

BYLAWS  
OF  
GRAHAM CREEK ESTATES OWNERS ASSOCIATION, INC.  
Revised As Of December 2, 1995 (filed 12/29/1995)

ARTICLE I  
PURPOSE AND APPLICATION

1.01. Purpose and Application. The following are the Bylaws of GRAHAM CREEK ESTATES OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association," a not for profit corporation, organized pursuant to the Alabama Nonprofit Corporation Act, SS 10-3A-1 et. seq. Code of Alabama (1975), formed for the purpose of managing and operating a certain subdivision located in Baldwin County, Alabama, known as GRAHAM CREEK ESTATES, hereinafter referred to as the "Subdivision."

The provisions of the Bylaws are applicable to the entirety of the Subdivision property.

All present or future owners, tenants and their employees, and any other persons or entities that might use the facilities of the Subdivision in any manner, are subject to the regulations and provisions set forth in these Bylaws and to the Rules and Regulations established and promulgated by the Association of Lot Owners pursuant to the Bylaws and the Articles of Incorporation. The mere acquisition or occupancy of any of the lots of the Subdivision will signify that these Bylaws and the provisions of and any Rules and Regulations, as they each may be amended from time to time, are accepted, ratified and will be complied with.

ARTICLE II  
PRINCIPLE OFFICE AND AGENT

2.01. Principle Office. The principle office and mailing address of the Association shall be at Post Office Box 452, Foley, Alabama 36536, or at such other place as may be designated subsequently by the Board of Directors or as the business of the corporation may require. All books and records of the Association shall be kept at the residence of the secretary/treasurer and shall be available for inspection by request.

2.02. Principle Agent. The principle agent of the Association at such office shall be a Board Member, past or present.

ARTICLE III  
DEFINITIONS

3.01. Articles Defined. "Articles" means the articles of Incorporation of the Association, recorded in the Office of the Judge of Probate of Baldwin County, Alabama, and as such Articles may be amended, from time to time.

3.02. Association Defined. "Association" means the GRAHAM CREEK ESTATES OWNERS ASSOCIATION, INC., an Alabama Not for Profit Corporation, and its successors, that is the entity responsible for the administration and management of the common areas of the subdivision.

3.03. Board Defined. "Board" means the Board of Directors of the Association.

3.04. Common Areas Defined. "Common Areas" means that part of the subdivision which is noted on the recorded plat as being common area for use and enjoyment of owners of lots within Graham Creek

Estates, including the common water access lot, the detention area as shown on the plat of Unit Two of the Subdivision and the entrance area.

3.05. Occupant Defined. "Occupant" means a person or persons in possession of a lot, regardless of whether that person is the lot owner.

3.06. Lot Owner Defined. "Lot Owner" means the person or persons whose estates or interest, individually or collectively, aggregate fee simple ownership of a lot.

3.07. Lot Defined. "Lot" means a physical portion of the subdivision designated and intended for separate ownership and occupancy, the boundaries of which are described and shown on the recorded plats of GRAHAM CREEK ESTATES, UNIT ONE, UNIT TWO, and if developed, UNIT THREE.

3.08. Member Defined. "Member" means a Member of the Association, membership in which is confined to Lot Owners.

#### ARTICLE IV MEMBERSHIP

4.01. Qualification. The sole qualification for membership shall be ownership of a Lot in the Subdivision. No membership may be separated from a Lot to which it is appurtenant.

4.02. No Additional Qualifications. 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 Articles, these Bylaws or the Covenants.

4.03. Succession. The membership of each Lot Owner shall automatically terminate on the conveyance, transfer, or other disposition of a Lot Owner's interest in the Lot. 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 ownership interest of each following such conveyance or transfer.

4.04. Certificates of Membership. The Association shall issue no shares of stock of any kind or nature whatsoever.

#### ARTICLE V MEETINGS OF MEMBERS

5.01. Annual Meeting. 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 sent to the Members in advance thereof.

5.02. Special Meeting. Special meetings of the Members may be called at any time by the President, a majority of the Board, or on receipt by the Board of a written request of Members representing at least twenty percent (20%) of the total votes of the Association. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting.

