

**BYLAWS OF
THE LAKES HOMEOWNER'S ASSOCIATION, INC.**

ARTICLE I

OWNERS

SECTION 1 - Place of Holding Meetings.

All meetings of the owners shall be held at the principal business office of the corporation or at such other place as may be specified in the notice of the meeting.

SECTION 2 - Annual Election of Directors.

The annual meeting of owners for the election of directors, and the transaction of other business shall be held at 4:00 p.m. on the third Sunday in October of each year.

SECTION 3 - Voting.

(a) On demand of any owner, the vote for directors, or on any question before a meeting, shall be by ballot. All elections shall be had by plurality, and all questions decided by majority, of the votes cast, except as otherwise provided by the Articles or By-Laws. Voting shall be on the basis of one vote for each Developed Lot. It shall be the responsibility of the owners of each Developed Lot to determine the manner in which the vote for that lot will be cast. Fractional votes shall not be permitted. In the event that the owners of a lot cannot agree upon the matter in which the vote for that lot will be cast, the lot will forfeit its vote on that issue or election. At each meeting at which votes will be cast, each Developed Lot will designate the owner entitled to cast the vote for that lot.

(b) At each meeting of owners, a list of the owners entitled to vote, arranged alphabetically and certified by the Secretary showing the number and class (if any) of shares held by each such owner on the date for the meeting, shall be produced on the request of any owner.

(c) Voting on any issue other than the election of directors may be by written ballot. On questions so called, ballots shall be circulated by the Secretary mailed to all owners of record, first-class postage prepaid, at their last known address. The ballot shall clearly state the issue presented and the deadline by which the vote must be cast. The deadline shall not be any sooner than ten days after the ballot is mailed. Ballots must be signed by the owner and returned to the Secretary on or before the stated deadline to be counted against the proposition. Any ballot not cast against the proposition, signed by the owner and returned by the stated deadline shall be counted to have been cast in favor of the proposition.

SECTION 4 - Quorum.

Except as provided in the next section hereof, any number of owners, together holding at least fifty-one (51%) percent of the outstanding shares entitled to vote thereat, who are present in person or represented by proxy at any meeting, constitute a quorum for the transaction of business despite the subsequent withdrawal or refusal to vote of any owner.

SECTION 5 - Adjournment of Meeting.

If less than a quorum is in attendance at any time for which a meeting is called, the meeting may, after the lapse of at least half an hour, be adjourned by a majority of the owners present or represented and entitled to vote thereat. If notice of such adjourned meeting is sent to the owners entitled to vote at the meeting, stating the purpose or purposes of the meeting and that the previous meeting failed for lack of a quorum, then any number of owners, present in person or represented by proxy, and together holding at least one-fourth of the outstanding shares entitled to vote thereat, constitute a quorum at the adjourned meeting.

SECTION 6 - Special Meetings: How Called.

Special meetings of the owners for any purpose or purposes may be called by the president, or by resolution of the directors or by one-fifth of the owners entitled to vote. Such special meetings shall be called by the Secretary upon a written request therefor, stating the purpose or purpose thereof, delivered to the Secretary and signed by the president, a majority of the directors, or by one-fifth of the owners entitled to vote.

SECTION 7 - Notice of Owners' Meetings.

Written or printed notice, stating the place and time of any meeting, and, if a special meeting, the general nature of the business to be considered, shall be given to each owner entitled to vote thereat. Notices shall be considered sufficient if mailed to owners at their last known address, at least ten days before the meeting in the case of an annual meeting and five days before the meeting in the case of a special meeting. Notice of any special meeting shall also be posted at the message board located at the entry to the subdivision. Any irregularity in the notice of an annual meeting held at the corporation's principal business office at the time prescribed in Section 2 of this Article I, shall not affect the validity of the meeting or any action taken thereat.

ARTICLE II

DIRECTORS

SECTION 1 - Number of Directors.

The number of directors shall be five (5).

SECTION 2 - Place of Holding Meetings.

Meetings of the directors, regular or special, may be held at any place within the boundaries of the subdivision.

SECTION 3 - First Meeting.

The first meeting of each newly elected Board of Directors shall be held immediately following the annual meeting of owners, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum is present; or they may meet at such time and place as fixed by the consent in writing of all of the directors, or by notice given by the majority to the remaining directors. At the first meeting, or at any subsequent meeting called for the purpose, the directors shall elect the officers of the corporation.

SECTION 4 - Regular Directors' Meeting.

Regular meetings of the directors may be held without notice, at such time and place as may be designated by the directors.

SECTION 5 - Special Directors' Meeting: How Called.

Special meetings of the directors may be called at any time by the Board of Directors or by the president, or in writing, with or without a meeting, by a majority of the directors. Special meetings may be held at such place or places within the subdivision as may be designated by the Board of Directors. In the absence of such designation, any such meeting shall be held at such place as may be designated in the notice thereof.

SECTION 6 - Notice of Special Directors' Meetings.

Notice of the place and time of every special meeting of the Board of Directors (and of the first meeting of the newly-elected Board, if held on notice) shall be delivered to each director, or sent to him by fax or by mail, or by leaving the same at his residence or usual place of business, at least two days before the date of the meeting.

SECTION 7 - Quorum.

At all meetings of the Board, at least three (3) directors must be present to constitute a quorum for the transaction of business, and the unanimous action of the directors present is required to approve any action. If a quorum is not present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

SECTION 8 - Remuneration to Directors.

