

Lakewood Townhomes Property Owners Association

1. BYLAWS OF LAKEWOOD TOWNHOMES PROPERTY OWNERS ASSOCIATION

- a) Principal Office – The principal office of the Association shall be at 1538 Gulf Shores Parkway, Gulf Shores, Alabama, 36542, or at such other place as may be subsequently designated by the Board of Directors. All books and records of the Association shall be kept at its principal office.
- b) Fiscal Year – The fiscal year of the Association shall be the calendar year.
- c) Corporate Seal – The seal of the Association shall bear the name of the corporation, with the word, “Alabama”, the words, “Nonprofit Corporation”, and the year in which Lakewood Townhomes Property Owners’ Association, Inc. was incorporated.

2. DEFINITIONS All terms defined in the Nonprofit Corporation Act, the Subdivision, and the Articles of Incorporation of Lakewood Townhomes Property Owners’ Association, Inc., are incorporated herein by reference.

3. MEMBERS OF THE ASSOCIATION Those persons, partnerships, joint ventures, corporations or other legal entities who presently own or hereafter acquire ownership of lots in Lakewood Townhomes Subdivision shall be members of the Association. The voting rights of members are set forth in the Articles of Incorporation of Lakewood Townhomes Property Owners’ Association, Inc., and elsewhere in these bylaws.

4. ANNUAL MEETINGS OF THE MEMBERS An annual meeting of the members of the Association shall be held on the first Saturday in December of each year. The meeting shall be held in Gulf Shores, Alabama, or at such other place within the State of Alabama as shall be determined by the Board of Directors and properly noticed to the members. The annual meeting shall be for the purpose of electing officers and directors and transacting any other business, which may properly be brought before the meeting.

5. SPECIAL MEETINGS OF THE MEMBERS Special meetings of the members of the Association shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of A written request from members entitled to cast one third (1/3) of the votes of the entire membership. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting.

6. NOTICE OF MEETINGS OF THE MEMBERS Notice of all members’ meetings stating the time and place and the object for which the meeting is called shall be given by the Secretary/Treasurer or President or Vice President unless waived in writing. Written notice by mail shall be given to each lot owner not less than 10 nor more that 50 days prior to the date of the meeting. If a lot is owned by more than one person, the Association shall provide notice, for meetings and all other purposes, to that one address which the declarant initially identifies for that purpose and thereafter as one or more of the owners of the lot shall so advise the Association in writing, or if no address is given, or the owners of the lot do not agree to the address provided on the deed of record. An officer of the Association, or the manager or other person providing notice of the Association meeting, shall provide an affidavit or United States Postal Service Certificate of mailing, to be included in the official records of the Association affirming

that the notice was mailed or hand delivered, in accordance with this provision, to each lot owner at the address last furnished to the Association. Notice of meetings maybe waived before or after the meeting by any lot owner in writing.

7. ACTION BY MEMBERS WITHOUT MEETING Any action required to be taken at a meeting of the members of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members entitled to vote with respect to the subject matter of the action. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or documents filed with either the Probate Judge of Baldwin County or the Alabama Secretary of State.

8. QUORUM AT MEMBERS' MEETINGS A quorum shall be deemed present throughout any meeting of the lot owners' Association if persons entitled to cast 25 percent of the votes, which may be cast for election of members of the board of directors, are present in person or by proxy at the beginning of the meeting. If a quorum is present when the meeting is convened, the members present may continue to do business, taking action by a vote of the majority of the quorum, until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, or the refusal of any member or members present to vote.

9. VOTING AT MEMBERS' MEETINGS In all association matters, each lot shall be entitled to one (1) vote. Votes allocated to a lot may be cast pursuant to a proxy duly executed by the lot owner or by a person with the power of attorney of that owner. Any person or entity owning more than one lot shall be entitled to cast the sum of the votes for all lots owned.

