

STATE OF ALABAMA
COUNTY OF BALDWIN

BYLAWS OF
AUDUBON PROPERTY OWNERS ASSOCIATION, INC

ARTICLE ONE

Introduction

1 IDENTITY These are the Bylaws of Audubon Property Owners Association, Inc , hereinafter referred to as "Association" The Association has been organized for the purpose of administering the common areas and amenities within the subdivision known as "Audubon, Phase I", a plat of which is recorded in Slide 2299E and Slide 2299 F, of the records in the Office of the Judge of Probate, Baldwin County, Alabama, and all future phases of Audubon Subdivision developed by the Developer, and generally to further the best interests of the owners of lots in said subdivision

2 BYLAWS APPLICABILITY The provisions of these Bylaws shall govern the administration and management of Audubon Property Owners Association, Inc

3 PERSONAL APPLICATION All present and future lot owners, their employees, tenants, guests or any other person who might use the property in any manner whatsoever shall be subject to the provisions of these Bylaws and to such rules and regulations as may be reasonably adopted by the Board of Directors of the Association The acquisition, rental or any other occupancy of any of the individual lots of Audubon, Phase I, shall constitute an acknowledgment that these Bylaws and such applicable rules and regulations are accepted and ratified and shall further constitute an agreement to comply with the provisions thereof

4 PURPOSES

A The purpose of the Association shall be to maintain and protect the common areas within the subdivision, said common areas including, but not limited to, the private roads and shoulders thereof, the entrance fence and street lights and other electrical apparatus related thereto

B To protect the owners of each lot against improper use of surrounding lots as will depreciate the value of the property

C To preserve, as far as practicable, the natural beauty of each lot

State of Alabama, Baldwin County
I certify this instrument was filed
and taxes collected on:
2006 October -30 1:41PM
Instrument Number 1010995 Pages 10
Recording 30.00 Mortgage
Deed Min Tax 5.00
Index DP
Archive 5.00
Adrian T. Johns, Judge of Probate

1010995

D To insure the creation of attractive, well designed, properly proportioned and appropriate homes of suitable materials with appropriate locations on said lots

E To insure proper building setbacks from street and lot lines

F To provide adequate free space between structures

G In general, to assure the best and most appropriate development and improvement of the subdivision and each lot thereof

5 PRINCIPAL OFFICE The principal office of the Association shall be located at 6324 Piccadilly Square Dr , Mobile, Alabama 36609 The address of said principal office may be changed at the discretion of the Board of Directors

ARTICLE TWO

Membership, Meetings and Voting

6 MEMBERS All persons owning a vested, present interest in fee title to any of the lots in Audubon, Phase I, and all future phases, which interest is evidenced by duly executed and proper instruments recorded in the Office of the Judge of Probate, Mobile County, Alabama, shall be members of the Association and their membership shall automatically terminate upon the termination of their vested interest in the title to a lot in Audubon, Phase I

7 VOTING RIGHTS Each lot owner shall have a single vote, provided that in the event that a single lot is owned by more than one person or entity, such multiple owners shall be collectively entitled to one vote

8 ANNUAL MEETING An annual meeting of the members shall be held at the principal office of the Association or at such other place as may be designated by the Present, at ten o'clock (10 00) a m on the second Tuesday in the month of January for the purpose of electing directors and for the transaction of such other business as may come before the meeting

9 SPECIAL MEETINGS Special meetings may be called by the President, Vice President, a majority of the Board of Directors or by a written request from members entitled to cast fifty percent (50%) of the votes in the Association for any purpose and at any time Notice of special meetings shall be mailed or delivered to each member by the Secretary-Treasurer at least five (5) days before such meeting at such member's address as shown on the Association records Such notice shall state the purpose of such meeting and the location of such meeting

10 QUORUM A quorum at members' meetings shall consist of the number of persons entitled to cast a majority of the votes of the entire membership. As used in these Bylaws, the term "majority" means fifty-one percent (51%) of the votes of the members. A majority of the voting rights present may adjourn any meeting from time to time. A simple majority of all voting rights present in person or proxy shall decide any question brought before the meeting, except when otherwise required by these Bylaws.

11 NOTICE OF MEETING It shall be the duty of the Secretary-Treasurer of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and the place where it is to be held to each owner of record at least five (5) days but not more than ten (10) days, prior to such meeting. The mailing of such notice to each member at the address shown for each such member in the Association records shall be deemed to be notice of any such meeting.

