage on a Residential Lot shall be entitled, upon written request, to obtain a copy of the financial statement for the immediately preceding fiscal year.

SECTION 9.11 ACCOUNTS. The Board shall cause to be kept a separate account record for each Residential Lot Owner, showing the Assessments charged to and paid by such Residential Lot Owner and the status of his account from time to time. Upon fifteen (15) days written notice to the Board, any Residential Lot Owner shall be furnished a statement of his account setting forth the amount of any unpaid Assessments or other charges due and owing from such Residential Lot Owner.

SECTION 9.12 SUPPLEMENTAL BUDGET AND SPECIAL ASSESSMENTS. If during the course of any year, it shall appear to the Board that the Assessments, determined in accordance with the estimated Annual Budget for such year, are insufficient or inadequate to cover the estimated expenses for the remainder of such year, then the Board shall prepare and approve a Supplemental Budget covering the estimated deficiency for the remainder of such year, copies of which Supplemental Budget shall be furnished to each Residential Lot Owner, and thereupon a Special Assessment shall be made to each Residential Lot Owner for his proportionate share of such Supplemental Budget pursuant to Section 9.03 of this Article IX.

SECTION 9.13 PAYMENT OF ASSESSMENT. It shall be the duty of every Residential Lot Owner to pay his proportionate share of the Assessments assessed in the manner herein provided. If any Residential Lot Owner shall fail or refuse to make any such payments when due, the Board shall have the authority to exercise and enforce any and all rights and remedies as provided for in these By-Laws, or otherwise available at law or in equity, for the collection of all unpaid Assessments.

SECTION 9.14 RECORDS. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Assessments and Common Area, specifying and itemizing the expenses incurred. Such records and financial statements and vouchers authorizing the payments of such expenses, shall be available upon reasonable prior notice for examination by the Directors, Officers and Residential Lot Owners during normal business hours at the office of the Association.

SECTION 9.15 RESERVE FUND. At closing of a purchase of a Residential Lot from the Developer, each Residential Lot Owner shall be required to deposit the sum of \$100.00 with the Association which the Association shall place in an interest bearing account established for said purpose. The sums deposited shall be utilized as a reserve for operation and maintenance of the Common Area of the Subdivision and shall not be considered an advance payment by a Residential Lot Owner of his regular monthly share of the Assessments.

ARTICLE X – DEFAULT

SECTION 10.1 DEFAULT IN PAYMENTS. In the event a Residential Lot Owner does not pay any sums, charges or Assessments required to be paid to the Association within thirty (30) days from the due date, the Association, acting through the Board may foreclose the lien encumbering the Residential Lot created by non-payment of the required moneys in the same fashion as mortgage liens are foreclosed. The Association shall be entitled to the appointment of a receiver if it so requests. The Association shall have the right to bid in the Residential Lot at a foreclosure sale and to acquire, hold, mortgage and convey the same. In lieu of foreclosing its lien but without waiving the same, the Association may, on its behalf, bring suit to recover a money judgment for sums, charges or Assessments required to be paid to the Association.

If an action of foreclosure is brought against a Residential Lot Owner for the non-payment of moneys due the Association, and as a result thereof the interest of the said Residential Lot Owner in and to his Residential Lot is sold, then, at the time of such sale, the Residential Lot Owner's membership shall be cancelled and membership shall be issued to the purchaser at the foreclosure sale.

If the Association becomes the owner of a Residential Lot by reason of foreclosure, it shall offer said Residential Lot for sale and at such time as a sale is consummated, it shall deduct from such proceeds all sums of money due it for monthly

assessments and charges, all costs incurred in the bringing of the foreclosure, including reasonable attorneys' fees, and any and all expenses incurred in the resale of the Residential Lot, which shall include, but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the maintenance and insurance of the Residential Lot in question. All moneys remaining after deducting the foregoing items of expenses shall be returned to the persons, firms and/or entities legally entitled to the same. In the event any question exists as to entitlement to such monies, the Association may, but is not obligated to, interplead the same in an action filed in a court of competent jurisdiction, and in such interpleader action is entitled to recovery of its costs and expenses including a reasonable attorneys fee.

SECTION 10.02 VIOLATION. In the event of violation of the provisions of the Articles of Incorporation, and/or these By-Laws, as the same are now or may hereafter be constituted, the Association, on its own behalf, may bring appropriate action to enjoin such violation or to enforce the provisions of the documents last hereinabove enumerated, and/or sue for damages, or take all such courses of action at the same time, or for such other legal or equitable remedy it may deem appropriate.

SECTION 10.03 COSTS AND ATTORNEYS' FEES. In any action either to foreclose its lien, to recover a money judgment, for injunctive relief brought by or on behalf of the Association against a Residential Lot Owner, or for remedy of violations as set forth in Section 10.02 of this Article X, the Association, in the event it is the prevailing party, shall be entitled to recover the costs of such proceedings and a reasonable attorney's fee, including those incurred on appeal, if any.

