

FIRST AMENDED AND RESTATED BY-LAWS

OF

THE PENINSULA MASTER ASSOCIATION, INC.

State of Alabama, Baldwin County
certify this instrument was filed
and taxes collected on:

2001 February - 8 1:37PM

Instrument Number 582292 Pages 16

Recording 48.00 Mortgage

Deed Min Tax

Index IP 1.00

Archive 3.00
Adrian I. Johns, Judge of Probate

767725

These First Amended and Restated By-Laws of The Peninsula Master Association, shall and hereby do, restate, supersede and replace the original By-Laws recorded in the Public Records of Baldwin County, Alabama at Misc. Book 83, Page 56

Article I
Name, Principle Office and Definitions

Section 1. Name. The name of the Association shall be THE PENINSULA MASTER ASSOCIATION, INC. (the "MASTER ASSOCIATION").

Section 2. Principle Office. The principal office of the MASTER ASSOCIATION in the State of Alabama shall be located in Baldwin County. The MASTER ASSOCIATION may have such other offices, either within or outside the State of Alabama, as the BOARD OF DIRECTORS may determine or as the affairs of the MASTER ASSOCIATION may require.

Section 3. Definitions. The words used in these BY-LAWS shall have the same meaning as set forth in that FIRST AMENDED AND RESTATED MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RESIDENTIAL PLANNED COMMUNITY OF THE PENINSULA (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "MASTER DECLARATION"), unless the context shall prohibit.

Article II
MASTER ASSOCIATION: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The MASTER ASSOCIATION shall have two (2) classes of membership, Class "A" and Class "B", as more fully set forth in the MASTER DECLARATION, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the MASTER ASSOCIATION shall be held at the principal office of the MASTER ASSOCIATION or at such other suitable place convenient to the MEMBERS as may be designated by the BOARD OF DIRECTORS either within the PROPERTIES or as convenient thereto as possible and practical.

Section 3. Annual Meetings. Meetings shall be of the VOTING MEMBERS or their alternates. Annual meetings shall be set by the BOARD so as to occur not more than one hundred twenty (120) days after the close of the fiscal year of the MASTER ASSOCIATION on a date and at a time set by the BOARD OF DIRECTORS. Provided, however, anything else herein contained

to the contrary, during the Class "B" Control Period, no meetings of the MASTER ASSOCIATION shall take place unless called by the Class "B" MEMBER.

Section 4. 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 MASTER ASSOCIATION if so directed by resolution of a MAJORITY of a quorum of the BOARD OF DIRECTORS or upon a petition signed by VOTING MEMBERS representing at least thirty (30%) percent of the total votes of the MASTER ASSOCIATION. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting shall be delivered, either personally or by mail, to each VOTING MEMBER entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or PERSONS calling the meeting.

In the case of a special meeting or when required by statute or these BY-LAWS, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the VOTING MEMBER at his address as it appears on the records of the MASTER ASSOCIATION, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the VOTING MEMBERS shall be deemed the equivalent of proper notice. Any VOTING MEMBER may, in writing, waive notice of any meeting of the VOTING MEMBERS, either before or after such meeting. Attendance at a meeting by a VOTING MEMBER or alternate shall be deemed waiver by such VOTING MEMBER of notice of the time, date and place thereof, unless such VOTING MEMBER specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meeting of the MASTER ASSOCIATION cannot be held because a quorum is not present, a MAJORITY of the VOTING MEMBERS who are present at such meeting, either in person or by alternate, 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 the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to VOTING MEMBERS in the manner prescribed for regular meetings.

The VOTING 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 VOTING MEMBERS to leave less than a quorum, provided that VOTING MEMBERS or their alternates representing at least twenty-five (25%) percent of the total votes of the MASTER ASSOCIATION remain in attendance, and provided further that any action taken is approved by at least a MAJORITY of the MEMBERS required to constitute a quorum.