12 UNANIMOUS CONSENT Notwithstanding anything to the contrary contained herein, any action required or permitted to be taken at any meeting of the members of the Association or any committee thereof may be taken without a meeting if, prior to such action, a written consent thereto is signed by all members or all members of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Association or committee.

13 PROXIES Votes may be cast in person or by proxy. Proxies must be filed with the Secretary-Treasurer before the commencement of each meeting at its appointed time.

14 DEVELOPER The Developer, and the Directors named in the Articles of Incorporation, shall hold all offices of the Association, and will remain as Directors thereof, until such time that the Developer has ownership of less than five (5) lots within said subdivision, unless at some point in time earlier, the Developer and said Directors elect to resign. Upon said resignation, which will give the Association thirty (30) days notice prior to the date of resignation, the Association will call and conduct a meeting during which new Directors and Officers will be elected. The Developer shall be entitled to be reimbursed by the Association for all expenses incurred by Developer in carrying forth the purposes of the Association.

15 ADJOURNED MEETINGS If any meeting of members cannot be held because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time that the original meeting was called.

ARTICLE THREE

Board of Directors

16 POWERS The Board of Directors shall have all powers necessary to manage the affairs of the Association and to discharge its rights, duties and responsibilities as provided in the Declarations and the laws of the State of Alabama

17 NUMBER The number of directors shall be not less than three (3) unless otherwise determined and fixed by a vote of the majority of the members at any annual meeting of the members. Except for the initial directors named by the Developer, each director shall be a member of the Association or a person exercising the rights of an owner who is not a natural person. All directors shall act without compensation unless otherwise provided by the resolution of the membership. Each director shall be elected at the annual meeting of the members of the Association and shall hold office until the next annual meeting of the members and/or until his successor shall have been elected and duly qualified, unless sooner removed by the membership.

18 REGULAR MEETINGS A regular meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of the membership. Additional regular meetings may be held as provided by resolution of the Board of Directors.

19 SPECIAL MEETINGS Special meetings of the Board of Directors may be called by the President or a majority of the directors for any purpose and at any time or place.

20 NOTICE OF MEETINGS Notice of all regular meetings and special meetings of the Board of Directors shall be mailed or delivered to each director at the address of such director as shown in the Association records at least five (5) days before such meeting, unless such notice is waived by any director or directors. Each such notice shall state the purpose of the meeting and the time and place of such meeting.

21 QUORUM A quorum of the meeting of the Board of Directors shall be the number of directors necessary to cast a majority vote if the entire Board of Directors were present. If a quorum is not present for a meeting, a majority of those present may adjourn the meeting from time to time. A director shall be deemed present for the purpose of a quorum with respect to any question or election upon which his written and signed vote shall have been received by the Secretary-Treasurer of the Association prior to such meeting. A majority of the votes present at a meeting in which a quorum is present shall decide any matter brought before the Board of Directors, except as may otherwise be required in these Bylaws or the laws of the State of Alabama.

22 REMOVAL Any director may be removed by the Developer within the period described in Paragraph 13 hereof and thereafter by concurrence of at least two-thirds (2/3) of the members of the Association at a special meeting of the members of the

Association at a special meeting of the members called for that purpose and the vacancy thereby created shall be filled by the election of a new director at the same meeting

23 VACANCIES Except as vacancies created by the removal of directors by members or otherwise, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining directors

24 INITIAL DIRECTORS Notwithstanding anything to the contrary contained herein, all initial directors shall be designated by the Developer and need not be owners of the lots in Audubon, Phase I

25 UNANIMOUS CONSENT Notwithstanding anything to the contrary herein contained, any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting, if, prior to such action, a written consent thereto is signed by all members of the Board or all members of such committee, as the case may be, and such written consent is filed with the minutes of the proceedings of the Board of Directors

26 ROLE OF PRESIDENT The presiding officer of all directors' meeting shall be the President of the Association. In the absence of the President, the directors present shall designate one of their numbers to preside

27 POWERS AND DUTIES OF THE BOARD OF DIRECTORS All of the powers and duties of the Association existing under these Bylaws shall be exercised exclusively by the Board of Directors, subject only to approval by members when such is specifically required

28 FIDELITY BONDS The Board of Directors may require that all officers and employees of the Association handling or responsible for the Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association

ARTICLE FOUR

Officers

29 DESIGNATION AND NUMBER The executive officers of the Association shall be a President, a Vice-President and a Secretary-Treasurer. Each officer shall be elected by the Board of Directors. Such assistant officers as may be deemed necessary may be elected by the Board of Directors. Except for the initial officers, all persons elected to office in the Association must be members of the Association or a person exercising the membership rights of the lot owner which is not a natural person. The President must be a member of the Board of directors. All officers shall act without compensation unless otherwise provided for by resolution of the membership

