

BYLAWS OF MARENGO HOME OWNERS ASSOCIATION

The following are the Bylaws of Marengo Home Owners Association, Inc. hereinafter referred to as the "Association", a corporation not for profit under the laws of the State of Alabama, formed for the purpose of managing and operating that certain development located in Shelby County, Alabama, known as Marengo.

ARTICLE I PRINCIPAL OFFICE

The principal office of the Association shall be at 201 West Willow Circle, Calera Alabama 35040 or at such other place as may be designated subsequently by the Board of Directors. All books and records of the Association shall be kept at its principal office.

ARTICLE II DEFINITIONS

Declaration Defined

2.01. "Declaration" shall mean that certain Declaration of Protective Covenants for Marengo, First and Second Sector, as recorded in the Office of the Judge of Probate of Shelby County, Alabama, in Instrument numbers (Sector 1) 1997-21472, (Sector 2) 2000-01164, and as amended from time to time, collectively known as the "Declaration: hereinafter, unless the context otherwise requires.

Other Terms Defined

2.02. Other terms used herein shall have the meaning given to them in the Declaration and are hereby incorporated by reference and made a part hereof.

ARTICLE III MEMBERSHIP

Qualification

3.01 The sole qualification for membership shall be ownership of a lot in the Development. No membership may be separated from the lot to which it is appurtenant, provided, however, that the privileges of ownership may be exercised by a nominee of a Lot Owner designated in writing so long as:

- (1) The nominee is a resident on the property to which the membership is appurtenant;
- (2) no charge is made for use of the membership in excess of the amount of any assessments levied against the Lot Owner; and
- (3) any assignment of privileges is revocable at the will of the Lot Owner

No Additional Qualifications

3.02 No initiation fees, costs, or dues shall be assessed against any person as a condition of the exercise of the rights of membership except such assessments, levies, and charges as are specifically authorized by the Declaration.

Succession

3.03 The membership of each Lot Owner shall automatically terminate on the conveyance, transfer, or other disposition of a Lot Owner's interest in a lot within the subdivision. The Lot Owner's membership shall automatically be transferred to the new Lot Owner succeeding to such ownership interest. On the conveyance, transfer, or other disposition of a portion of a Lot Owner's interest in a lot, the transferring Lot Owner and the transferee shall each be members of the Association in accordance with the percentage of ownership interest in the Lot of each following such conveyance or transfer.

ARTICLE IV MEETINGS OF MEMBERS

Annual Meeting

4.01 The annual meeting of the Members shall be held on the date, at the place, and at the time as determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and not later than thirteen months after the last preceding annual meeting. The purpose of the annual meeting shall be to elect the Directors, and to transact any other business authorized to be transacted by the Members or stated in the notice of the meeting send to the Members in advance thereof.

Special Meeting

4.02 Special meetings of the Members may be called at anytime by a majority of the Board, or on receipt of the Board of a written request of Member representing at least twenty percent (20%) of the total voting power of the Association. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting.

Notice of Meeting

4.03 Notice of all meeting of Members shall state the time and place of the meeting and the objects for which the meeting is called. Notices shall be prepared and delivered by or at the direction of the Secretary and may be delivered either personally or by mail to a Member the address given to the Board by said Member, or to the Member's Lot if no such address has been given to the Board. Notice of the annual meeting shall be mailed or delivered to each Member not less than thirty (30) days prior to the meeting and not more than sixty (60), and notice of a special meeting shall be mailed or delivered to each Member not less than thirty (30) days prior to the meeting and not more than sixty (60) days.

Rights of Lot Owners

4.04 Lot Owners may participate in meetings of the Residential Association regarding all designated agenda items, provided the statements are limited to five minutes for each agenda item and the request to speak is given to the secretary at the beginning of the meeting.

Waiver of Notice

4.05 Any Member may waive the right to receive notice of the annual meeting by sending a written waiver to the Board of Directors. Notice of specific meeting may be waived before or after the meeting, orally or in writing. Attendance by a Member at an annual or special meeting, either in person or by proxy shall constitute waiver of notice of such meeting.

Quorum

4.06 A quorum of Members for any meeting shall be deemed present throughout such meeting if Members represented in person or by proxy and holding 2/3 of all the votes of the votes entitled to be cast at such meeting are present at the beginning of such meeting. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meetings.

Action without Meeting

4.07 Any action that may be taken at a meeting of the members may also be taken without a meeting if consent in writing, setting forth the action so taken, is signed by the number of Members required to take such action at a meeting, and is filed with the Secretary of the Association.