Section 8. Voting. The voting rights of the MEMBERS shall be as set forth in the MASTER DECLARATION, and such voting rights provisions are specifically incorporated herein. Each MEMBER'S vote shall be cast as determined and indicated by the VOTING MEMBER representing the NEIGHBORHOOD in which the MEMBER is an OWNER

Section 9. Proxies. VOTING MEMBERS may vote by proxy.

Section 10. Majority. As used in these BY-LAWS, the term "MAJORITY" shall mean those votes, OWNERS or other group as the context may indicate totaling more than fifty (50%) percent of the total number. In the event of a vote by VOTING MEMBERS a "MAJORITY" shall mean a vote by VOTING MEMBERS whose votes represent over fifty percent (50%) of the MEMBES entitled to vote on the issue in question.

Section 11. Quorum. Except as otherwise provided in these BY-LAWS or in the MASTER DECLARATION, the presence in person or by alternate, of the VOTING MEMBERS representing a MAJORITY of the total votes in the MASTER ASSOCIATION shall constitute a quorum at all meetings of the Master Association. Any provisions in the MASTER DECLARATION concerning quorums is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the MASTER ASSOCIATION, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 13. Action Without A Meeting. Any action required by law to be taken at a meeting of the VOTING MEMBERS, or any action which may be taken at a meeting of the VOTING MEMBERS, maybe taken without a meeting if written consent setting forth the action so taken is signed by all of the VOTING MEMBERS entitled to vote with respect to the subject matter thereof, and any such consent shall have the same force and effect as a unanimous vote of the VOTING MEMBERS.

Article III BOARD OF DIRECTORS: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the MASTER ASSOCIATION shall be governed by a BOARD OF DIRECTORS, each of whom shall have one (1) vote. Except with respect to directors appointed by the DECLARANT, the directors shall be

OWNERS or spouses of such OWNERS; provided, however, no PERSON and his or her spouse may serve on the BOARD at the same time. In the case of an OWNER which is a corporation or partnership, the PERSON designated in writing to the Secretary of the MASTER ASSOCIATION as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 2. Directors During Class "B" Control. The Directors shall be selected by the Class "B" MEMBER acting in its sole discretion and shall serve at the pleasure of the Class "B" MEMBER until the termination of the Class "B" Control Period.

Section 3. Right to Disapprove Actions. This Section 3 may not be amended without the express, written consent of the Class "B" MEMBER as long as the Class "B" membership exists.

So long as the Class "B" membership exists, the Class "B" MEMBER shall have a right to disapprove actions of the BOARD and the ARCHITECTURAL COMMITTEE, as is more fully provided in this Section. This right shall be exercisable only by the Class "B" MEMBER, its successors and assigns who specifically take this power in a recorded instrument. The right to disapprove shall be as follows:

No action authorized by the BOARD OF DIRECTORS or ARCHITECTURAL COMMITTEE shall become effective, nor shall any action, policy or program be implemented until and unless:

(a) The Class "B" MEMBER shall have been given written notice of all meetings and proposed actions approved at meetings of the BOARD or any committee thereof by certified mail, return receipt requested or by personal delivery at the address it has registered with the Secretary of the MASTER ASSOCIATION, as it may change from time to time, which notice complies as to the BOARD OF DIRECTORS meetings with Article III, Sections 8, 9, and 10, of these BY-LAWS 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 said meeting; and

(b) The Class "B" MEMBER shall be 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, any committee thereof, or the MASTER ASSOCIATION. The Class "B" MEMBER, its representatives or agents shall make its concerns, thoughts and suggestions known to the MEMBERS of the subject committee and/or the BOARD. The Class "B" MEMBER shall have and is hereby granted a right to disapprove any such action, policy or program authorized by the BOARD OF DIRECTORS or any committee thereof and to be taken by the BOARD, such committee, the MASTER ASSOCIATION or any individual MEMBER of the MASTER ASSOCIATION, if BOARD, committee or MASTER ASSOCIATION approval is necessary for such action. This right may be exercised by the Class "B" MEMBER, its representatives or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. This right to disapprove may be used to block proposed actions.

