

BYLAWS
OF
RIVERCHASE COVE OWNERS' ASSOCIATION, INC.

NAME AND LOCATION: The name of the Corporation is RIVERCHASE COVE OWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 2100 SouthBridge Parkway, Suite 650 Birmingham, Alabama 35209, but meetings of members and directors may be held at such places within the State of Alabama, County of Shelby, as may be designated by the Board of Directors.

ARTICLE I
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DEFINITIONS
SHELBY COUNTY JUDGE OF PROBATE
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Section 1. "Association" shall mean and refer to RIVERCHASE COVE ASSOCIATION, INC., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to all lots shown on the plat of RIVERCHASE COVE subdivision recorded in Map Book 20, Page 109.

Section 4. "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties except the dedicated streets and public utility owned property.

Section 6. "Unit" shall mean and refer to any Lot as defined in Section 5 of this Article, together with all improvements situated thereon.

Section 7. "Declarant" shall mean and refer to P & R SOUTHLAND PROPERTIES, INC., an Alabama Corporation, its successors and assigns.

Section 8. "Subdivision" shall mean and refer to that subdivision known as "RIVERCHASE COVE SUBDIVISION," as recorded in the Office of the Judge of Probate of Shelby County, Alabama, in Map Book 20, Page 109.

Section 9. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 10. "Declaration" shall mean and refer to the Declaration of Special Covenants applicable to the Properties recorded in the Office of the Judge of Probate of Shelby County, Alabama.

ARTICLE II

MEETING OF MEMBERS

Section 1. Annual Meeting. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association and each subsequent regular meeting of the members shall be held on the same day of the same month of the year thereafter, at the hour of 6 o'clock p.m. If the day for the annual meeting of the members is a Sunday or legal holiday, the meeting will be held at the same hour on the first day following which is not a Sunday or a legal holiday.

Section 2. Special Meeting. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to cast twenty-five percent (25.0%) of the votes in the Association.

Section 3. Notice of Meeting. Written notice of each meeting of the members shall be given by or at the direction of the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote at such meeting addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, fifty-one percent (51.%) of the votes in the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote at such meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically terminate when the party giving same shall cease to be a member of the Association.

Section 6. Proviso. All provisions contained in these By-Laws, the Declaration and the Articles of Incorporation of RIVERCHASE COVE OWNERS' ASSOCIATION, INC., are subject to the following proviso:

With respect to the properties, as defined in the Declaration, and all improvements constructed or to be constructed thereon, until four (4) months after seventy five percent (75.0%) of the lots in the subdivision have been improved with single family dwellings and sold to a Member as defined in the Declaration, or until five (5) years from the date of recordation of this document, whichever shall first occur, the rules adopted by the Declaration shall govern and there shall be no meeting of Members of the Association unless a meeting is called by the Board of Directors of the Association, and neither the Unit Owners, the Association, nor the use of the subdivision property by Unit occupants shall be such as to interfere with the contemplated improvements and the sale of the Lots. Further, all benefits, duties, rights and obligations imposed on the Association by the Declaration, these By-Laws or the Articles of Incorporation shall vest in and be retained by the Declarant, or its named successors and assigns, until such time as the control of the subdivision shall have passed to the Association in accordance with the provisions of this Article.

Section 7. Order of Business at Meetings. The order of business at annual meetings, and so far as practicable at all other meetings of stockholders, shall be as follows:

- (A) Due Notice. Proof of due notice of meeting or waiver thereof.
- (B) Roll Call. Call of roll examination of proxies.
- (C) Prior Minutes. Reading and disposal of any unapproved minutes.
- (D) Annual Reports. Annual reports of officers and committees.
- (E) Unfinished Business. Completion of unfinished business.
- (F) New Business. Consideration of new business.
- (G) Election. Election of directors.
- (H) Adjournment. Adjournment of meeting.

ARTICLE III
BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE:

Section 1. Number. The affairs of the Association shall be conducted by a Board of Directors which shall consist of such number not less than three (3), nor more than five (5) as shall from time to time, be determined and fixed by a majority of the voting rights present at any annual meeting of the members.

Section 2. Term of Office. At the first annual meeting the members shall elect one Director for a term of one year, one director for a term of two years and one Director for a term of three years; and at each annual meeting thereafter the members shall elect one director for a term of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his/her successor shall be elected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

Section 4. Compensation. No director shall receive compensation for any service he/she may render to the Association, except that any Director may be reimbursed for actual expenses incurred in the performance of his/her duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE IV
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall 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 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 or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The

person receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

ARTICLE V

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a Sunday of a legal holiday, then the meeting shall be held at the same time on the next day which is not a Sunday or legal Holiday.

Section 2. Special Meeting. Special meetings of the Board of Directors shall be held when called by the president of the Association or by any two directors, after not less than three (3) days notice to each director.

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

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(i) Adopt and publish rules and regulations governing the maintenance, repair, upkeep and replacement of Association property.

(ii) Suspend the voting rights of any member who is delinquent in paying association dues or other assessments levied by the Association. Such rights may also be suspended after notice and hearing for infraction of published rules and regulations.

(iii) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration.