ARTICLE II – MORTGAGES

SECTION 11.01 LENDER'S NOTICES. Upon written request to the Association, identifying the name and address of such holder, insurer or guarantor and the Residential Lot number or address, any Mortgage holder, (or insurer or guarantor thereof) of a Residential Lot will be entitled to timely written notice of:

- A. Any condemnation or casualty loss that affects either a material portion of the Common Area of the Subdivision or the Residential Lot securing its mortgage;
- B. Any thirty (30) day delinquency in the payment of Assessments or charges owed by the Owner of any Residential Lot on which it hold the mortgage; and
- C. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

SECTION 11.02 EXAMINATION OF BOOKS. The holder (or guarantor or insurer thereof) of a Mortgage on any Residential Lot shall have the same

right to examine the books and records of the Association afforded a Residential Lot Owner pursuant to these By-Laws.

ARTICLE XII – USE AND OCCUPANCY RESTRICTIONS

The Residential Lots in the Subdivision shall be used only for those uses and purposes set out in the Protective Covenants and Restrictions of Walton's Mountain as described in Exhibit "C-1" (the "Subdivision") as may be amended from time to time.

ARTICLE XIII – AMENDMENTS, ETC.

These By-Laws may be altered, amended or repealed by the Board.

ARTICLE XIV – MISCELLANEOUS

SECTION 14.01 SEAL. The seal of the Association shall be circular in form and shall contain the name of the Association. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 14.02 FISCAL YEAR. The fiscal year of the Association shall be that period of twelve (12) months ending on the last day of December of each year.

SECTION 14.03 BANK ACCOUNTS. The Board may, from time to time, by resolution authorize the maintenance of one or more deposit accounts by the Association. All checks, drafts, or other orders for the payment of money issued in the name of the Association shall be signed as provided for by the Board and these By-Laws.

SECTION 14.04 NOTICES. Unless otherwise provided in these By-Laws, the Articles of Incorporation, the Corporation Act, or other applicable law, all notices, demands, bills, statements, or other communications provided for or required by these By-Laws, and/or the Articles of Incorporation, to Residential Lot Owners, Directors or Officers, shall be in writing and shall be deemed to be sufficient and to have been duly given if delivered personally or if sent by United States first class mail, postage prepaid, as follows:

A. If to a Residential Lot Owner, (i) at the address of his Residential Lot or (ii) at the address which the Residential Lot Owner has designated in writing and filed with the Secretary/Treasurer; or

B. If to the Association, the Board, a Director, an Officer or the Manager or Managing Agent, at the principal office of the Association or the Manager or Managing Agent, if any, or at such other address as shall be designate in writing by the Association, the Board, a Director, an Officer, or the Manager, or Managing Agent, and filed with the Secretary/Treasurer,

And such notice shall be deemed given on the day of such mailing, or such personal delivery to the recipient thereof.

SECTION 14.05 CONFLICTS. These By-Laws are set forth to comply with the requirements of the Articles of Incorporation, and the Corporation Act. In case any provisions of these By-Laws conflict with the provisions of the Act, the Articles of Incorporation, or the Corporation Act, the provisions of the Articles of Incorporation, or the Corporation Act, as the case may be, shall control.

SECTION 14.06 CAPTION. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the By-Laws or the intent of a provision thereof.

SECTION 14.07 CONSTRUCTION OF RESIDENCE. There shall be no requirement for a Residential Lot Owner to begin construction within one(1) year of the purchase of a Lot.

ARTICLE XV – CONSTRUCTION

Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, whenever the context so requires.

These By-Laws are to be construed, controlled, enforced, governed and interpreted by the laws of the State of Alabama.

If, for any reason, any provision(s) or term(s) of these By-Laws should be declared null and void, or unconstitutional, by any final non-appealable order of any court of competent jurisdiction, the remainder of these By-Laws shall not be impaired and shall remain in full force and effect.

I, the undersigned, as Secretary/Treasurer of Walton's Mountain Homeowner's Association, Inc., do hereby certify that the foregoing By-Laws were adopted as the By-Laws of Walton's Mountain Homeowner's Association, Inc. at the first meeting of the Board of Directors of Walton's Mountain Homeowner's Association, Inc., held on this 14th day of April, 2006.

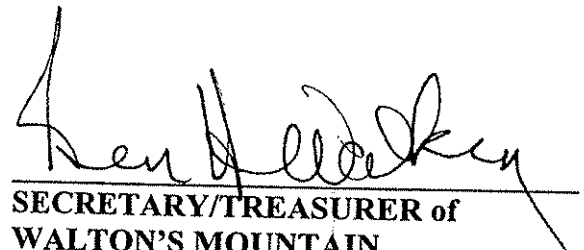

**SECRETARY/TREASURER of
WALTON'S MOUNTAIN
HOMEOWNER'S ASSOCIATION, INC.**

EXHIBIT "B-1"

The following Plats for Walton's Mountain are recorded in the Office of the Judge of Probate of Madison County, Alabama ("Probate Records").