30 ELECTION AND TERM Each officer shall be elected annually in January by the Board of Directors and shall hold office until a successor shall have been elected and duly qualified, unless sooner removed by the Board of Directors

31 PRESIDENT The President shall be the chief executive officer of the Association, shall preside at all membership meetings of the Association and of the Board of Directors, and shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members from time to time as he may, in his sole discretion, decide is appropriate to assist in the conduct of the affairs of the Association. The President shall also sign all documents and instruments on behalf of the Association

32 VICE PRESIDENT The Vice-President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor Vice-President is present or able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be designated by the Board of Directors

33 SECRETARY-TREASURER The Secretary-Treasurer shall keep the minutes of all the meetings of the Directors and all meetings of the membership of the Association. The Secretary-Treasurer shall also be responsible for the giving of all required notices of meetings to members and directors of the Association. The Secretary-Treasurer shall keep all records of the Association and shall have custody of all property of the Association, including funds, securities and evidence of indebtedness and shall keep the financial records and books of account of the Association in accordance with accepted accounting practices and shall keep detailed, accurate records, in chronological order, of the receipts and expenditures affecting the common areas, specifying and itemizing the maintenance and repair expenses of the common areas, and any other expenses incurred and shall perform all other duties incident to the office of Secretary-Treasurer. The Secretary-Treasurer shall also countersign all documents and instruments on behalf of the Association, when necessary. The records, books of account and the vouchers authorizing payments shall be available for examination by any member of the Association, at any time convenient to the Secretary-Treasurer during weekdays

34 REMOVAL Any officer may be removed by a two-thirds (2/3) vote of the Board of Directors called for that purpose and the vacancy thereby created shall be filled by an election by the remaining directors at the same meeting

ARTICLE FIVE

Contracts and Finances

35 CONTRACTS The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument

in the name of or on behalf of the Association and such authority may be general or restricted to a specific instance

36 LOANS No loan shall be contracted on behalf of the Association and no evidence of indebtedness shall be executed in its name unless authorized by a unanimous resolution of its membership

37 CHECKS All checks issued in the name of the Association shall be signed by the President and the Secretary-Treasurer or such other officer or officers of the Association as the Board of Directors may, by resolution, determine from time to time

38 DEPOSITS All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such Savings and Loan Associations, Banks, Trust Companies, or other depositories as the Board of Directors may select

ARTICLE SIX

Fiscal Management

39 FISCAL YEAR The fiscal year of the Association shall begin on the first day of January of each year

40 BUDGET The Developer shall prepare an initial budget of the Association for the first year of operation. Each Owner, at the closing of the purchase of their respective Lot, will pay to the Association one-third (1/3) of the first year's assessment. The Developer guarantees that all expenses incurred during the first year by the Association will be paid.

Beginning with the second year, the Board of Directors shall adopt a budget for each calendar year which shall include estimated common expenses, including a reasonable allowance for contingencies and reserves, taking into consideration any surplus funds on hand. Copies of the budget and proposed assessments shall be transmitted to each member on or before December 1st preceding the year for which the budget is made. If the budget is subsequently amended before the assessment has been made, a copy of the amended budget shall also be furnished to each member concerned. Assessments for recurring common expenses, including but not limited to, expenses of administration, maintenance, repair or replacement of the improvements located in the common areas shall be made annually on or before December 20th, preceding the calendar year for which the assessments are made. If such annual assessment is not made by the Board of Directors as required, an installment in the amount required by the last prior assessment shall be due upon each installment date until changed by a new assessment. In the event that any annual assessment proves to be insufficient, it may be amended at any time during the year upon approval in writing by a majority of the members of the Association. The amount of such amended assessment, together with the unpaid portion of the original assessment, shall be prorated over the remaining number of

months in the calendar year and such increased monthly installments shall be due on the first day of the month following the adoption by the members of such amended assessments. The initial assessment to be paid by each member is set at \$40.00 per month _____

41 SPECIAL ASSESSMENTS In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the common areas, including fixtures and personal property related thereto, provided that any such assessment shall have the written assent of at least two-thirds (2/3) of the members of the Association which shall have been obtained at a meeting of the members duly called for this purpose. In addition thereto, a special assessment may be imposed against a single lot owner for damages to the common area caused by the lot owner, members of his family, his guests, invitees or agents or for any maintenance performed on any lot of an owner provided that any such assessment shall have the written assent of at least two-thirds (2/3) of the members of the Association which shall have been obtained at a meeting of the members duly called for this purpose. After such approval in writing of the members, the assessment shall become effective and shall be due after thirty (30) days notice thereof in such manner as the Board of Directors of the Association may require.

