

BYLAWS
OF
SNUG HARBOR RETREAT CONDOMINIUM ASSOCIATION, INC.
ARTICLE 1
THE ASSOCIATION

Section 1. Identity. These are the Bylaws of SNUG HARBOR RETREAT CONDOMINIUM ASSOCIATION, INC., a not for profit corporation (the “Association”), which was formed under the Alabama Nonprofit Corporation Act (Ala. Code §10-3A-1 et seq. (1975)) by filing the Articles of Incorporation of the Association (the “Articles”) with the Office of the Judge of Probate of Marshall County, Alabama on _____, 2008. The Association has been organized for the purpose of providing for the operation, management, maintenance, control and administration of Snug Harbor Retreat, A Condominium, (the “Condominium”), pursuant to the provisions of the Alabama Uniform Condominium Act of 1991, Ala. Code §35-8A-101 et seq. (1975) (the “Condominium Act”), and the Declaration of Condominium of Snug Harbor Retreat, A Condominium (the “Declaration”) as filed with the Office of the Judge of Probate of Marshall County, Alabama in accordance with the provisions of the Condominium Act.

Section 2. Principal Office. The principal office of the Association in the State of Alabama shall be located in the County of Marshall, Alabama. The Association may have such other offices, either within or without the State of Alabama, as the Board of Directors may designate or as the business of the Association may require from time to time.

Section 3. Registered Office. The registered office of the Association, required by the Alabama Nonprofit Corporation Act to be maintained in the State of Alabama, may be, but need not be, identical with the principal office in the State of Alabama, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 4. Defined Terms. Capitalized terms used in these Bylaws without specific definition shall have the same meanings ascribed to such terms (i) in the Declaration, or (ii) if any such capitalized term is not found in the Declaration, then such capitalized terms shall have the same meanings ascribed to such terms in the Articles.

ARTICLE 2
MEMBERSHIP

Section 1. Membership. The members of the Association shall be the Owners of Units in the Condominium.

Section 2. Annual Meeting. The annual meeting of the Membership shall be held on the Third Monday in the month of December in each year, beginning with the year 2008 at the hour of 6:00 P.M., or at such other time on such other day within such month as shall be fixed by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Alabama, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Membership, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Membership as soon thereafter as may be convenient.

Section 3. Special Meetings. Special meetings of the Membership, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by a majority of the Board of Directors and shall be called by the President or the Secretary at the request of holders of not less than 20% of all the outstanding votes of the Membership.

Section 4. Place of Meeting. The Board of Directors may designate any place, within or without the State of Alabama, as the place of meeting for any annual meeting or for any special meeting of the Membership. If no designation is made or, if a special meeting is otherwise called, the place of the meeting shall be the principal office of the Association in the State of Alabama.

Section 5. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, or of a meeting which is required by statute to be held for any special purpose, or of an annual meeting at which special action is to be taken, the purpose or purposes for which the meeting is called, or the special action which is proposed to be taken, shall, unless otherwise prescribed by statute or by the Articles of Incorporation, be delivered not less than ten nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the persons calling the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Fixing of Record Date. The Board of Directors may fix in advance a date as the record date for the purpose of determining the members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or for any other proper purpose, such date in any case to be not more than 50 days and, in case of a meeting of the Membership, not less than ten days prior to the date on which the particular action, requiring such determination of members, is to be taken. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of the Membership, the date on which notice of the meeting is mailed shall be the record date for such determination of members. When a determination of members entitled to vote at any meeting of the Membership has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 7. Voting Lists. The officer or agent having charge of the records of members of the Association shall make, at least ten days before each meeting of the Membership, a complete list of the members entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address of each member and the number of votes to which he is entitled, which list, for a period of ten days prior to such meeting, shall be kept on file at the principal office of the Association and shall be subject to inspection by any member making written request therefor at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting.

Section 8. Quorum. Until the Declarant relinquishes control of the Association, the presence of a duly authorized representative of Declarant shall constitute a quorum. Thereafter, the presence at any meeting of the Membership of the members entitled to cast a majority of the votes in the Association, represented in person or by proxy, shall constitute a quorum. If a quorum is not present at any meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The members present or represented at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 9. Majority Vote. The vote of members entitled to cast a majority of the votes represented at a meeting of the Membership at which a quorum is present shall be the act of the members of the Association, unless the vote of a greater number is required by law, the Declaration, the Articles, or these Bylaws.