Minutes of Meeting

4.08 The minutes of all meeting of Members shall be kept in a book available for inspection by Lot Owners or their authorized representatives. The Association shall retain these minutes for a period of not less than seven years.

ARTICLE V MEMBER'S VOTING RIGHTS

Number of Votes

5.01 In any meeting of the Members, each Member shall be entitled to one vote for each Lot owned. If more than one person holds an interest in any Lot, all such persons shall be Members, but the Lot shall be entitled to only one vote. The vote of a lot shall not be divisible. The vote for a Lot with more than one owner shall be exercised as they among themselves determine, or in accordance with Paragraph 5.04 below.

Vote Required to Transact Business

5.02 When a quorum is present, the holders of a majority of the voting rights present, in person or by proxy, shall decide any question brought before the meeting, unless the question is one on which, by express provision of the Declaration, a different number is required. The following matters shall be subject to the affirmative vote of not less than 2/3 of the votes of the Members: (1) The merger or consolidation of the Association; (2) The sale, lease, mortgage, or other disposition of substantially all of the property of the Association; and (3) The purchase of land or Lots on behalf of the Association.

Designation of Voting Member

5.03 If a Lot is owned by more than one person, the person entitled to cast the vote for the Lot may be designated by a certificate signed by all of the record owners of the Lot and filed with the Secretary of the Association. If a Lot is owned by a corporation, partnership, trust or other legal entity, the person entitled to cast the vote for the Lot must be designated by a certificate of appointment signed by a duly authorized representative of the entity and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate of until a change in ownership of the Lot involved. A certificate may be revoked by any owner of an interest in the Lot.

Failure to Designate a Voting Member

5.04 If a Lot is owned by more than one person and they do not designate a voting Member, the following provisions shall apply:

- (1) If more than one such owner is present at any meeting, and they are unable to concur in a decision on any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.
- (2) If only one such owner is present at a meeting, that person shall be entitled to cast the vote pertaining to the Lot.
- (3) If more than one such owner is present at the meeting, and they concur, any one such owner may cast the vote for the Lot.

Voting by Proxy

5.05 Votes may be cast in person or by proxy. All proxies must be in writing, dated, signed by the Member generating the proxy, and filed with the Secretary of the Association before the appointed time of any meeting to which it applies. A Member may revoke a proxy at any time by delivering a written notice of revocation to the Association.

ARTICLE VI BOARD OF DIRECTORS

Number

6.01 The property, business, and affairs of the Association shall be managed by a Board of Directors. The number and manner of appointment of the Directors shall be determined by the Bylaws, but which shall consist of not less than three Directors. Except as may otherwise be provided in the Bylaws, each Director shall be a person entitled to cast a vote in the Association.

Qualification

6.02 Each Director shall be a Lot Owner. If a Lot Owner is a trust, then the beneficiary of the trust may be a Director; and if a Lot Owner is a corporation or partnership, then an officer, partner, or employee of such Lot Owner may be a Director. If a Director shall cease to meet such qualifications during his or her term, he or she shall cease to be a Director and his or her place on the Board shall be deemed vacant.

Nomination for Election

6.03 Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of Members or at any other meeting of Members called for the purpose of electing Directors.

Initial Election of Directors

6.04 Within 120 days after the Lot Owners are entitled to elect one or more Directors, the Association shall call a meeting of the Members to elect the Directors. The Association shall give not less than ten (10) days or more than sixty (60) days' notice of the meeting to each Member. The meeting may be called and the notice may be given by a Lot Owner if the Association fails to do so. The election shall be conducted in the manner specified in Paragraph 6.05.

Election of Directors

6.05 The election shall be by ballot unless dispensed with by unanimous consent and each Member shall be entitled to cast one vote for each vacancy. There shall be no cumulative voting. Those candidates receiving the greatest number of votes cast either in person or by proxy shall be elected.

Term

6.06 Each Director elected by the Members shall hold office until the next annual meeting of Members, and until his or her successor shall be elected and qualified, or until he or she resigns or is removed in any manner provided elsewhere herein.

Vacancies

6.07 Any vacancy in the position of a Director elected by the Members of the Association shall be filled by a majority vote of the remaining Directors, and any Director so elected shall hold office for a term equal to the unexpired term of the Director whom he or she succeeds.

Removal

6.08 Any Director may be removed for cause by a majority vote at a special meeting of the Members called for that purpose. The vacancy in the Board of Directors so created shall be filled by the Members at the same meeting.