10. PROXIES Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy and must be filed with the Secretary/Treasurer before the appointed time of the meeting or any adjournment of the meeting. Every proxy shall be revocable at any time at the pleasure of the person executing it, but a lot owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the association. A proxy is void if it is not dated or purports to be revocable without notice. Proxies can only be exercised by Lakewood Townhomes lot owners.

11. ADJOURNED MEETINGS If any meeting of the members cannot be organized because a quorum has not attended, the members who are present, whether in person or by proxy, may adjourn the meeting until a quorum is present.

12. THE ORDER OF BUSINESS The order of business at annual members' meetings, and as far as practical, at other members' meetings, shall be:

- a) Calling of the roll and certifying of proxies
- b) Proof of notice of meeting or waiver of notice
- c) Reading and disposal of any unapproved minutes
- d) Reports of Officers
- e) Reports of Committees
- f) Appointment of inspectors of election
- g) Election of Directors
- h) New business
- i) Adjournment

13. MINUTES The minutes of all meetings of the Association shall be kept in a book available for inspection by lot owners or their authorized representatives and Board Members at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.

14. DIRECTORS' QUALIFICATIONS All members of the Board of Directors elected by lot owners shall be members of the Association. The affairs of the Association shall be managed by a Board of not less than three (3), nor more than five (5) members.

15. ELECTION OF DIRECTORS Election of Directors shall be conducted in the following manner:

- a) Election of Directors shall be held at the annual members' meeting.
- b) The Board of Directors shall appoint a nominating committee of not less than three (3) nor more than five (5) members, which designation shall be made not less than thirty (30) days prior to the date notice of the annual meeting is mailed, and such committee shall be charged with the duty of nominating one person for each Director to be elected, provided, however, that additional nominations from lot owners shall be received from the floor prior to elections at the annual meeting.
- c) The election shall be by ballot (unless dispensed with by the majority of the owners represented at the meeting) and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.
- d) Except as to vacancies created by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining Directors.
- e) Any Director elected by the lot owners may be removed by concurrence of a majority of the vote of all lot owners. The vacancy in the Board of Directors so created shall be immediately filled after a vote of the lot owners at the same meeting.

16. TERMS OF DIRECTORS' SERVICE. The normal terms of each Director's service shall extend until the next annual meeting of the members and subsequently until his/her successor is duly elected and qualified or until he/she is removed in the manner elsewhere provided.

17. FIRST MEETINGS OF NEWLY ELECTED BOARDS. The organization meeting of a newly elected Board of Directors shall be held on the day their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary.

18. REGULAR MEETING OF THE BOARD. Regular meeting of the Board of Directors may be held as such times and places as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such a meeting.

19. SPECIAL MEETINGS OF THE BOARD. Special meetings of the Board of Directors may be called by the President and must be called by the Secretary/Treasurer at the written request of one-third (1/3) of the Directors. Not less than three (3) days' notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting

20. DIRECTORS MEETING SHALL BE OPEN. Meetings of the Board of Directors shall be open to all lot owners, and notice of such meeting shall be posted forty-eight (48) hours in advance for the attention of the members of the Association, except in the event of any emergency, provided that lot owners shall not be permitted to participate, and need not be recognized at any such meeting.

21. WAIVER OF NOTICE. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving notice. Attendance by any Director at a meeting shall constitute a waiver of notice of such meeting, except when his attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business the meeting is not lawfully called.

22. QUORUMS AT DIRECTORS MEETINGS. A quorum at Director's meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of Directors is required by the articles of incorporation of Lakewood Townhomes Property Owners' Association, Inc., these by laws or the laws of the State of Alabama.

23. ADJOURNED MEETINGS. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. No further notice need be given of an adjourned meeting. At any newly scheduled meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

24. PRESIDING OFFICER. The residing officer of Directors' meeting shall be the Chairman of the Board if such an officer has been elected; and if none, the President shall preside. In the absence of the presiding officer, the Directors present shall designate one (1) of their number to preside.