Section 10. Proxies. At all meetings of the Membership, a member may vote in person or by proxy executed in writing by the member or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after ninety days from the date of its execution, unless otherwise provided in the proxy.

Section 11. Voting Rights. At any meeting of the Membership, the members who are owners of whole Units (as defined in the Declaration) shall be entitled to cast the number of votes designated in the Declaration of Condominium of Snug Harbor Retreat, A Condominium. If a Unit is owned by one person, his right to vote shall be established by record title to his Unit. If a Unit is owned by more than one person, the person entitled to cast the votes for the Unit shall 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 Unit is owned by a corporation, the person entitled to cast the votes for the Unit shall be designated by a certificate signed by the president or vice president and attested to by the secretary or assistant secretary of the corporation and filed with the secretary of the Association. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the votes of Unit may be revoked at any time by any owner of a Unit. If such certificate is not on file, the votes of such owner shall not be considered in determining the requirement for a quorum nor for any other purpose.

Section 12. Informal Action by Members. Any action required to be taken at a meeting of the Membership, or any other action which may be taken at a meeting of the Membership, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE 3

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by or under the direction of its Board of Directors (the "Board" or "Board of Directors").

Section 2. Number, Tenure and Qualifications.

- (a) The initial Board shall consist of three members designated by Declarant, each of whom shall serve until his or her successor has been designated by Declarant and qualified or until his death, resignation or removal, as provided for herein. Upon the earliest to occur of (i) through (iv) of Section 5(b) of Article 3, and also upon any occurrence as set forth in (A) or (B) of Section 5(b) of Article 3, a new three-member Board shall be installed at a Special Meeting of the Members called and held in accordance with Section 5(b) of Article 3. Thereafter, vacant and expired positions on the Board of Directors shall be filled by the Members at an annual meeting of Members held pursuant to Section 2 of Article 2, in accordance with these Bylaws.
- (b) All members of the Board elected by the Owners, i.e. other than Declarant or Declarant-designee appointees, shall be either (i) individual Residential Owners or their spouses, (ii) individual Eligible Mortgagees of Units or their spouses, or (iii) officers, directors, shareholders, partners, members or employees of any of the foregoing.
- (c) The term of office for the initial Board members designated by Declarant shall be fixed for one-third of the members at three years each, for one third of the members at two years each and for the remaining members at one year each.

- (d) At the expiration of the term of office of each member elected or appointed to the initial Board, successors shall be elected or appointed for a term of one year. As a result of this procedure, the terms of at least one-third of the members of the Board will expire each year. Members of the Board may serve for more than one term.

Section 3. The Residential Committee. If Residential Units are created, the Board shall form a committee (the “Residential Committee”) to make determinations and perform certain functions, to the extent permitted by law, on behalf of the Board with respect to the Residential Section that do not materially adversely affect the Chalet Section. The Residential Committee shall consist of at least one member (or such greater number as designated by the Board) each of which shall be appointed for a term of three years each (or such longer term as determined by the Board). The members of the Residential Committee shall be Owners. Thus, subject to the foregoing, the determinations and actions the Residential Committee may make, include, without limitation, those concerning:

- (i) Operation, care, upkeep, maintenance, repair and replacement of the Residential Section, including the Residential Limited Common Elements;
- (ii) Determination of the amount of Common Expenses and Limited Common Expenses for the Residential Section, subject to the determination of the Board with respect to Common Expenses for the Condominium;
- (iii) Employment and dismissal of the personnel necessary for the maintenance and operations of the Residential Section;
- (iv) Making ordinary repairs, restorations, additions and improvements to, or alteration of, the Residential Limited Common Elements;
- (v) Making repairs to and restorations of the Residential Section or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings;
- (vi) Enforcing obligations of Residential Owners;
- (vii) Opening and maintaining bank accounts on behalf of the Residential Section (with respect to matters within its jurisdiction as provided in these Bylaws) and designating the signatories required therefor; and
- (viii) Such other matters pertaining to the Residential Section as delegated to the Residential Committee by the Board.