42 ACCELERATION OF ASSESSMENT INSTALLMENT UPON DEFAULT If a member shall be in default in the payment of any two consecutive installments of any assessment due to be paid in installments, the Board of Directors may accelerate the remaining installments of such assessment upon notice thereof to the defaulting member. Thereupon, the unpaid balance of the assessments shall be due and payable upon the date stated in the notice but not less than ten (10) days after delivery thereof to the member or not less than twenty (20) days after the mailing of the such notice to said member by registered or certified mail, return receipt requested, whichever event shall occur first. The Association shall have a lien on the lot owned by such member for such accelerated amount and such lien may be foreclosed upon in accordance with the provisions of these Bylaws.

43 DEFAULT Any assessments not paid by a member within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may, at its election, bring an action at law against the member obligated to pay the same or it may elect to foreclose its lien on the property for such assessment. No member may waive or otherwise avoid liability for the payment of any assessments provided for herein by the non-use of the common areas or by the abandonment of such member's lot. In any action either to foreclose its lien or to recover a money judgment in a successful action brought by or on behalf of the Association against a defaulting member, such member shall pay the costs thereof, including a reasonable attorney's fee.

44 FORECLOSURE The Association shall be entitled to foreclose its lien in accordance with the provisions of the Declaration of Restrictions and Covenants of the subdivision if it elects to do so. In a foreclosure action, the Association shall have the right to bid as a stranger at a foreclosure sale and to acquire, hold, mortgage and convey the same. If the Association becomes the owner of a lot by reason of foreclosure, it shall offer said lot for sale and at the time that such sale is consummated, it shall deduct from the proceeds thereof all sums of money due it from monthly assessments and charges, all costs incurred in the bringing of the foreclosure action, including a reasonable attorney's fee, and any and all expenses incurred in the resale of the lot which shall include, but not be limited to, any advertising expenses, real estate brokerage fees and expenses incurred for any repairs to the foreclosed lot. Any surplus funds remaining after the deduction of the foregoing items of expense shall be due and payable to the former owner of the foreclosed lot.

45 EXCULPATION OF MORTGAGES Any entity, its successors and assigns, obtaining title to a lot as a result of foreclosure of a mortgage or vendor's lien, or receiving a deed in lieu of foreclosure, shall not be liable for assessments which become due prior to the foreclosure or receipt of deed in lieu of foreclosure. Such unpaid share of assessment shall be deemed an expense of the Association to be collected as part of a future special assessment.

ARTICLE SEVEN

Amendments

46 AMENDMENT These Bylaws may be amended at any time by a majority of the then lot owners and until such time as all lots in the subdivision have been sold by the Developer of Audubon, Phase I.

ARTICLE EIGHT

Arbitration

47 GOVERNING LAW AND ARBITRATION OF DISPUTES Should any dispute between any of the parties whose rights or duties are affected or determined by these Bylaws, including both the original purchasers of lots and subsequent purchasers and/or assignees and successors in title, such dispute shall be governed by the laws of the State of Alabama, and such dispute, disagreement, or question between the parties, including any between the Association and Developer, except a dispute concerning the filing or enforcement of a lien as provided for elsewhere in these Bylaws, shall be submitted to arbitration under the Rules of the American Arbitration Association for commercial disputes or as the concerned parties may later agree in writing, however, although the rules of the American Arbitration Association may be used, the arbitration proceedings shall not be conducted through the AAA. The arbiter shall render a decision which shall be binding on all parties to the arbitration, based on traditional and standard interpretation of the laws of the State of Alabama. All parties subject to these Bylaws,

including original purchasers of lots and subsequent purchasers and/or assignees and successors in title, forego all right to take legal action thereunder except to enforce any arbitration award which award shall be a condition precedent to any right of legal action that any right of legal action that any party may have against the other. It shall be deemed that each party who takes title subject to the terms of these Bylaws stipulates that these Bylaws and purchase agreements relating to same have a substantial effect on interstate commerce.

The foregoing Bylaws are hereby adopted this the 26 day of October, 2006.

AUDUBON PROPERTY OWNERS ASSOCIATION, INC.

By Stephen Schumann
STEPHEN SCHUHMAN
Its Authorized Agent