Compensation

6.09 A Director shall not receive any compensation for any service he may render to the Association as a Director, provided, however that any Director may be reimbursed for actual out-of-pocket expenses incurred by him or her in the performance of his or her duties.

ARTICLE VII MEETINGS OF DIRECTORS

Regular Meetings

7.01 Regular meetings of the Board of Directors shall be held quarterly at the registered office of at such other place designated by the Board of Directors, and at such time and date as the Board shall designate. Notice of the regular meetings shall be given to each Director, personally or by mail, telephone, fax or e-mail, and shall be transmitted at least ten (10) days prior to the meeting.

Special Meetings

7.02 Special meetings of the Directors may be called by the President at any time, and must be called by the President or Secretary at the written request of a majority of the Directors. A notice of the meeting stating the time, place, and purpose of the meeting shall be given to each Director, personally or by mail, telephone, fax or e-mail at least ten (10) days prior to the meeting.

Notice

7.03 All meetings of the Board of Directors shall be open to all Members of the Association, and notice of such meetings shall be posted conspicuously in the subdivision at least two (2) days prior to the meeting, except in the event of an emergency.

Waiver of Notice

7.04 Any Director may waive notice of a meeting either before or after the meeting, or may consent to the holding of a meeting without notice. Attendance by any Director at a meeting shall constitute waiver of notice of that meeting, except when attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business on the grounds that the meeting was not lawfully called.

Quorum

7.05 A quorum shall consist of the Directors entitled to cast a majority of the votes of the entire Board of Directors. The acts of the Directors approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors. The joinder of a Director in the action of a meeting by signed and concurring in the minutes thereof shall constitute the presence of such a Director for the purpose of determining a quorum.

Action without Meeting

7.06 Any action permitted or required to be taken at a meeting of the Directors may be taken without a meeting if written consent setting forth the action so taken shall be signed by all the Directors, and filed with the minutes of the proceedings of the Board.

Minutes of Meetings

7.07 The minutes of all meetings of the Board of Directors shall be kept in a minute book available for inspection by Lot Owners, or their authorized representatives, or by Directors at any reasonable time. The Association shall retain these minutes for a period of not less than seven years.

ARTICLE VIII POWERS AND DUTIES OF THE DIRECTORS

Specific Powers

8.01 The Board of Directors shall have the power to exercise all powers, duties, and authority vested in the Association by the Declaration of these Bylaws. The powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (1) To elect and remove officers of the Association as hereinafter provided.
- (2) To administer the affairs of the Association.
- (3) To maintain bank accounts on behalf of the Association and to designate signatories required therefore.
- (4) To pay the cost of all taxes and utilities assessed against the common areas of the subdivision that are not assessed and billed to the owners of the individual Lots.

- (5) To borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the common areas; provided, however, that the consent of at least 2/3 of the Members, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum of money.
- (6) To use the proceeds of Assessments in the exercise of its powers and duties.
- (7) To maintain, repair, replace and operate the common areas of the subdivision.
- (8) To purchase insurance on the Property, and insurance for the protection of the Association and its Members, and the members of the Board of Directors and Officers of the Association.
- (9) To reconstruct improvements after casualty and to further improve the common areas.
- (10) To make and amend reasonable Rules and Regulations respecting the use of and the operation of the common areas of the subdivision.
- (11) To enforce by legal means the provisions of the Declaration, the Articles of incorporation, these Bylaws, and the Rules and Regulations for the use of the common areas.
- (12) To contract for the management of the Property and to delegate to such managing agent and all powers and duties of the Association except such as are specifically required by the Declaration to have approval of the Board of Directors or the membership of the Association.
- (13) To retain attorneys and accountants to be paid only from the general fund.

Committees

8.02 The Board of Directors may designate one or more committees that shall have the powers of the Board of Directors for the management of the affairs and business of the Association to the extent provided in a resolution designating such a committee. Any such committee shall consist of at least three (3) Members, at least one (1) of whom shall be a Director. Any such committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors.

Managing Agent

8.03 The Board of Directors shall be authorized to employ the services of a manager or managing agent, who may either be a Director, Officer or employee of the Association, or an independent person or firm qualified to manage the Association and affairs of the Association 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.

ARTICLE IX OFFICERS

Election

9.01 The executive officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer. The officers shall be elected annually by the Board of Directors at its first meeting following the annual meeting of the Members of the Association. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Term

9.02 Each Officer shall hold office for the term of one year and until his successor shall have been appointed or elected and qualified, provided that any officer may succeed himself.