5.03. Notice of Meeting. Notice of all meetings of Members shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Covenants or By-Laws, any budget changes, and any proposal to remove an officer or a member of the Board. 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 at 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 and special meetings shall be mailed or delivered to each Member not less than fourteen (14) days prior to such meeting. A copy of the notice of any meeting of Members shall also be posted in a conspicuous place on the Subdivision Property at least seven (7) days prior to the meeting. Proof of such notice shall be given by the affidavit of the person giving the notice.

5.04. Waiver of Notice. 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 meetings 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.

5.05. Quorum. A quorum of Members for any meeting shall be deemed present throughout such meeting if Members, represented in person or by proxy, holding more than fifty one percent (51%) of the votes entitled to be cast at such meeting are present at the beginning of such meeting, except as otherwise provided by law, by the Articles of Incorporation, by the Covenants, or by the By-Laws.

5.06. Adjournment for Lack of Quorum. In the absence of a quorum at any meeting of members, a majority of those Members entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting, from time to time, without notice other than announcement of the meeting, until the requisite number of members, present in person or by proxy, shall be present. At such adjourned meeting at which the requisite number of votes shall be present, any business may be transacted which might have been transacted at the meeting as originally noticed.

5.07. Action Without Meeting. Any action which may be taken at a meeting of the Members may also be taken without a meeting if after notification of all eligible voting owners, a 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.

5.08. Order of Business. The order of business at annual meetings of Member and, as far as practical, at all other meetings of Members, shall be:

- Call to order
- Calling of the roll and certifying of proxies
- Proof of notice of meeting or waiver of notice
- Reading and disposal of any unapproved minutes
- Reports of officers
- Reports of committees
- Election of Directors
- Unfinished business
- New business
- Adjournment

5.09. Minutes of Meeting. The minutes of all meetings of Members shall be kept in a book available for inspection by Lot Owners or their authorized representatives.

ARTICLE VI  
MEMBER'S VOTING RIGHTS

6.01. Number of Votes. Each Lot Owner shall be entitled to one vote. The votes of a Lot shall not be divisible. Graham Creek Estates, Inc., the developer of Graham Creek Estates, shall not be deemed an Association member for any lots owned by the developer, such that no voting rights shall be ascribed to such lots until sold by the developer.

6.02. Vote Required to Transact Business. 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 Act, the Articles, these Bylaws, or the Covenants, a different number or manner of voting is required, in which case the express provision shall govern and control the decision in question.

6.03. Designation of Voting Member. If a lot is owned by more than one person, the person entitled to cast the vote or votes for the Lot may be designated by a certificate signed by all of the record owners of the unit 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 or votes for the Lot may 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 or until a change in the ownership of the Lot involved. A certificate may be revoked by any owner of an interest in the Lot.

6.04. Failure to Designate a Voting Member. 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, however, said vote or votes shall be included in the determination as to the presence of, or lack thereof, of a quorum.
- (2) If only one such owner is present at a meeting, that person shall be entitled to cast the vote or votes 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 or votes for the Lot.

6.05. Voting by Proxy. Votes may be cast in person or by proxy, as provided for in the Act. 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. No more than three proxies (3) may be voted by any one Lot Owner.

ARTICLE VII  
BOARD OF DIRECTORS

7.01. Number. The affairs of this Association shall be managed by a Board of Directors, consisting of the number as may be selected by the members, however, the Board shall consist of no less than three (3) persons nor more than five (5) persons.

7.02. Qualification. 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 term, he shall cease to be a Director and his place on the Board shall be deemed vacant.

7.03. Nomination for Election. 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. Nominations shall also be made by a nominating committee appointed by the Board prior to the annual meeting of the members or prior to any other meeting of members called for the purpose of electing Directors.

7.04. Election of Directors. Directors shall be elected at the annual meeting of Members. The election shall be by secret ballot (unless dispensed with by unanimous consent), and each Member shall be entitled to 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.

#### March 9, 1998 – Amendment

The Bylaws of the corporation are amended to allow the election of officers and directors of the corporation to be conducted by mail as authorized in Section 10-3A-31(b), Code of Alabama (1975). The directors of the corporation are authorized to promulgate such rules and regulations as may be reasonably necessary for conducting the election of directors and officers by mail.

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

7.06. Vacancies. 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 succeeds.

7.07. Removal. Any Director may be removed for cause by the concurrence of two-thirds (2/3) of the votes of the Association in accordance with the provisions of the Act. The vacancy in the Board of Directors so created shall be filled by the Members at the same meeting.