Section 4. The Chalet Committee. The Board shall form a committee (the “Chalet Committee”) to make determinations and perform certain functions, to the extent permitted by law, on behalf of the Board with respect to the Chalet Section that do not materially adversely affect the Residential Section. The Chalet Committee shall consist of at least one member (or such greater number as designated by the Board) each of which shall be appointed for a term of three years each (or such longer term as determined by the Board). The members of the Chalet Committee shall be Owners. Thus, subject to the foregoing, the determinations and actions the Chalet Committee may make, include, without limitation, those concerning:

- (i) Operation, care, upkeep, maintenance, repair and replacement of the Chalet Section, including the Chalet Limited Common Elements;
- (ii) Determination of the amount of Common Expenses and Limited Common Expenses for the Chalet Section, subject to the determination of the Board with respect to Common Expenses for the Condominium;
- (iii) Employment and dismissal of the personnel necessary for the maintenance and operations of the Chalet Section;
- (iv) Making ordinary repairs, restorations, additions and improvements to, or alteration of, the Chalet Limited Common Elements;
- (v) Making repairs to and restorations of the Chalet Section or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings;

- (vi) Enforcing obligations of Chalet Owners;
- (vii) Opening and maintaining bank accounts on behalf of the Chalet Section (with respect to matters within its jurisdiction as provided in these Bylaws) and designating the signatories required therefor; and
- (viii) Such other matters pertaining to the Chalet Section as delegated to the Chalet Committee by the Board.

Section 5. Election of Directors.

- (a) Election of Directors entitled to be elected by the Membership shall be held at the annual meeting or, if required pursuant to subparagraph (b) below, at a special meeting of the Membership. The election shall be by secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast. There shall be no cumulative voting.
- (b) Notwithstanding the provisions of subparagraph (a) above or anything else in these Bylaws to the contrary, the Declarant, its successors and assigns, and not the Membership and not the members of the Association, shall have exclusive control of the Board of Directors of the Association, including the Residential Committee and the Chalet Committee, by virtue of its exclusive right to elect or appoint, remove, and in the event of vacancies, the Declarant shall have the exclusive right to fill such vacancies in each and every position of the members of the Board of Directors of the Association by written notice to the members stating the names of the persons so elected, appointed or removed, until the earliest to occur of the following
 - (i) 60 days after 75% of the total number of Units have been conveyed to Owners other than Declarant;
 - (ii) ten years have elapsed from the conveyance of the first Unit to an Owner other than Declarant;
 - (iii) two years after the date that Declarant has ceased to offer the Units for sale in the ordinary course; or
 - (iv) the Declarant elects, at its option, to terminate control of the Association. Notwithstanding and in limitation of the foregoing, (A) within 90 days after the conveyance of 25% of the Units to Owners other than Declarant, the Owners other than Declarant shall be entitled to elect 25% of the Board of Directors; and (B) not later than 90 days after conveyance of 50% of the Units to Owners other than Declarant, the Owners other than Declarant shall be entitled to elect not less than one-third of the Board of Directors. Further, the Declarant shall be entitled to elect at least one member of the Board of Directors as long as the Declarant holds for sale in the ordinary course of business at least five percent of the total number of Units within the Condominium. Within 60 days before the date of termination of control of the Association by the Declarant pursuant to the occurrence of items (i), (ii), (iii) or (iv) above, and within 60 days after the occurrence of either (A) or (B) in this paragraph, the Board of Directors shall call and give not less than ten nor more than 30 days' notice of a Special Meeting of the membership for the purpose of electing the Directors to be elected by the members other than the Declarant.

Section 6. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of the Membership; provided that any such regular meeting of the Board, the Residential Committee or the Chalet Committee may be held at any other time or place that shall be specified in a notice given as hereinafter provided for special meetings, or in a consent and waiver of notice thereof, signed by all applicable Directors. The Board of Directors, the Residential Committee or the Chalet Committee may provide, by resolution, the time and place, within or without the State of Alabama, for the holding of additional regular meetings without other notice than such resolution.

Section 7. Special Meetings. Special meetings of the Board of Directors or the Residential Committee may be called by or at the request of the president or any two Directors. Special meetings of the Chalet Committee may be called by or at the request of any member of the Chalet Committee.

Section 8. Notice. Notice of any special meeting shall be given at least three days prior thereto by written notice delivered personally or mailed to each Director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by Federal Express or other overnight courier service, such notice shall be deemed to be delivered when the same delivered by the overnight courier service. Any Director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 9. Quorum. A majority of the number of Directors fixed in the manner determined by Section 2 of this Article 3 shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

If a quorum is present when the meeting is convened, the Directors present may continue to do business, taking action by a vote of the majority of a quorum, until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum present, or the refusal of any Director present to vote.

