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Madison Cnty Judge of Probate,AL  
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**ARTICLES OF INCORPORATION OF  
WALDEN PRESERVE AND THE VILLAGE AT WALDEN PRESERVE HOME OWNERS  
ASSOCIATION, INC.  
A NON-PROFIT CORPORATION**

**ARTICLE I**

**Name.** The name of the corporation is Walden Preserve and The Village at Walden Preserve Homeowners Association, Inc., hereinafter called the "Corporation."

**ARTICLE II**

**Duration.** The Corporation shall have perpetual duration.

**ARTICLE III**

**Applicable Statute.** The Corporation is organized pursuant to the provisions of the Alabama Nonprofit Corporation Act.

**ARTICLE IV**

**Purposes and Powers.** The Corporation does not contemplate pecuniary gain or profit, direct or indirect, to its members.

- (a) In way of explanation and not of limitation, the purposes for which it is formed are:
  - (i) to be and constitute the association to which reference is made in the Declaration of Protective Covenants for Walden Preserve and the Village at Walden Preserve (hereinafter the "Declaration"), establishing a plan of development recorded or to be recorded in the land records of Madison County, Alabama, to perform all obligations and duties of such association, and to exercise all rights and powers of such association, as specified therein, in the By-Laws of Walden Preserve and Village at Walden Preserve Homeowners Association, Inc., (hereinafter the "By-Laws"), and as provided by law; and
  - (ii) to provide an entity for the furtherance of the interests of the owners of property subject to the Declaration (such property is hereinafter referred to as the "Development").
- (b) In furtherance of its purposes, the Corporation shall have the following powers, which, unless indicated otherwise by the Declaration or By-Laws, may be exercised by the board of directors of the Corporation:
  - (i) all of the powers conferred upon nonprofit corporations by common law and the statutes of the state of Alabama in effect from time to time;
  - (ii) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the By-Laws, or the Declaration, including, without limitation, the following:
    - (1) to fix and to collect assessments or other charges to be levied;

- (2) to manage, control, operate, maintain, repair, and improve property subjected to the Declaration or any other property for which the Corporation by rule, regulation, declaration, or contract has a right or duty to provide services;
- (3) to enforce covenants, conditions, or restrictions affecting any property to the extent that the Corporation may be authorized to do so under any declaration or By-Laws;
- (4) to engage in activities which will actively foster, promote, and advance the common interests of all owners of property with in the Development;
- (5) to buy or otherwise acquire, sell, or otherwise dispose of , mortgage, or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Corporation;
- (6) to borrow money for any purpose as may be limited in the By-Laws;
- (7) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Corporation, with or in association with any other association, corporation, or other entity or agency, public or private;
- (8) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals:
- (9) to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Corporation; provided, however, such By-Laws many not be inconsistent with or contrary to any provisions of the Declaration; and
- (10) to provide any and all supplemental municipal services as may be necessary or proper.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of the Article IV are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article IV.

#### **ARTICLE V**

**Membership.** The Corporation shall be a membership corporation without certificates or shares of stock. Each member of the Corporation shall be entitled to vote as provided in the Declaration and By-Laws.

#### **ARTICLE VI**

**Board of Directors.** The business and affairs of the Corporation shall be conducted, managed, and controlled by a board of directors. The number of directors shall be as provided in the By-Laws. The initial board of directors shall consist of three (3) members. The names and addresses of the initial board of directors are as follows:

<b>NAME</b>	<b>ADDRESS</b>
<b>Michael W. Friday</b>	<b>7545 Highway 72, Madison, AL 35758</b>
<b>Susan Klopfenstein</b>	<b>7545 Highway 72, Madison, AL 35758</b>
<b>Charlene Letchworth</b>	<b>7545 Highway 72, Madison, AL 35758</b>

The method of election and term of office, removal and filling of vacancies shall be as set forth in the By-Laws, The board of directors may delegate such operation authority to such companies, individuals, or committees as it, in its discretion, may determine.