Section 4. Number of Directors. The number of directors in the MASTER ASSOCIATION shall be not less than three (3) nor more than five (5), as provided in Section 6 below.

Section 5. Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the BOARD OF DIRECTORS shall be made by a NOMINATING COMMITTEE. The NOMINATING COMMITTEE shall consist of a Chairman, who shall be a MEMBER of the BOARD OF DIRECTORS, and three (3) or more OWNERS. The NOMINATING COMMITTEE shall be appointed by the BOARD OF DIRECTORS not less than thirty (30) days prior to each annual meeting of the VOTING MEMBERS to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The NOMINATING COMMITTEE shall make as many nominations for election to the BOARD OF DIRECTORS as it shall in its discretion determine, but in no event less than the number of positions to be filled. At least one (1) candidate shall be nominated from each NEIGHBORHOOD, unless a NEIGHBORHOOD has no PERSON willing to serve or eligible for election. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the VOTING MEMBERS and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within thirty (30) days after the DECLARANT has sold all of the property shown on the CONCEPTUAL MASTER PLAN, or twenty (20) years from the date of the recording of the MASTER DECLARATION or whenever the Class "B" MEMBER earlier determines, the MASTER ASSOCIATION shall call a special meeting at which VOTING MEMBERS shall elect the three (3) directors.

At the first annual meeting of the membership after the termination of the CLASS "B" CONTROL PERIOD the VOTING MEMBERS shall elect five (5) directors. So long as there are at least five (5) NEIGHBORHOODS with candidates running for election, no more than one (1) director shall be elected from any NEIGHBORHOOD. Two (2) directors shall be elected to serve a term of two (2) years and three (3) directors shall be elected to serve a term of one (1) year. Upon the expiration of the initial term of office of each such director, a successor shall be elected to serve a term of one (1) year. Thereafter, all directors shall be elected to serve one (1) year term. For the purpose of the election of directors, each VOTING MEMBER shall have one (1) equal vote, and VOTING MEMBERS representing LOTS owned by the Class "B" MEMBER shall be entitled to vote, except as otherwise provided above.

At any election of directors, each VOTING MEMBER shall be entitled to cast one (1) equal vote with respect to each vacancy to be filled. The candidates receiving the largest number of votes shall be elected. The Directors elected by the VOTING MEMBERS shall hold office until their respective successors have been elected by the MASTER ASSOCIATION. Directors may be elected to serve any number of consecutive terms.

Section 7. Removal of Directors and Vacancies. Any director elected by the VOTING MEMBERS may be removed, with or without cause, by the vote of VOTING MEMBERS holding a MAJORITY of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. A director who was elected solely by the votes of VOTING MEMBERS other than the DECLARANT may be removed from office prior to the expiration of his or her term only by the votes of a MAJORITY of VOTING MEMBERS other than the DECLARANT. Upon removal of a director, a successor shall then and there be elected by the VOTING MEMBERS entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the VOTING MEMBERS who has three (3) consecutive unexcused absences from BOARD meetings or who is delinquent in the payment of any assessment or other charge due the MASTER ASSOCIATION for more than thirty (30) days may be removed by a MAJORITY of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the BOARD to fill the vacancy for the remainder of the term. In the event of the death, disability or resignation of a director, a vacancy may be declared by the BOARD, and it may appoint a successor. Any director appointed by the BOARD shall serve for the remainder of the term of the director who vacated the position.

B. Meetings.

Section 8. Organizational Meetings. The first meeting of the BOARD OF DIRECTORS following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the BOARD.