- A. Walton's Mountain a resubdivision of Lot 4A of a resubdivision of Lot 4 of Fleming Properties as recorded in Plat Book 34, Page 42, as recorded in Plat Book 35, Page 53 in the Probate Records.
- B. Walton's Mountain Phase II, a resubdivision of a part of Lot 4A of a resubdivision of Lot 4 of Fleming Properties as recorded in Plat Book 39, Page 22 in the Probate Records.
- C. A resubdivision of Lot 25 of Walton's Mountain Phase II, a resubdivision of a part of Lot 4A of a resubdivision of Lot 4 of Fleming Properties as recorded in Plat Book 40, Page 21 in the Probate Records.
- D. Walton's Mountain Second Addition, a replat of Lot 33 of Walton's Mountain Phase II, a resubdivision of a part of Lot 4A of a resubdivision of Lot 4 of Fleming Properties as recorded in Plat Book 42, Page 64 in the Probate Records.
- E. Walton's Mountain Phase 3, a resubdivision of Fleming Properties Second Addition and a resubdivision of Lots 4A and 4B of a resubdivision of Lot 4 of Fleming Properties as recorded in Plat Book 46, Page 93 in the Probate Records.
- F. Final Plat, Walton's Mountain Phase 4, a resubdivision of Lots 82 and 83 of a resubdivision of Walton's Mountain Phase 3, a resubdivision of Fleming Properties Second Addition and a resubdivision of Lots 4A and 4B of a resubdivision of Lot 4 of Fleming Properties as recorded in Plat Book 47, Page 97 in the Probate Records.
- G. Final Plat, Walton's Mountain Phase 5, a resubdivision of Lots 79 and 80 of Walton's Mountain Phase 3, of a resubdivision of Fleming Properties Second Addition and a resubdivision of Lots 4A and 4B of a resubdivision of Lot 4 of Fleming Properties and Lot 4A of a resubdivision of Lot 4 of Fleming Properties as recorded in the Probate Records, recording number 20050209000078560
- H. Final Plat of Walton's Mountain Phase 6, a resubdivision of Lot 78 of Walton's Mountain Phase 3, a resubdivision of Fleming Properties Second Addition, and a resubdivision of Lots 4A and 4B of a resubdivision of Lot 4 of Fleming Properties and other land as recorded in the Probate Records with a recording number 20050822000558360.

EXHIBIT "C-1"

The following documents are recorded in the Office of the Judge of Probate of Madison County, Alabama ("Probate Records").

- A. Protective Covenants and Restrictions of Walton's Mountain dated October 17, 1997, recorded in Book 907, Page 171 in the Probate Records.
- B. Protective Covenants and Restrictions of Walton's Mountain, Phase II dated February 2, 2001, recorded in Book 987, Page 762 in the Probate Records.
- C. Protective Covenants and Restrictions of Walton's Mountain, Phase 3 and Phase 4 dated June 3, 2004 with a recording stamp 20040603000126580, recorded in the Probate Records.

STATE OF ALABAMA
MADISON COUNTY

OFFICE OF THE JUDGE OF PROBATE

CERTIFICATE OF INCORPORATION

OF

Walter's Mountain Homeowners Association, Inc.

I, the undersigned, Judge of Probate, Madison County, Alabama
here certify that Articles of Incorporation for the incorporation
of Walter's Mountain Homeowners Association, Inc.
duly signed pursuant to the provisions of the Code of Alabama, have
been received in this office and found to conform to law and that
the name of the corporation is now reserved with the Secretary of State
of Alabama under reservation No. _____ dated _____.

ACCORDINGLY, the undersigned, as such Judge of Probate, and by
virtue of the authority vested in me by law, hereby issue this
Certificate of Incorporation of Walter's Mountain Homeowners
Association, Inc. and attached hereto a
certified copy of the Articles of Incorporation.

Dated April 18, 2006.

20060418000250680 33/33 \$42.25
Madison Cnty Judge of Probate, AL
04/18/2006 02:41:34PM FILED/CERT

Johnny R. England
Judge of Probate

TOMMY RAGLAND
JUDGE OF PROBATE
MADISON COUNTY, AL


ALABAMA

MADISON COUNTY

I, do hereby certify this to be a true copy of the attached document filed and recorded in the aforesaid county as evidence in Instrument Number 20060418000250680

Book: NA Page: NA consists of 33 page/s.

Witness my hand and Official seal this 18TH day of April 2006



Tommy Ragland
Judge of Probate