Special Appointments

9.03 The Board may appoint 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.

Resignation and Removal

9.04 Any Officer may be removed from office either with or without cause by the vote of a majority of the Directors present at any meeting. Any Officer may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt 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.

Vacancies

9.05 A vacancy in any office shall be filled by a majority vote of the Directors at any meeting. An Officer elected to fill a vacancy shall hold office for a term equal to the unexpired term of the Officer he succeeds.

Compensation

9.06 An Officer shall not receive any compensation for any service he may render to the Association as an Officer; provided however, that any Officer may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

Duties of the President

9.07 The President, who shall be a Director, is the chief executive officer of the Association, and shall have all of the power and duties that are usually vested in the office of president of a Lot Owners association, including but not limited to the following powers:

- (1) To preside over all meetings of the Members and of the Board.
- (2) To sign as President all deeds, contracts, and other instruments that have been duly approved by the Board.
- (3) To call meetings of the Board whenever he deems it necessary in accordance with the rules.
- (4) To have the general supervision, direction and control of the affairs of the Association.

Duties of the Vice-President

9.08 The Vice-President, who shall be a Director, shall have all of the powers and duties that are usually vested in the office of the Vice-President of a Lot Owners association, including by not limited to the following powers:

- (1) To perform the duties and exercise the powers of President, in the absence or disability of the President.
- (2) To assist the President in the exercise of his powers and the performance of his duties.

Duties of the Secretary

- (1) To keep a record of all meetings and proceedings of the Board and of the Members.
- (2) To keep the seal of the Association, if any, and affix it on all papers requiring said seal.
- (3) To prepare and serve such notices of meetings by the Board and the Members required either by law or by the Bylaws.
- (4) To keep current records showing the Members of the Association together with their addresses.
- (5) To sign as Secretary all deeds, contracts, and other instruments which have been duly approved by the Board, if said instruments require a second Association signature.

Duties of the Treasurer

9.10 The Treasurer shall be the financial officer of the Association, and shall have all powers and duties that are usually vested in the treasurer of a Lot Owners association, including but not limited to the following powers:

- (1) To receive and deposit in such bank or banks as the Board may from time to time direct, all of the funds of the Association.
- (2) To be responsible for and supervise the maintenance of books and records to account for such funds and other Association assets.
- (3) To disburse and withdraw said funds as the Board may from time to time direct, and in accordance with prescribed procedures.
- (4) To prepare and distribute the financial statements for the Association.

ARTICLE X FISCAL MANAGEMENT

Fiscal Year

10.01 The fiscal year of the Association shall be July 1 through June 30.

The Initial and Maximum Annual Assessment

10.02 Beginning August 13, 2006, the initial annual assessment shall be \$100.00 per lot; annual assessment thereafter shall be \$50.00 per lot beginning July 1, 2007. Assessments shall begin to accrue from the earlier date of closing on the sale from the builder to the homeowner or the date of occupation of the house. Annual assessments shall be prorated from the date that the assessments began to accrue and shall be prorated for the period of July 1 through June 30. Annual assessment shall be delinquent sixty (60) days from due date.

(A) From and after July 1, 2007, the maximum annual assessment may be increased each year not more than five percent (5%) above the maximum annual assessment for the previous year without a vote of the membership.

(B) From and after January 1, 2008, the maximum annual assessment may be increased above five percent (5%) by a vote of at least 2/3 of a quorum at a meeting duly called for that purpose.

Annual Budget

10.03 The Board of Directors must prepare an annual budget. The annual budget of the Association shall be detailed and shall show the amounts budgeted by accounts and expense classifications. Expenses shall be estimated for each of the following categories: administration expenses, management fees, maintenance, rent for recreational facilities, taxes, insurance, legal and accounting fees, repairs and replacement, and utilities, expenses for common areas. The budget shall also include reserve accounts for capital expenditures and deferred maintenance. The amount reserved shall be computed by means of a formula that is based on the estimated life and estimated replacement cost of each reserve item. The budget shall also set forth each Lot Owner's proposed Assessment for Common Expenses.

Adoption of Annual Budget

10.04 The Board of Directors shall prepare or cause to be prepared a proposed annual budget for each fiscal year of the Association. Each Lot Owner shall receive a copy of the proposed annual budget at least ten (10) days prior to the meeting of the Board at which the budget will be considered, and the meeting shall be open to all Lot Owners. The final annual budget shall be adopted by the Board at a duly noticed meeting, and the Board shall furnish copies of the final annual budget to each Lot Owner within sixty (60) days after the adoption.