#### **ARTICLE VII**

**Dissolution.** The Corporation may be dissolved only as provided in the Declaration, By-Laws and by the laws of the state of Alabama.

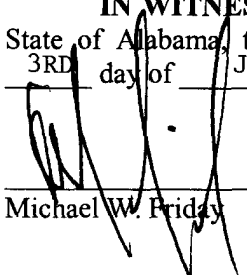
#### **ARTICLE VIII**

**Amendments.** These Articles may be amended as provided by the Alabama Nonprofit Corporation Act, provided that no amendment shall be in conflict with the Declaration, and provided further that no amendment shall be effective to impair or dilute any rights of members that are governed by such Declaration.

#### **ARTICLE IX**

**Registered Agent an Office.** The initial registered office of the Corporation is 7545 Highway 72, Madison, AL 35758 and the initial registered agent as such address is Michael W. Friday.

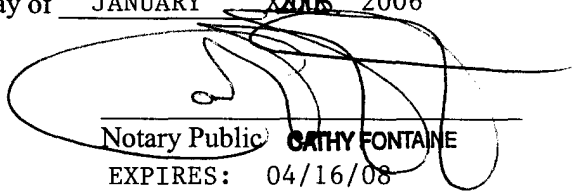
**IN WITNESS WHEREOF**, for the purpose of forming this corporation under the laws of the State of Alabama, the undersigned incorporators have executed these Articles of Incorporation this 3RD day of JANUARY, ~~2005~~ 2006.

  
\_\_\_\_\_  
Michael W. Friday

STATE OF ALABAMA  
COUNTY OF MADISON

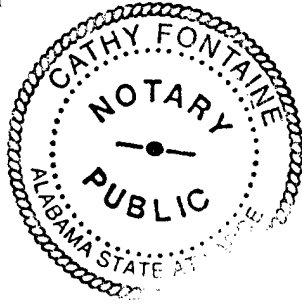
I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Michael W. Friday whose name is signed to the foregoing Articles of Incorporation, and who is known to me, acknowledged before me on this day, that they signed the foregoing Articles of Incorporation voluntarily on the day the same bears date.

Given under my hand this 3RD day of JANUARY ~~2005~~ 2006

  
Notary Public **CATHY FONTAINE**  
EXPIRES: 04/16/08

This instrument prepared by:

Keith S. Jones  
Wolfe, Jones, Boswell, Wolfe & Hamner  
905 Bob Wallace Ave.  
Huntsville, AL 35801



STATE OF ALABAMA  
MADISON COUNTY

IN THE OFFICE OF THE JUDGE OF PROBATE

CERTIFICATE OF INCORPORATION  
OF  
WALDEN PRESERVE AND THE VILLAGE AT WALDEN PRESERVE HOMEOWNERS  
ASSOCIATION

I, the undersigned, Judge of Probate, Madison County, Alabama, hereby certify that the Articles of Incorporation of the incorporation of Walden Preserve and The Village at Walden Preserve Homeowner Association, Inc., duly signed, pursuant to the provisions of the Code of Alabama, have been received in this Office and found to conform to law.

ACCORDINGLY, the undersigned, as such Judge of Probate, and by virtue of the authority vested in me by law, hereby issue this Certificate of Incorporation of Walden Preserve and The Village at Walden Preserve Homeowners Association, Inc., and attach hereto a certified copy of the Articles of Incorporation.

DATED this the 11<sup>th</sup> day of Jan., ~~2005~~ <sup>2006</sup>

  
\_\_\_\_\_  
Judge of the Probate Court of Madison County, Alabama

**BY LAWS**  
**OF**  
**WALDEN PRESERVE AND**  
**THE VILLAGE AT WALDEN PRESERVE**  
**HOMEOWNERS ASSOCIATION, INC.**

**Prepared by:**

**Keith S. Jones**  
**WOLFE, JONES, BOSWELL, WOLFE & HAMNER**  
**905 Bob Wallace Avenue**  
**Huntsville, AL. 35801**  
**Phone: (256) 534-2205**

**BY-LAWS**  
**OF**  
**WALDEN PRESERVE AND**  
**THE VILLAGE AT WALDEN PRESERVE**  
**HOMEOWNERS ASSOCIATION, INC.**

**Article I**

**Name, Membership and Definitions**

**Section 1. Name.** The name of the Association shall be Walden Preserve and The Village at Walden Preserve Homeowners Association, Inc., (hereinafter sometimes referred to as the "Association").