25. ORDER OF BUSINESS. The order of business at Director's meetings shall be:

- a) Calling of roll;
- b) Proof of due notice of meeting;
- c) Reading and disposal of any unapproved minutes;
- d) Reports of officers and committees'
- e) Election of Officers'
- f) Unfinished business
- g) New Business
- h) Adjournment.

26. DIRECTOR'S FEES. Directors' fees, if any, shall be as determined by the members of the Association and an approval of any such fees shall require the affirmative vote of not less than a majority (51%) of the entire membership of the Association, provided, however, that Directors designated by the Association, and the first Board of Directors, shall not be entitled to any fees or compensation for their services as Directors.

27. MINUTES The minutes of all meetings of Board of Directors shall be kept in a book available for inspection by lot owners or their authorized representatives and Board members at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.

28. RECALL OF BOARD MEMBERS. A majority (51%) vote of all persons present in person and entitled to vote at any meeting of the lot owners at which a quorum is present may remove any member of the Board of Directors with or without cause.

29. POWERS AND DUTIES OF THE BOARD OF DIRECTORS. The Board of Directors shall have all of the powers and duties as provided under the Nonprofit Corporation Act, the articles of incorporation of Lakewood Townhomes Property Owners Assoc. Inc. and these by laws, which are necessary for the administration of the affairs of the Association.

30. DELEGATION OF BOARD POWERS. The Board of Directors may delegate any ministerial powers as it may see fit, but may not delegate its ultimate responsibility.

31. OFFICERS. The executive officers of the Association shall be a President, a Vice President, and a Secretary-Treasurer, all of whom shall be elected annually by the members of the Association, and there may also be such Assistant Secretaries and Assistant Treasurers as the Board of Directors may from time to time determine upon. Any person may hold two (2) or more offices, except that the same person shall not hold the office of President and Vice President, nor shall the President or Vice President also be Secretary/Treasurer. Any officer may be removed peremptorily by a vote of two-thirds (2/3) of the Directors and present at any duly constituted meeting of the directors. Any vacancy so created shall be immediately filled by a majority (51%) vote of the Directors present.

32. THE PRESIDENT. The president shall be the chief executive officer of the Association. He/she shall have all the powers and duties usually vested in the office of President of an association, including, but not limited to, the power to appoint committees from among the members from time to time, as he/she, in his/her discretion, may determine appropriate to assist in the conduct of the affairs of the Association.

33. THE VICE PRESIDENT The Vice President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. He/she shall also assist the President generally and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

34. THE SECRETARY/TREASURER The Secretary/Treasurer shall keep the minutes of all proceedings of the Directors and the members. He/she shall attend to the giving and serving of all notice to the members and Directors and other notices required by law. He/she shall have custody of the seal of the Association and affix it to instruments requiring a seal when duly signed. He/she shall keep the records of the Association and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall otherwise assist the Secretary. As Treasurer, he/she shall keep the books of the Association in accordance with good accounting practices; and he/she shall perform all other duties incident to the office of Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer when the Treasurer is absent, and shall otherwise assist the Treasurer.

35. COMPENSATION OF OFFICERS No compensation shall be paid to any officer of the Association except with the approval of a majority of the membership, reflected by a vote taken at a duly constituted membership meeting. Nothing herein shall be construed so as to prohibit or prevent the Board of Directors from employing any Director or officer as an employee of the Association at such compensation as the Board shall determine upon, nor shall anything herein be construed so as to preclude the Board from contracting with a Director or officer or with any corporation in which a Director or officer of the Association may be a stockholder, officer, director or employee, for the management of the Association for such compensation as shall be mutually agreed between the Board and such officer or Director, provided that full, written disclosure of any conflict of interest is made to the Board of Directors, and provided, further, that no director shall vote on or with respect to any matter for which that director has a conflict of interest.