Section 9. Regular Meetings. Regular meetings of the BOARD OF DIRECTORS 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 one (1) such meeting shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 10. Special Meetings. Special Meetings of the BOARD OF DIRECTORS shall be held when called by written notice signed by the President of the MASTER ASSOCIATION 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 office or home 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 at the director's telephone number or sent to the director's address as shown on the records of the MASTER 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 shall be delivered, telephoned or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

Section 11. Waiver of Notice. The transactions of any meeting of the BOARD OF DIRECTORS, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) 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 12. Quorum of BOARD OF DIRECTORS. At all meetings of the BOARD OF DIRECTORS, 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 of the BOARD 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 date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 13. Compensation. No director shall receive any compensation from the MASTER ASSOCIATION for acting as such unless approved by VOTING MEMBERS representing a MAJORITY of the total vote of the MASTER ASSOCIATION at a regular or special meeting of the MASTER ASSOCIATION; provided any director may be reimbursed for expenses incurred on behalf of the MASTER ASSOCIATION upon approval of a MAJORITY of the other directors.

Section 14. Conduct of Meeting. The President shall preside over all meetings of the BOARD OF DIRECTORS, and the Secretary shall keep a minute book of meetings of the BOARD OF DIRECTORS, recording therein all resolutions adopted by the BOARD OF DIRECTORS and all transactions and proceedings occurring at such meetings. Meetings may be conducted by telephone and shall be considered as any other meeting, provided all directors are able through telephone connection to hear and to be heard.

Section 15. Open Meetings. Subject to the provisions of Section 16 of this Article, all meetings of the BOARD shall be open to all VOTING MEMBERS, but VOTING MEMBERS other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any VOTING MEMBER may speak.

Section 16. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors 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, and such consent shall have the same force and effect as a unanimous vote.

PROVISO. So long as the Class "B" Membership exists, no meetings of the MEMBERS or the BOARD OF DIRECTORS or any committee shall take place unless called by the Class "B" MEMBER.

C. Powers and Duties.

Section 17. Powers. The BOARD OF DIRECTORS shall be responsible for the affairs of the MASTER ASSOCIATION and shall have all of the powers and duties necessary for the administration of the MASTER ASSOCIATION'S affairs and, as provided by law, may do all acts and things as are not by the MASTER DECLARATION, ARTICLES or these BY-LAWS directed to be done and exercised exclusively by the VOTING MEMBERS or the membership generally.

The BOARD OF DIRECTORS shall delegate to one of its members the authority to act on behalf of the BOARD OF DIRECTORS on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the BOARD OF DIRECTORS.

In addition to the duties imposed by these BY-LAWS or the MASTER DECLARATION, or by any resolution of the MASTER ASSOCIATION that may hereafter be adopted, the BOARD OF DIRECTORS may delegate to one (1) or more of its members the power to and shall be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of annual budgets in which there shall be established the contribution of each NEIGHBORHOOD to the COMMON EXPENSES;

(b) making assessments to defray the COMMON EXPENSES and NEIGHBORHOOD EXPENSES, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the BOARD OF DIRECTORS, the annual assessment for each NEIGHBORHOOD'S proportionate share of the COMMON EXPENSES shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(c) providing for the operation, care, upkeep and maintenance of all of the AREA OF COMMON RESPONSIBILITY;

(d) designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the MASTER ASSOCIATION, its property and the AREA OF COMMON RESPONSIBILITY and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials 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 MASTER ASSOCIATION; provided, any reserve fund may be deposited, in the directors, best business judgment, in depositories other than banks;

- (f) making and amending rules and regulations;
- (g) opening of bank accounts on behalf of the MASTER ASSOCIATION and designating the signatories required;
- (h) making or contracting for the making of repairs, additions and improvements to or alterations of the COMMON AREA in accordance with the other provisions of the MASTER DECLARATION and these BY-LAWS after damage or destruction by fire or other casualty;
- (i) enforcing by legal means the provisions of the MASTER DECLARATION, these BY-LAWS and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the OWNERS concerning the MASTER ASSOCIATION;
- (j) obtaining and carrying insurance against casualties and liabilities, as provided in the MASTER DECLARATION, and paying the premium cost thereof;
- (k) paying the cost of all services rendered to the MEMBERS and not chargeable directly to specific OWNERS;
- (l) keeping books with detailed accounts of the receipts and expenditures affecting the MASTER ASSOCIATION and its administration, specifying the maintenance and repair expenses and any other expenses incurred;
- (m) making available to any prospective purchaser of a LOT, any OWNER of a LOT, any first MORTGAGER and the holders, insurers and guarantors of a first Mortgage on any LOT, current copies of the MASTER DECLARATION, the ARTICLES OF INCORPORATION, the BY-LAWS, rules governing the LOT and all other books, records and financial statements of the MASTER ASSOCIATION; and
- (n) permitting utility suppliers to use portions of the COMMON AREA reasonably necessary to the ongoing development or operation of the PROPERTIES.