Section 10. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 11. Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting 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.

Section 12. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors may be filled by a majority of the remaining Directors, except as otherwise provided in Section 5 of this Article 3. A Director elected or appointed, as the case may be, shall be elected or appointed for the unexpired term of his predecessor in office.

Section 13. Compensation. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a Director or both. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefor. Under no circumstances shall the Association make loans to officers and Directors.

Section 14. Committees. The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of which shall consist of two or more Directors and which to the extent provided in said resolution or resolutions or in the Bylaws of the Association shall have and may exercise all of the powers of the Board of Directors in the management of the activities and affairs of the Association and may have power to authorize the seal of the Association to be affixed to all papers which may require it; except that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of any such committee or any Director or officer of the Association; amending the Articles, restating the Articles, adopting a plan of merger

or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of assets of the Association; or amending, altering or repealing any action or resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee. The designation of such committee or committees or the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Director of any responsibility imposed upon it or him by law.

Section 15. Resignations. Any Director of the Association may resign at any time either by oral tender of resignation at any meeting of the Board or by giving written notice thereof to the Secretary of the Association. Such resignation shall take effect at the time specified therefor; and the acceptance of such resignation shall not be necessary to make it effective.

Section 16. Place of Meeting. The Board of Directors may designate any place within or without the State of Alabama as the place of meeting for any regular or special meeting of the Board of Directors.

Section 17. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

ARTICLE 4 OFFICERS

Section 1. Number. The officers of the Association shall be a President, one or more Vice President(s) (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the President and Secretary. An officer need not be a member of the Association. The failure of the Board of Directors to elect any officers other than a President, a Treasurer and a Secretary shall not constitute a violation of these Bylaws.

Section 2. Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Membership. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall have resigned or shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed at any time, by the affirmative vote of the Board of Directors, whenever in their judgment the best interests of the Association will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create any contract rights in favor of such officer.

- Section 4. Vacancies.** A vacancy in any office elected or appointed by the Board of Directors because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.
- Section 5. President.** The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the Membership. He may sign, with the Secretary or an Assistant Secretary, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.
- Section 6. Vice President.** In the absence of the President or in the event of his death, inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.
- Section 7. Secretary.** The Secretary shall: (a) keep the minutes of the proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the mailing address of each member which shall be furnished to the Secretary by such member; (e) have general charge of the transfer books of the members of the Association; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.
- Section 8. Treasurer.** The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article 5 of these Bylaws, and (c) in general perform all of the duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.
- Section 9. Assistant Secretaries and Assistant Treasurers.** The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine.
- Section 10. Amendments to the Declaration.** The President of the Association may prepare, execute, verify and record amendments to the Declaration on behalf of the Association, unless a different officer is designated by resolution of the Board of Directors.

Section 11. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Association.

ARTICLE 5

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

Section 5. Proxies. Unless otherwise provided by resolution of the Board of Directors, the President may from time to time appoint an attorney or agent of the Association, in the name and on behalf of the Association, to cast the votes which the Association may be entitled to cast as the holder of stock or other securities in any other corporation any of whose stock or other securities may be held by the Association, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing, in the name and on behalf of the Association, as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed, in the name and on behalf of the Association and under its corporate seal or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

ARTICLE 6

BOOKS AND RECORDS

Section 1. Accounting. The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the members, Board of Directors and committees thereof and shall keep at its registered or principal office in Alabama a record of the names and addresses of members entitled to vote, Directors and officers. The accounting records shall be maintained in accordance with generally accepted accounting principles. All books and records of the Association shall be open to inspection by the members or their authorized representatives for any proper purpose at any reasonable time. Such records shall include:

(a) Association Accounts. The receipts and expenditures of the Association shall be credited and charged to the appropriate account as set forth below.

(i) Current Expenses. All funds to be expended during the year for the maintenance of the Common Elements and Limited Common Elements and the operation and working capital of the Association shall be held in the Current Expense Account. Any balance

in this fund at the end of each year may be used to pay Common Expenses and Limited Common Expenses incurred in any successive year or may be placed in the reserve fund account for the Association.