**Section 2. Membership.** Provisions regarding membership in the Association are full set forth in the Declaration of Protective Covenants for Walden Subdivision (this Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

**Section 3. Definitions.** The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

**Article II**

**Association: Meetings, Voting, Proxies, Quorum**

**Section 1. Place of Meetings.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors, either in the Community or as convenient thereto as practical.

**Section 2. First Meeting and Annual Meetings.** An annual or special meeting shall be held within on e(1) year from the date of the Declaration is recorded.

Annual meetings shall be set by the Board so as to occur within sixty (60) days of the close of the Association's fiscal year. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday (excluding Saturday and Sunday). Any Member may attend an annual meeting.

**Section 3. Special Meetings.** The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a Majority of the Board or upon a petition signed by Owners holding at least fifty (50%) percent of the total Association vote entitled to vote thereof. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transaction at a special meeting, except as stated in the notice. Any Member may attend a special meeting.

**Section 4. Notice of Meetings.** It shall be the duty of the Secretary to mail or to cause to be delivered to each Member, a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her Residence, he or she shall designate by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice so long as Article VI, Section 4 of the By-Laws is complied with. In addition to service notice as provided above, or as an alternative thereof, the Board may serve notice of an annual or special meeting by publishing notice in a newspaper or newsletter circulated within the Community. The date of publication shall be the date that notice is served. Notices shall be served not less than ten (10) nor more than fifty (50) days before a meeting.

**Section 5. Waiver of Notice.** Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Association, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order.

**Section 6. Adjournment of Meetings.** If any meeting of the Association cannot be held because a quorum is not present, a Majority of the Association vote present at the meeting, in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

**Section 7. Voting.** The voting rights of the Members shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein. It is anticipated that new substantive votes will be conducted at meetings of the Association Members and that many votes will be by referendum with no further voting to be

conducted at a meeting. Unless a vote on any question is required by law or is required by the Declaration or By-Laws to be taken at a meeting (in which case a meeting shall be called and proxies shall be sent to all Members entitled to vote on the issue(s) to be decided at the meeting), elections and other matters requiring a membership vote shall be submitted on a ballot or ballots to the Members in referendum by mail or at polling places in the Community. Ballots shall be returned TO THE Secretary by the date specified on the ballot. The Board shall determine the method of voting, the form of all ballots, the wording of questions thereon and the deadline for return of ballots. It shall designate the number and location of polling places, if any. The Board may include on any ballot questions on which it seeks an advisory vote. Members may suggest questions for an advisory vote which shall be evaluated by the Board for consistence with the exercise of its duties and responsibilities. In any advisory vote, each such question on a ballot shall indicate that the vote is for advisory purposes only. Notice of referenda shall be given in the same manner as notice of meetings.

**Section 8. Proxies.** At all meetings of the Association, Members entitled to vote may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of his or her Residence, upon receipt of notice by the Secretary of the death or judicially declared incompetence of an Owner, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

**Section 9. Quorum.** The presence, in person or by proxy, of Members entitled to cast at least twenty-five (25%) percent of the votes of Members entitled to vote on the issue(s) before the meeting shall constitute a quorum at all meetings of the Association. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, so long as any action taken thereafter is approved by at least a Majority of the votes required to constitute a quorum. The quorum for a referendum shall be twenty-five (25%) percent of the votes of Members entitled to vote thereon, except that there shall be no quorum requirement for advisory votes.

### **Article III Board of Directors**

#### **A. Composition and Selection.**

**Section 1. Governing Body; Composition.** The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors must own property in the Community and shall be Members or spouses of such Member; provided, however, no Person and his or her spouse may serve on the Board at the same time.