36. BUDGET RESPONSIBILITIES The Board of Directors shall, from time to time and at least annually, prepare a detailed budget for Lakewood Townhomes Property Owners' Association, Inc., listing all expenses anticipated to become payable by the lot owners to meet the expenses of the Association during the next fiscal year. In addition to annual operating expenses, the budget shall include reserve accounts for major expenditures and deferred maintenance and /or repairs for any item for which the deferred maintenance expense or replacement cost is greater than \$5,000.00. These accounts shall include, but not be limited to roof replacement, building painting, and pavement resurfacing. The amount to be reserved shall be computed by means of a formula, which is based on the estimated life, the estimated replacement cost, and the deferred maintenance expense of each reserve item.

37. ADOPTION OF BUDGETS Within 30 days after adoption of any proposed budget for the Association, the Board of Directors of the lot owners' association shall provide a copy thereof to all the lot owners, and shall set a date for a meeting of the lot owners to consider ratification of the budget not less than 10 days nor more than 50 days after delivery or mailing of the budget to the lot owners. Unless at that meeting, a majority (51%) of all lot owners present in person or by proxy, reject the budget, the budget is ratified, whether or not a quorum is present. In the event, the proposed budget is rejected, the periodic budget last ratified by the lot owners, if any, shall be continued until such time as the lot owners ratify a subsequent budget proposed as set forth above. If the members cannot agree on an initial budget, the maintenance fees shall remain at the previous year's amount per lot, per month, until such time as the members of the Association can agree on a budget.

38. ASSESSMENTS The Board of Directors shall allocate and assess all common expenses among the lot owners in accordance with provisions of the declaration. Annual assessments against the lot owners for their respective shares of the items of the budget shall be made for the calendar year annually in advance on or before December 1, preceding the year for which the assessments are made. Such assessments shall be payable in equal monthly installments, commencing on the first day of the month of January in the year for which the assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have

been made in the amount of the last prior assessment. In the event, the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors. Unpaid assessments for the remainder of the calendar year for which an amended assessment is made shall be payable in as many equal installments as there are full months of the calendar year left as of the date of such amended assessment, each such monthly installment to be paid on the first day of the month, commencing the first day of the next ensuing month.

39. ASSESSMENTS FOR EMERGENCIES Assessments for emergencies, that cannot be paid from the annual assessments for common expenses, shall be due only after ten (10) days notice is given to the Association members, and shall be paid in such manner as the Board of Directors of the Association may require in the notice of such assessments.

40. CHARGES Charges by the Association, against members for other than common expenses, shall be payable on demand. These charges may be collected by assessments in the same manner as common expenses, and when circumstances permit, those charges shall be added to the assessments for common expenses. Charges for other than common expenses may be made only after approval of the member. These charges may include, without limitation, charges for the use of portions of the common elements, maintenance services furnished at the expense of an owner, other services furnished for the benefit of an owner and fines and damages and other sums due from such owner.

41. DEPOSITORY The depository of the Association shall be such bank or banks in the state as shall be designated, from time to time, by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from those accounts shall be only by checks signed by such person or persons as are authorized by the Directors. All sums collected by the Association from assessments or contributions to working capital, or otherwise, may be commingled in a single fund or divided into more than one fund, as determined by a majority of the Board of Directors.

42. ACCELERATION OF INSTALLMENTS UPON DEFAULT If a lot owner shall be in default in the payment of an installment upon his/her assessments, the Board of Directors, or its agent, may accelerate the remaining installments of the assessments. Accelerated assessments shall be due and payable on the date the claim of lien is filed. Such accelerated assessments shall include the amounts due for the remainder of the budget year in which the claim of lien was filed.

43. FIDELITY BONDS If reasonably available, fidelity bonds shall be required by the Board of Directors for all persons handling or responsible for Association funds in the principal sum of not less than Ten Thousand and 00/100ths (\$10,000.00) dollars for each such person. Subject to the foregoing limitation, the Board of Directors, by a majority vote, shall determine the amount of such bonds, providing the amounts must meet the requirements as may be specified in the Federal National Mortgage Association Lending Guide. The premiums on such bonds shall be paid by the Association as a common expense.