7.08. Compensation. 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 in the performance of his duties.

### ARTICLE VIII MEETING OF DIRECTORS

8.01. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly at such place, 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, or email, and shall be transmitted at least fourteen (14) days prior to the meeting.

8.02. Special Meetings. 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, or email, at least three days prior to the meeting.

8.03. Open Meetings. 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 on the Subdivision property at least forty-eight (48) hours prior to the meeting, except in the event of an emergency.

8.04. Waiver of Notice. 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.

8.05. Quorum. 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 signing and concurring in the minutes thereof shall constitute the presence of such a Director for the purpose of determining a quorum.

8.06. Action Without Meeting. 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.

8.07. Presiding Officer. The presiding officer of the Directors' meeting shall be the President. In the absence of the President, the Directors present shall designate one of their number to preside.

8.08. Minutes of Meetings. 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.

8.09. Order of Business. The order of business at Directors' meetings shall be:

- Call to order
- Proof of due notice of meeting
- Reading and disposal of unapproved minutes
- Reports of officers and committees
- Election of Officers
- Unfinished business
- New business
- Adjournment

## ARTICLE IX

### POWERS AND DUTIES OF THE DIRECTORS

9.01. Specific Powers. The Board of Directors shall have the power to exercise all powers, duties, and authority vested in the Association by the Act, the Covenants, or these By-Laws, except for such powers and duties reserved thereby to the Members. The powers and duties of the Board 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 and the Subdivision Property.
- (3) To maintain bank accounts on behalf of the Association and to designate signatories required therefore.
- (4) To sell, lease, mortgage, or otherwise deal with Lots acquired by the Association.
- (5) To pay the cost of all taxes and utilities assessed against the Subdivision that are not assessed and billed to the owners of individual Lots.
- (6) 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 a least two-third (2/3) of the votes of the Members, obtained at a meeting duly called and held for such purpose in accordance with the provision of these By-Laws, shall be required for the borrowing of such money.
- (7) To estimate the amount of the annual budget and to make, levy, enforce, and collect Assessments against Lot Owners to defray the costs, expenses, and losses of the Subdivision, and to provide adequate remedies for failure to pay such assessments.
- (8) To use the proceeds of Assessments in the exercise of its powers and duties.
- (9) To maintain, repair, replace, and operate the Subdivision property, including the reasonable right to entry upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Subdivision and the right to grant permits, licenses, and easement over the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Subdivision.
- (10) To purchase insurance on the Property, and to purchase insurance for the protection of the Association and its Members, and the members of the Board of Directors and Officers of the Association.
- (11) To reconstruct improvements after casualty and to further improve the Property.
- (12) To make and amend reasonable Rules and Regulations respecting the use of the Property and the operation of the Subdivision.
- (13) To enforce by legal means the provisions of the Act, the Covenants, the Articles of Incorporation, these By-Laws, and the Rules and Regulations for the use of the Property.
- (14) To retain attorneys and accountants.
- (15) To employ personnel to perform the services required for proper operation of the Subdivision.
- (16) To maintain a class action and to settle a case of action on behalf of owners with reference to the Common Areas or the Covenants.

17) To procure such fidelity bonds, as the Board deems advisable, covering officers and employees of the Association handling and responsible for the Association's funds and personal property, and to procure Directors and Officers liability insurance, if the Board deems it advisable, and the premiums of such bonds and insurance shall be paid by the Association as Common Expenses.

9.02. Committees. The Board of Directors may, by resolution, appoint such committees as deemed appropriate in carrying out its purpose, and such committees 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 the resolution designating such a committee. Any such committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors.

## ARTICLE X OFFICERS

10.01. ELECTION. The executive officers of the Association shall be a President, Vice-President, a Secretary/Treasurer, and Directors. The officers shall be elected annually by the Board of Directors. Any two or more offices may be held by the same person, except the President shall not also be the Secretary. All executive officers shall be elected from the duly elected or appointed Board members.

10.02. Term. 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.

10.03. Special Appointments. 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.

10.04. Resignation and Removal. 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.

10.05. Vacancies. 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.

10.06. Compensation. 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.

10.07. Duties of the President. The President, who shall be a Director, is the Chief Executive Officer of the Association, and shall have all the powers and duties that are usually vested in the office of President of a homeowners' 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.
- (5) To, along with the Secretary, prepare, execute, certify, and record amendments to the Covenant on behalf of the Association.