**Section 2. Directors Appointed by Declarant.** Declarant shall have the right to appoint or remove any member or members of the Board of Directors or any

officer or officers of the Association until such time as the first of the following events shall occur: (a) the Declarant sells its last Lot in the Community; (b) the surrender by Declarant in writing of the authority to appoint and remove Directors and Officers of the Association; or (c) the expiration of fifteen (15) years from the recording of the Declaration. Each Owner, by acceptance of a deed to or other conveyance of property within the community, vests in Declarant such authority to appoint and remove Directors and officers of the Association. The Directors selected by the Declarant need not be Owners or Occupants in the Community. The names of the initial Directors selected by the Declarant are set forth in the Articles of Incorporation of the Association. The Declarant shall have complete control over the Architectural Control Committee until six months after it sells its last Lot in the Community, unless surrendered sooner.

**Section 3. Veto.** After the termination of the Declarant's right to appoint Directors and officers, the Declarant shall have a veto power over all actions of the Board, as is more fully provided in this Section. This power shall expire upon the expiration of Declarant's option unilaterally to subject additional property to the Declaration, unless earlier surrendered in writing. This veto power shall be exercisable only by Declarant, its successors and assigns who specifically take this power in a recorded instrument. The veto shall be as follows:

No action authorized by the Board of Directors shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) Declarant shall have been given written notice of all meetings and proposed actions to be approved at meetings by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice shall comply with the provisions of these By-Laws regarding notice of regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at the meeting; and

(b) Declarant shall have been given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy or program to be implemented by the Board or the Association. Declarant and its representatives or agents shall make its concerns, thoughts and suggestions known to the Members of the Association and/or the Board. As to such meeting, Declarant shall have and is hereby granted a veto power over any such action, policy or program authorized by the Board of Directors and to be taken by the Board. The veto may be exercised by Declarant, its representatives, or agents within fourteen (14) days after notice in writing to Declarant of action taken by the Board of Directors. Any veto power shall not extend to the requiring of any action or counterclaim on behalf of the Board.

**Section 4. Number of Directors.** The initial Board of Directors shall consist of three (3) members. The Board shall be increased to five (5) members as provided in Section 6 of this Article.

**Section 5. Nomination of Directors.** Elected Directors shall be nominated from the floor and may also be nominated by a Nominating Committee, if such a committee is established by the Board. All candidates shall be a reasonable opportunity to communicate their qualifications and to solicit votes.

**Section 6. Election and Term of Office.** Elected Directors shall be elected by referendum. Cumulative voting is not permitted. Those candidates receiving the largest number of votes shall be elected. In the case of a tie vote, the winner shall be determined by the flip of a coin.

Notwithstanding any other provision contained herein:

(a) Not later than thirty days after the time that fifty residences have come into existence, one of the three directors shall be elected by owners of residences (other than declarant). The director so elected shall not be subject to removal by declarant acting alone and shall be elected for a term of two years or until the happening of the event described in subsection (b) below, whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b) below, a successor shall be elected for a one (1) year term.

(b) Not later than thirty days after the time that one hundred residences have come into existence, the board shall, by resolution, increase its size to five members, and two of the five directors shall be elected by owners of residences (other than declarant). The directors so elected shall not be subject to removal by declarant acting alone and shall be elected for a term of one year or until the first annual meeting after the declarant's right to appoint directors terminates, whichever is shorter. If such directors' terms expire prior to such annual meeting, successors shall be elected to serve like terms.

Referendums shall be held prior to the expiration of declarant's right to appoint directors and officers for the purpose of electing successors to the directors to be elected as provided in subsections (a) and (b) above.

Fifteen (15) days prior to the first annual meeting of the Association after the Declarant's right to appoint Directors and officers terminates, and fifteen (15) days prior to each annual meeting thereafter Directors shall be elected by referendum to take office at such annual meeting. All Owners of Residences eligible to vote shall have the right to vote on all Directors to be elected as provided in the Declaration.