Directors, as such, shall not receive any stated salary or compensation for their services.

SECTION 9 - Powers of Directors.

The Board of Directors is responsible for the management of the business of the corporation and subject to any restrictions imposed by law, the Articles or these By-Laws, may exercise all the powers of the corporation. Without prejudice to such general powers, the directors have the following specific powers:

- (a) From time to time, to delegate the powers and duties of any officer upon any other person for a specific time.
- (b) To confer upon any officer the power to appoint, remove and suspend, and fix and change the compensation of, subordinate officers, agents and factors.
- (c) To delegate any of the powers of the Board to any standing or special committee or to any officer or agent (with power to subdelegate) upon such terms as they deem fit.

SECTION 10 - Resignations, Replacements, and Removal for Cause.

The resignation of a director shall take effect on receipt thereof by the president or secretary, or on any later date, not more than thirty days after such receipt, specified therein. Any director may be removed from office, for cause, by unanimous vote of the other directors or by vote of seventy-five (75%) percent of the owners cast at a special meeting of owners called for that purpose. Any vacancy created by a resignation, after removal of a director for cause, or by any other reason shall be filled for the remaining term by majority vote of the remaining directors at a special meeting called for that purpose.

SECTION 11 - Term of Office.

In order to provide for the orderly operation of the Homeowners Association and in order to provide for continuity of operations and programs, directors shall be elected for two year terms with the elections of directors staggered so that no more than three directors are elected in any given year. In order to accomplish this result, beginning with the elections for the year 2001 five directors shall be elected with three of the directors being elected to serve a term of two years and two directors

being elected to serve a term of only one year. The three directors serving the initial two-year term shall be designated as "A" directors with the two directors elected to serve one year terms designated as "B" directors. Two new "B" directors shall be elected to serve two-year terms beginning in 2002. New "A" directors shall be elected in 2003 and in odd years thereafter with new "B" directors elected in 2004 and in even years thereafter.

ARTICLE III

OFFICERS

SECTION 1 - Titles.

The officers of the corporation shall be a president, one or more vice-presidents, a treasurer, a secretary, and such other officers as may, from time to time, be elected or appointed by the Board. Any two officers may be combined in the same person, and none need be a director.

SECTION 2 - President.

The president shall, when present, preside at all meetings of the directors and owners. He is the chief executive officer, with general management of the corporation's business, and power to make contracts in the ordinary course of business; shall see that all orders and resolutions of the Board are carried into effect and direct the other officers in the performance of their duties; has power to execute all authorized instruments; and shall generally perform all acts incident to the office, or which are authorized or required by law, or which are incumbent upon him under the provisions of the Articles and these By-Laws.

SECTION 3 - Vice-Presidents.

Each vice-president shall have such powers and shall perform such duties, as shall be assigned to him by the directors or by the president, and, in order determined by the Board, shall, in the absence or disability of the president, perform his duties and exercise his powers.

SECTION 4 - Treasurer.

The treasurer has custody of all funds, securities, evidences of indebtedness and other valuable documents of the corporation. He shall receive and give, or cause to be given, receipts and acquittances for moneys paid in on account of the corporation, and shall pay out of the funds on hand all just debts of the corporation or whatever nature, when due. He shall enter, or cause to be entered, in books of the corporation to be kept for that purpose, full and accurate accounts of all moneys received and paid out on account of the corporation, and, whenever required by the president or the directors, he shall render a statement of his accounts. He shall keep or cause to be kept such books as will show a true record of the expenses, gains, losses, assets and liabilities of the corporation; and he shall perform all of the other duties incident to the office of treasurer. If

required by the Board, he shall give the corporation a bond for the faithful discharge of his duties and for restoration to the corporation, upon termination of his tenure, of all property of the corporation under his control.

SECTION 5 - Secretary.

The secretary shall give, or cause to be given, notice of all meetings of owners, directors and committees, and all other notices required by law or by these By-Laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by the owners or directors upon whose request the meeting is called as provided in these By-Laws. He shall keep records of all the proceedings of the meetings of the owners, of the directors, and of committees in a book to be kept for that purpose. Except as otherwise determined by the directors, he has charge of maintaining the records of ownership of all lots and all owners entitled to vote. He has custody of the seal of the corporation, and shall affix it to all instruments requiring it; and he shall perform such other duties as may be assigned to him by the directors or the president.

SECTION 6 - Assistants.

Assistant secretaries or treasurers shall have such duties as may be delegated to them by the secretary and treasurer respectively.

ARTICLE IV

MISCELLANEOUS PROVISIONS

SECTION 1 - Notice.

Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so stated; any notice is sufficient if given by depositing the same in a mail receptacle in a sealed post-paid envelope addressed to the person entitled thereto at his last known address as it appears on the records of the corporation; and such notice is deemed to have been given on the day of such mailing.

SECTION 2 - Waiver of Notice.

Whenever any notice of the time, place or purpose of any meeting of owners, directors or committee is required by law, the Articles or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice and filed with the records of the meeting before or after the holding thereof, or actual attendance at the meeting of owners in person or by proxy or at the meeting of directors or committee in person, is equivalent to the giving of such notice except as otherwise provided by law.

ARTICLE V

AMENDMENTS

By vote of seventy-five (75%) percent of the lots, the owners may, at any meeting called for that purpose, amend or alter any of these By-Laws.