10.08. Duties of the Vice-President. The Vice-President, who shall be a Director, shall have all of the powers and duties that are usually vested in the office of Vice-President of a homeowner association, including, but not limited to the following powers:

- (1) To perform the duties and exercise the powers of the 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.

10.09. Duties of the Secretary. The Secretary, who shall be a Director, shall have all the powers and duties that are usually vested in the secretary of a homeowner association, including, but not limited to the following powers:

- (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 to the Board and the Members required either by law or by these 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 instrument requires a second Association signature.
- (6) To, along with the President, prepare, execute, certify, and record amendments to the Covenants on behalf of the Association.

10.10. Duties of the Treasurer. 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 homeowner 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.
- (5) To prepare a record of all receipts and expenditures.
- (6) To prepare an account for each unit, 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.

ARTICLE XI  
FISCAL MANAGEMENT

11.01. Fiscal Year. The fiscal year of the Association shall be such as shall from time to time be established by the Association.

11.02. Annual Budget. The Board of Directors shall adopt a budget for each fiscal year. 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 category and item of the Common Expenses. The budget shall also include reserve accounts for capital expenditures, deferred maintenance, reserves, and contingencies. 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. Copies of the budget and proposed assessments shall be transmitted to each Member.

11.03. Adoption of the Annual Budget. The Board of Directors shall prepare or cause to be prepared a proposed annual budget for each fiscal year of the Association. The Board shall furnish copies of the final annual budget to each Lot Owner within thirty (30) days after the adoption.

11.04. Assessments. Assessments for Common Expenses shall be made in accordance with the Covenants, the Act, and these By-Laws. Assessments shall be collected by the Association on an annual basis. No Lot Owner shall be relieved of his obligation to pay his Assessment by abandonment of his lot or lack of use of the Common Areas. Graham Creek Estates, Inc., the developer or Graham Creek Estates, shall not be deemed an Association member for any lots owned by the developer, such that no dues, assessment or any other charges arising from membership shall be payable therefore until sold by the developer (which dues shall be prorated for the Association's fiscal year (s) in which such closings occur).

11.05. Reserves and Replacements. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Areas. The fund shall be maintained out of regular assessments.

11.06. Depository. The depository of the Association shall be such bank or banks and/or savings and loan associations as shall be designated from time to time by the Directors and in which monies of the Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Directors.

11.07. Lien for Expenses. If any Lot Owner shall fail or refuse to make any payment of the Common Expenses or other assessment or fine imposed against him when due, the amount due, together with costs, reasonable attorney's fees, and interest thereon at the maximum percentage rate as may then be permitted under the laws of the State of Alabama, from and after the date said Common Expenses or other assessments or fines become due and payable in accordance with applicable law, shall constitute a lien on the interest of the Lot Owner in the Property.

11.08. Priority of Lien. Any lien of the Owners Association shall be subject to the rules of priority as stated in the applicable state laws.

11.09. Acceleration of Assessment Installments. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.

11.10. Default.

- (1) In the event an owner of a lot 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 may foreclose the lien encumbering the unit created by non-payment of the required moneys in the same fashion as mortgage liens on real estate are foreclosed; provided that thirty (30) days prior notice of the intent to foreclose shall be mailed, postage prepaid, to the Lot Owner and to all persons having a mortgage lien or other interest of record. The Association shall be entitled to the appointment of a Receiver, if it so requests. The Association shall have the right to bid on the lot at a foreclosure sale and to acquire, hold, mortgage and convey the same. In lieu of foreclosing its lien, the Association may bring suit to recover a money judgement, brought by or on behalf of the Association against the Lot Owner, and the losing defendant shall pay the cost thereof, together with a reasonable attorney's fee.
- (2) If the Association becomes the owner of a lot by reason of foreclosure, it shall offer said 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 suit, including reasonable attorney's fees, and any and all expenses incurred in the re-sale of the Lot, which shall include but not be limited to advertising expenses, real estate brokerage fees, abstract or title insurance costs, and expenses necessary for the repairing and refurbishing of the Lot in question. All moneys remaining after deducting the forgoing items of expenses shall be returned to the former owner of the Lot in question.