Assessments

10.05 On or before the first day of June each year, each Lot Owner shall pay the annual assessment as approved by the Board of Directors. The Board of Directors may cause to be sent to each Lot Owner, on or before the first day of May, a statement of the Annual Assessment. However, the failure to send or receive such annual statement shall not relieve the Lot Owner of his or her obligation to make timely payment of the Annual Assessment. If the Board shall not approve an annual budget or shall fail to determine new Annual Assessments for any year, or shall be delayed in doing so, each Lot Owner shall continue to pay the amount of his or her Annual Assessment as last determined. No Lot Owner shall be relieved of his or her obligation to pay his or her Assessment by abandonment of his or her Lot or lack of use of the Common Elements.

Supplemental Assessments

10.06 During the course of any fiscal year, it shall appear to the Board that the Annual Assessments, as determined by the Board, are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency. Copies of the supplemental budget shall be delivered to each Lot Owner, and thereupon a supplemental Assessment shall be made to each Lot Owner for his or her proportionate share of the supplemental budget.

Special Assessments

10.07 Special assessments may be made in any year as provided for in Sections 5.05 and 5.06 of the Declaration of Protective Covenants.

Annual Statement

10.08 At the annual meeting, the Board shall cause to be furnished to each Lot Owner, a statement for the year so ended showing the receipts and expenditures of the Association, and such other information as the Board may deem desirable.

Accounting Records

10.09 The Board shall cause to be kept, in accordance with generally accepted accounting principles, a record of all receipts and expenditures; and a separate account for each Lot showing the Assessments or other charges due, the due dates thereof, the present balance due, and any interest in common surplus. Such records shall be open to inspection by Lot Owners at reasonable times.

ARTICLE XI AMMENDMENTS TO THE BYLAWS

Notice

11.01 Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered. Proposals to amend existing bylaws shall contain the full text of the bylaws to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through with hyphens; provided, however that if the change is extensive, the proposed bylaw alone shall be printed preceded by the following language: "Substantial rewording of bylaw. See bylaw _____ for present text."

Adoption

11.02 The Board of Directors shall have the power to alter, amend or repeal any of these Bylaws or to adopt new Bylaws by the affirmative vote of a majority of all the Directors; provided, however, that any bylaw adopted by the Board may be altered, amended or repealed, and new bylaws may be adopted by the affirmative vote of at least 2/3 of the total number of votes of all of the Members. The Members may prescribe in any bylaw adopted by them that such bylaw shall not be altered, amended or repealed by the Board.

Prohibited Amendments

11.03 No amendment may be adopted that would eliminate, modify, prejudice, abridge, or otherwise adversely affect any rights, benefits, privileges, or priorities granted to the Declarant of any Institutional Mortgagee without the consent of the Declarant or the Institutional Mortgagee, as the case may be. No amendment that is in conflict with the Articles or the Declaration shall be adopted.

Recording

11.04 Any amendment shall become effective when recorded in the Office of the Judge of Probate of Shelby County, Alabama, with these Bylaws in accordance with the Declaration.

ARTICLE XII RULES AND REGULATIONS

The Board of Directors may from time to time adopt, modify, amend or add to rules and regulations concerning the use of the common property within the development; provided, however that a majority of the Member may overrule the Board with respect to any such rules and regulations or modifications thereof or any amendments or additions thereto. Copies of such rules and regulations, or any amendments, additions or modifications, shall be delivered to each Lot Owner not less than ten (10) days prior to the effective date thereof. No rule or regulation that is in conflict with the Declaration shall be adopted.

ARTICLE XIII MISCELLANEOUS

Construction

13.01 Wherever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of gender shall be deemed to include all genders.

Captions

13.02 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 these Bylaws or the intent of any provision hereof.

Conflicts

13.03 In the event of any conflict between the provisions of these Bylaws and the Declaration, the Declaration shall govern.

ARTICLE XIV ARBITRATION

Any controversy or claim arising out of or relating to the internal operation of the subdivision among Lot Owners, the Association, or their agents or assigns, must be submitted to binding arbitration.

The foregoing was adopted as the Bylaws of the Marengo Home Owners Association, Inc. at the first meeting of the Board of Directors on the 13th day of January 2007.

State of Alabama

County of Shelby

Subscribed and sworn to (or
affirmed) before me this

5th day of April 2007

T. J. Gezik
Tracey J. Gezik, Secretary
Marengo Homeowners Association

Kelly D. Shores
Notary Public

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Oct 23, 2009
BONDED THRU NOTARY PUBLIC UNDERWRITERS