44. ACCOUNTING RECORDS AND REPORTS The Association shall maintain accounting records within the State of Alabama, according to good accounting principles, normally used by similar associations. The records shall be open to inspection by lot owners or their authorized representatives at reasonable times. The records shall include, but not be limited to (a) a record of all receipts and expenditures and (b) an account for each lot designating the name and current mailing address of the lot owner, the amount of assessments, the dates and amounts in which the assessments come due, the amount paid upon the account and the dates so paid, and the balance due.

45. NOTICE OF ASSESSMENT MEETINGS. Notice of any meeting where assessments against lot owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

46. ROSTER OF LOT OWNERS. Each lot owner shall file with the Association a copy of the deed or other instrument showing his/her ownership and shall also file with the Association an address at which the lot owner may receive all notices as required by the Declaration, Articles and these By-Laws. The Association shall maintain such information. The Association may rely upon the accuracy of such information for all purposes until notified in writing of changes therein as provided above. Only lot owners of record on the date notice of any meeting requiring their vote is given shall be entitled to notice of and to vote at such meeting, unless prior to such meeting, there owners shall produce adequate evidence, as provided above, of their interest and shall waive in writing notice of such meeting. No owner shall be entitled to vote or to be counted for purpose of determining a quorum if delinquent in the payment of assessments as elsewhere herein provided.

47. PARLIAMENTARY RULES. Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Subdivision documents, the articles or these by laws.

48. AMENDMENTS. Amendments to the by laws shall be proposed and adopted in the following manner.

a) Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which the proposed amendment is considered. No by-law shall be revised or amended by reference to its title or number only. Proposals to amend existing by laws shall contain the full text of the old by law and the full text of the proposed new by law. Non-material errors or omissions in the by law process will not invalidate an otherwise properly promulgated amendment.

49. METHOD OF PROPOSING AMENDMENTS. A resolution for the adoption of a proposed amendment to the Articles of Incorporation or by laws may be presented either by the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meeting to consider the amendment may express their approval in writing, providing such approval is delivered to the

Lakewood Townhomes Property Owners Association

Secretary/Treasurer at or prior to the meeting. Except as hereinafter provided, approval of a proposed amendment must be either by:

- a) Not less than a majority of the entire membership of the Board of Directors and not less than a majority of the votes of the members of the Association voting at the particular meeting: or
- b) Not less than a majority (51%) of the votes of the entire membership of the Association.

50. CONSENT OF MORTGAGEES. No modification or amendment to these by laws shall be adopted which would affect or impair the priority of any "Mortgagee" (as such term is defined in the Subdivision Documents), the validity of the mortgage held by any such mortgagee or any of the rights of lot owner.

51. EXECUTION AND RECORDING. A copy of each amendment shall be attached to a certificate that the amendment was duly adopted as an amendment to the articles of incorporation or by laws as the case may be, which certificate shall be executed by the President or Vice President, and Secretary/Treasurer, with the formalities of a deed. The amendments shall be effective when such certificate and copy of the amendment are duly recorded in the public records of Baldwin County, Alabama.

52 RULES AND REGULATION. The Board of Directors may, from time to time, promulgate rules and regulations concerning the use of portions of the common elements, and from time to time, modify, amend or add to such rules and regulations. Copies of such modified, amended or additional rules and regulations shall be furnished by the Board of Directors to each affected lot owner not less than thirty (30) days prior to the effective date thereof.

The foregoing were adopted as the by laws of Lakewood Townhomes Property Owners' Association, Inc. a corporation nonprofit under the laws of the State of Alabama, at the first meeting of the Board of Directors, this 8th day of September, 1995.

signed) Charles K. Breland

(signed) Yvonne Breland

(signed) Judy Mingus

Revised by By-Laws Committee Oct. 30, 1995 and adopted at Association meeting Dec. 2, 1995

Reviewed by By-Laws committee 1-7-97

Discussed by officers and board and committee chairs & manager 1-14-97.

Lakewood Townhomes Property Owners Association

Revised in accordance with Covenants, Conditions, and Restrictions
Amendments dated February 19, 2004