The declarant, in its sole discretion and without loss of any rights herein to the contrary, may permit Owners of Residences to elect a larger number of Directors earlier than is required herein.

The initial terms of the first Board of Directors elected entirely by the Owners of Residences (other than Declarant) shall be fixed at one year. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

**Section 7. Removal of Directors.** At any regular or special meeting of the Association duly called, any one (1) or more of the members of the Board may be removed, with or without cause, by Owners holding a Majority of the total Association vote entitled to vote thereon and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than three (3) calendar months may be removed by a Majority vote of the directors at a meeting, a quorum being present. This Section shall not apply to Directors appointed by Declarant.

**Section 8. Vacancies.** Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Members, shall be filled by a vote of the Majority of the remaining Directors at any meeting of the Board of Directors. Each Person so selected shall serve the unexpired portion of the term.

**B. Meetings.**

**Section 9. Organization Meetings.** The first meeting of the members of the Board of Directors following each referendum of the membership shall be held immediately thereafter at such time and place as shall be fixed by the Board.

**Section 10. Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a Majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter.

**Section 11. Special Meetings.** Special meetings of the Board shall be held when requested by the President, Vice President or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a Person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the record of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or telegraph company must be received at least forty-eight (48) hours before the time set for the meeting.

**Section 12. Waiver of Notice.** The transactions of any meeting of the Board, however called and noticed of wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

**Section 13. Quorum of Board of Directors.** At all meetings of the Board, a Majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a Majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a Majority of the required quorum for that meeting. If any meeting cannot be held because a quorum is not present, a Majority of the Directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time that the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

**Section 14. Compensation.** Directors may not receive compensation from the Association for acting as such. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.

**Section 15. Open Meetings.** All meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

**Section 16. Executive Session.** The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a sensitive nature.

**Section 17. Action Without A Formal Meeting; Conference Call Meetings.** Any action to be taken at a meeting of the Board or any action that may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors. A member or members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment, by means of which all Persons participating in the meeting can hear each other. Such participation shall constitute presence in person at such meeting.

**C. Powers and Duties.**

**Section 18. Powers.** The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles of Incorporation, or these By-Laws directed to be done and exercised exclusively by the Members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Residence Owner of the Association Expenses;
- (b) making assessments to defray the Association Expenses and other assessments
- (c) providing for the operation, care, upkeep and maintenance of all areas which are the maintenance responsibility of the Association as determined by the Board, including maintenance or provision of services which are generally provided by a municipality, such as maintenance of street lights and garbage pick-up;
- (d) designating, hiring and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (g) providing services to all areas that the Association is obligated to provide services for;
- (h) paying the cost of all services, if any, rendered to the Association or its Members which are not chargeable to Owners of Residences;
- (i) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred;
- (j) depositing Association funds into interest bearing accounts; and,

(k) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements and other agreements with trusts, condominium associations or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

To the extent permitted by law, the Board shall have the power to delegate its functions to designees of the Board such as, without limitation, a management agent, committees established by the Board, and employees and independent contractors of the Association.

**Section 19. Management Agent.** The Board may employ for the Association a management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Declarant or an affiliate of the Declarant may be employed as management agent. The term of any management agreement shall not exceed three (3) years and shall be subject to termination by either party, without cause and without penalty, upon not more than ninety (90) days' written notice.

**Section 20. Borrowing.** The Board shall have the power to borrow money for the purpose of repair or restoration of the Common Property and facilities without the approval of the Members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed Fifty Thousand (\$50,000.00) Dollars outstanding debt at any one time.

**Section 21. Fining Procedure.** The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) **Demand.** Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

(b) **Notice.** Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

- (i) the nature of the alleged violation;

- (ii) that the alleged violator may, within ten (1) day from the date of the notice, request a hearing regarding the fine;
- (iii) that any statements, evidence and witnesses may be produced by the alleged violator at the hearing; and,
- (iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

**(c) Hearing.** If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

**(d) Specific Fines.** This section shall not diminish the Board's authority to enforce fines specifically authorized by the Declarant.