11.11. Supplemental Assessments. if during the course of any fiscal year, it shall appear to the Board that the Assessments, as determined in the annual budget, 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 proportionate share of the supplemental budget.

March 14, 2008 – Amendment

11.11. Supplemental Assessments. If during the course of any fiscal year, it shall appear to the Board that the Assessments, as determined in the annual budget, 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. *Any deficiency in excess of \$5,000.00 will require a two-thirds (2/3) vote from the Lot Owners, obtained at a meeting specifically called and held for such purpose or by mail, and if approved a supplemental assessment shall be made to each Lot Owner for his proportionate share of the supplemental budget.*

11.12. Accounting Records. 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 and his authorized agents at reasonable times.

11.13. Fidelity Bonds. Fidelity bonds shall be required by the Board from all officers and employees of the Association and from any manager handling or responsible for Association funds and from any employee, agent or subcontractor of a manager handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors, but shall be at least the amount of one hundred and fifty percent (150%) of the total annual Assessments against Members for recurring expenses. The premiums on such bonds shall be paid by the Association.

November 15, 2004 - Amendment

11.14. Enforcement Cost. The Board of Directors (Board), on behalf of Graham Creek Estates Owner's Association, Inc., shall have the right to enforce, by any proceeding at law or in equity, the provisions of the Covenants, the Articles of Incorporation, these By-Laws, and the Rules and Regulations for the use of the property. Failure by the Board to enforce covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter. In the event that a Court of competent jurisdiction shall determine that any lot owner shall have violated or have attempted to violate any of the Covenants, the Articles of Incorporation, these By-Laws, and the Rules and Regulations, the owner of the lot or lots causing the violation shall pay all attorneys' fees, court costs and other necessary expenses incurred by the Board. Said attorneys' fees, court costs and other expenses allowed and assigned by the Court shall become a lien upon the lot and improvements.

11.15. Severability. Invalidation of any one of the Covenants, Articles of Incorporation, these By-Laws, and the Rules and Regulations for the use of the property shall in no way affect any other provisions which shall remain in full force and effect.

## ARTICLE XII

### OWNER OBLIGATIONS AND COVENANTS

12.01. Assessment. Every owner of any Lot in the subdivision, other than Graham Creek Estates, Inc., shall contribute pro rata toward the expense of administration, maintenance, alteration, repair and improvement of the Common Areas, as provided in the Articles, the Covenants, or these By-Laws. Each assessment against a Lot shall also be the personal obligation of the Owner, other than Graham Creek Estates, Inc., at the time the assessment becomes due. Such personal obligation shall not pass to successors in title unless assumed by such successors, or required by applicable law. Graham Creek Estates, Inc., the developer of Graham Creek Estates, shall not be deemed an Association member for any lots owned by the developer, such that no dues, assessment or any other charges arising from membership shall be payable therefore until sold by the developer (which dues shall be prorated for the Association's fiscal year (s) in which such closings occur).

## ARTICLE XIII

## RULES AND REGULATIONS

13.01. 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 Subdivision Common Areas; provided, however, that a majority of the Members may overrule the Board with respect to any such rules and regulations or modifications thereof or any amendments or additions thereof. Copies of such rules and regulations, or any amendments, additions, or modifications, shall be delivered to each Lot Owner not less than fourteen (14) days prior to the effective date thereof.

## ARTICLE XIV

### AMENDMENTS TO THE BY-LAWS

14.01. Notice. 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.

14.02. Adoption. These By-Laws may be altered, amended, or appealed or new By-Laws may be adopted by the affirmative vote or agreement of Lot Owners or Lots to which at least fifty one percent (51%) of the votes in the Association are allocated; provided, however, no amendment shall discriminate against any particular Unit(s) or the owners of lots therein, including Graham Creek Estates, Inc.

14.03. Recording. Any amendment shall become effective when recorded in the Office of the Judge of Probate of Baldwin County, Alabama, in accordance with the Act.

## ARTICLE XV

### MISCELLANEOUS

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

15.02. Captions. 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 By-Laws or the intent of any provision hereof.

15.03. Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Act, the Covenants, or these By-Laws.

15.04. Conflicts. In the event of any conflict between the provisions of these By-Laws and the Articles, the Articles shall govern, except to the extent the Articles are inconsistent with the Act.

15.05. Compliance. These By-Laws are set forth to comply with the requirements of the Alabama Nonprofit Corporation Act.