- (ii) Reserve Funds. All funds to be expended for replacement, acquisition and repair of capital improvements which are a part of Common Elements and Limited Common Elements shall be held in the reserve fund account for the Association.
 - (iii) Additional Accounts. Notwithstanding the foregoing, the Association may, in the discretion of the Board, maintain separate accounts for the Chalet Section and the Residential Section, including accounts for current expenses and for reserves.
- (b) Member Accounts. An account for each member shall be maintained setting forth the name and address of the member, the interest percentage in the Common Elements and Limited Common Elements, if any, the amount of each assessment, the dates and amounts in which the assessments become due, the amounts paid upon the account and the balance due.

Section 2. Budget. The Board of Directors shall adopt a budget for each calendar year that shall include the estimated funds required to defray the Common Expenses and Limited Common Expenses and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices. Copies of the budget and proposed assessments shall be transmitted to each member on or before December 1 preceding the year for which the budget is made. If the budget is amended substantially, a copy of the amended budget shall be furnished to each member.

Section 3. Assessments. Assessments against the members for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 31, preceding the year for which the assessments are made. Such assessments shall be due in quarterly or monthly installments, as may be determined by the Board of Directors. 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.

Section 4. Assessments for Emergencies. Assessments for Common Expenses for emergencies that cannot be paid from the annual assessments for Common Expenses shall be made only after notice of the need for such is given to the members concerned, and it shall be due 30 days after such notice in such manner as the Board of Directors may require in the notice of assessment.

Section 5. Audit or Compilation. An audit or compilation of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the audit or compilation report shall be made available for review by each member.

Section 6. Bonds. Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board of Directors, but shall not be less than three times the amount of the total annual assessments against members for Common Expenses and Limited Common Expenses. The premiums of such bonds shall be paid by the Association.

Section 7. Rules and Regulations and Violation of any Documents. Subject to the terms and conditions of the Declaration, the Board of Directors may establish, abolish or amend reasonable rules and regulations concerning the use of the Common Elements. The text of such rules and regulations shall be furnished or made available to the members. The Board shall have the power, upon violation of the rules and regulations, or upon violation of the terms of the Declaration or Bylaws to impose monetary fines on a member which shall constitute a lien and shall be enforceable in like manner as provided for assessments or to suspend for a reasonable period of time either the member's right to the use of Common facilities within the common Elements or the member's right to vote.

ARTICLE 7

WAIVER OF NOTICE

Whenever any notice is required to be given to any member or Director of the Association under the provisions of these Bylaws, the Articles of Incorporation, the Declaration, the provisions of the Alabama Nonprofit Corporation Act, and any act amendatory thereof, supplementary thereto or substituted therefor, the provisions of the Condominium Act, and any act amendatory thereof, supplemental thereto or substituted therefor, or the Alabama Constitution, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 8

FISCAL YEAR

The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

ARTICLE 9

INDEMNIFICATION

Section 1. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3. To the extent that a Director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article 9, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Sections 1 and 2 in this Article 9 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2 in this Article 9. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the Membership.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this section.

The indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE 10 AMENDMENT

Section 1. Amendment to Bylaws. These Bylaws may be amended, altered or repealed in the following manner:

- (a) By the Declarant until either (i) 60 days after 75% of the total number of Units have been conveyed to Owners other than Declarant, (ii) ten years have elapsed from the conveyance of the first Unit to an Owner other than Declarant, (iii) two years after the date that Declarant has ceased to offer the Units for sale in the ordinary course, or (iv) the Declarant elects, at its option, to terminate control of the Association, whichever shall first occur;
- (b) By the members at any regular or special meeting upon the affirmative vote of the holders of not less than 67% of the outstanding votes present at such meeting in person or represented by proxy, a quorum being present.

Section 2. Recordation. No modification or amendment to the Bylaws shall be valid and effective until the President and Secretary of the Association shall certify as to the adoption of such amendment and shall file their certificate setting forth the text of the amendment with the Office of the Judge of Probate of Marshall County, Alabama.

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CERTIFICATION

We, the undersigned, as President and Secretary of Snug Harbor Retreat Condominium Association, Inc., hereby certify that the above and foregoing constitutes a true and correct copy of the initial Bylaws of Snug Harbor Retreat Condominium Association, Inc. as adopted by its Board of Directors and that all provisions are in full force and effect and have not been revoked or rescinded.

This the ____ day of _____, 2007.

By: _____
Print Name: _____
Its President

By: _____
Print Name: _____
Its Secretary _____