(iv) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(v) Employ a manager, an independent contractor, or such other employee as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(i) Cause to be kept a complete record of all its acts and corporate expenditures and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote.

(ii) Supervise all officers, agents and employees of this Association and to see that their duties are properly performed.

(iii) As explained in the Declaration of Special Covenants, to:

1. fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period;

2. Send written notice of each assessment to every Member subject thereto at least thirty (30) days in advance of each annual assessment period; and

3. Foreclose the lien against any property for which dues and/or fines are not paid within thirty (30) days after the date due, or to bring an action at law against the owner(s) personally obligated to pay the same.

(iv) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(v) Procure and maintain adequate liability and hazard insurance on property owned or controlled by the Association. In addition, the Board may, in its discretion, procure and maintain liability and hazard insurance on property which the Board may decide would benefit the interests of members in the Association.

(vi) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(vii) Cause the Association Property to be maintained, repaired, and/ or replaced.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of offices. The officers of this Association shall be a president, vice president, a secretary and a treasurer, who at times may be members of the

Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

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

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

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section 7. Multiple Offices. The office of the secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any other offices except in the case of special offices created pursuant to Section 4 of this Article.

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

PRESIDENT

The president shall provide at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all contracts and other written instruments and co-sign all checks.

VICE PRESIDENT

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

SECRETARY

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

TREASURER

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

ARTICLE VIII

COMMITTEE

The Association shall appoint a Nominating Committee, as provided in these By-Laws, and other nominees may be presented to the Association by the submission of their names on a petition signed by twenty-five percent (25.%) of the members of the Association. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X

ASSESSMENTS

As provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property

against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at a rate equal to one and one-half percent per month and compounded annually. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Further, the Board may establish a charge for the late payment of assessments, which charge shall be subject to the addition of interest, costs, reasonable attorney's fees and all other rights and remedies vested in the Association by these By-Laws or the Declaration. No owner may waive or otherwise avoid liability for the assessments provided for herein by abandonment of his/her Lot.

ARTICLE XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: RIVERCHASE COVE OWNERS' ASSOCIATION, INC., a non-profit corporation.

ARTICLE XII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of two thirds (2/3) of a quorum of members present in person or by proxy.

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

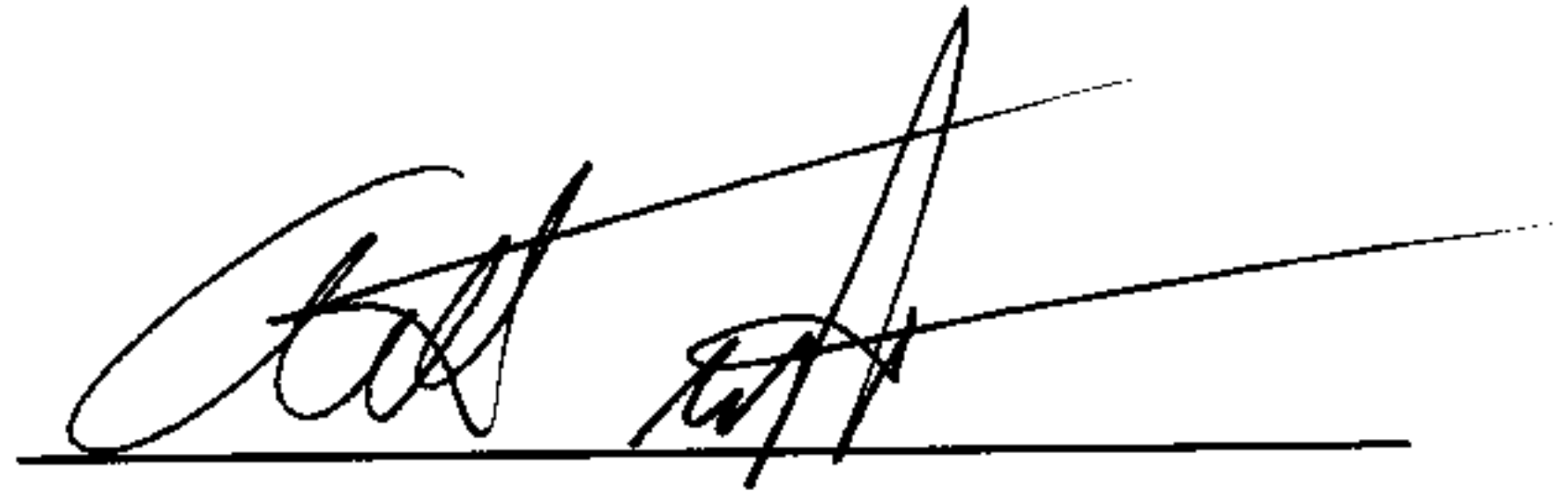
ARTICLE XIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the 1st of January and end on the 31st of December of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATE OF SECRETARY

I, the undersigned, the Secretary of RIVERCHASE COVE OWNERS' ASSOCIATION, INC., do hereby certify that the foregoing by-laws, consisting of Articles I to XIII, inclusive, constitute a true and complete copy of the by-laws of the corporation as adopted by written consent of the shareholders during its organizational meeting on the 19 day of January, 1996.



Secretary

(Corporate Seal)

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