#### **Article IV Officers**

**Section 1. Officers.** The officers of the Association shall be a President, Vice President, Secretary and Treasurer, and shall be elected by a majority of the members of the Board. Any two (2) or more offices may be held by the same Person, excepting the offices of President and Secretary.

**Section 2. Election, Term of Office and Vacancies.** The officers of the Association shall be elected annually by the Board at the organizational meeting of the Board. A vacancy in any office arising because of death, resignation, removal or otherwise, may be filled by the Board for the unexpired portion of the term. Officers shall serve until their successors have been elected.

**Section 3. Removal.** Any officer may be removed by 2/3's vote of the Board whenever, in its judgment, the best interest of the Association will be served thereby.

**Section 4. President.** The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Alabama Nonprofit Corporation Act.

**Section 5. Vice President.** The Vice President shall act in the president's absence and shall have all powers, duties and responsibilities provided for the president when so acting.

**Section 6. Secretary.** The Secretary shall kept the minutes of all meetings of the Association and of the Board and shall have charge of such books and papers as the Board may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Alabama law.

**Section 7. Treasurer.** The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping or causing to be kept full and accurate financial records and books of account showing all receipts and disbursement, for preparing or causing to be prepared all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent, in such depositories as may from time to time be designated by the Board.

**Section 8. Resignation.** Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

## **Article V Committees**

**Section 1. General.** In addition to the committees established in the Declaration, committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board. The Board in its sole discretion shall obtain liability insurance covering the members of each committee and the Association for the activities of such committees, if reasonably available.

**Section 2. Covenants Committee.** The Board may establish a Covenants Committee to advise the Board regarding violations of the Declaration, By-Laws, rules and regulations, use restrictions and design guidelines. The Committee shall also advise the Board regarding sanctions to be imposed for such violations.

**Section 3. Architectural Review Committee.** The Declarant shall establish an Architectural Review Committee to carry out the functions provided for such committee in the Declaration. The Committee, in it's sole discretion, may employ the services of experts for advice and may expend funds of the Association for the fees of such experts.

**Section 4. Citizens Advisory Committees.** The Declarant may establish Citizens Advisory Committees to advise the Board and other committees.

**Article VI**  
**Miscellaneous**

**Section 1. Fiscal Year.** The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

**Section 2. Parliamentary Rules.** *Roberts Rules of Order*, (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Alabama law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the Person presiding over the proceeding.

**Section 3. Conflicts.** If there are conflicts or inconsistencies between the provisions of Alabama law, the Articles of Incorporation, the Declaration and these By-Laws, then the provisions of Alabama Law, the Declaration, the Articles of Incorporation and the By-Laws (in that order) shall prevail.

**Section 4. Notices.** Unless otherwise specified in the Declaration of By-Laws, notices, demands, bills statements or other communications required or permitted to be sent under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by first class mail, postage prepaid:

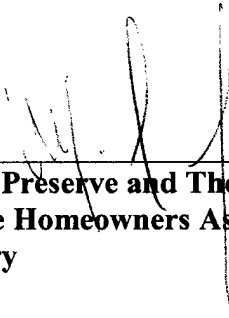
(a) if to a Member at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the last known address of the Member; or

(b) if to the Association, the Board of Directors or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members.

If there are multiple Owners of a single piece of property, notice to one (1) shall be deemed notice to all. Multiple Owners may designate one (1) Owner as the Person entitled to receive notice of Association matters by so notifying the Association in writing.

**Section 5. Amendment.** The provisions of the Declaration applicable to amendment of that instrument shall apply to any amendment to these By-Laws.

Adopted on this the 3RD day of JANUARY, 2006.

A handwritten signature in black ink, appearing to be 'W. J. ...', is written over a horizontal line.

**Walden Preserve and The Villages at Walden  
Preserve Homeowners Association, Inc.,  
Secretary**

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