Section 18. Management Agent. The BOARD OF DIRECTORS may employ for the MASTER ASSOCIATION a professional management agent or agents at a compensation established by the BOARD OF DIRECTORS to perform such duties and services as the BOARD OF DIRECTORS shall authorize. The BOARD OF DIRECTORS may delegate to the managing agent or manager, subject to the BOARD'S supervision, all of the powers granted to the BOARD OF DIRECTORS by these BY-LAWS, other than the powers set forth in subparagraphs (a), (b), (f), (g) and (i) of Section 17 of this Article. The DECLARANT, or an affiliate of the DECLARANT, may be employed as managing agent or manager.

Section 19. Accounts and Reports. The following management standards of performance will be followed unless the BOARD by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the MASTER ASSOCIATION shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the MASTER ASSOCIATION, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; any thing of value received shall benefit the MASTER ASSOCIATION; provided, nothing herein shall prohibit the managing agent from earning commissions for services performed by the managing agent in leasing LOTS on behalf of the OWNERS of such LOTS;

(e) any financial or other interest which the managing agent may have in any firm providing goods or service's to the MASTER ASSOCIATION shall be disclosed promptly to the BOARD OF DIRECTORS;

(f) financial reports shall be prepared for the MASTER ASSOCIATION at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all NEIGHBORHOODS or OWNERS who are delinquent in paying the installments of assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (A installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day following the due date of the installment unless otherwise determined by the BOARD OF DIRECTORS); and

(g) an annual report consisting of at least the following shall be distributed to all VOTING MEMBERS within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the BOARD, by an independent public accountant.

Section 20. Borrowing. The BOARD OF DIRECTORS shall have the power to borrow money for the purpose of maintenance, repair or restoration of the AREA OF COMMON RESPONSIBILITY without the approval of the VOTING MEMBERS of the MASTER ASSOCIATION. The BOARD shall also have the power to borrow money for other purposes; provided, the BOARD shall obtain VOTING MEMBER approval in the same manner provided in the MASTER DECLARATION 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 five (5%) percent of the budgeted gross expenses of the MASTER ASSOCIATION for that fiscal year.

Section 21. Right of the MASTER ASSOCIATION. With respect to the AREA OF COMMON RESPONSIBILITY, and in accordance with the ARTICLES OF INCORPORATION and the MASTER DECLARATION, the MASTER ASSOCIATION shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the MASTER ASSOCIATION to enter into common management, operational or other agreements with trusts, condominiums, cooperatives or NEIGHBORHOODS and other owners or residents associations, both within and without the PROPERTIES. Such agreements shall require the consent of two-thirds (2/3) of all Directors of the MASTER ASSOCIATION.

The MASTER ASSOCIATION shall not be bound, either directly or indirectly, by any contract, lease or other agreement (including any management contract) executed during the period of DECLARANT control of the BOARD OF DIRECTORS unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

Section 22. Enforcement. The BOARD shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating OWNER, and to suspend an OWNER'S right to a representative vote or to use the COMMON AREA for violation of any duty imposed under the MASTER DECLARATION, these BY-LAWS or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the MASTER ASSOCIATION or the BOARD OF DIRECTORS to limit ingress and egress to or from a LOT or to suspend an OWNER'S right to vote due to nonpayment of assessments to the NEIGHBORHOOD ASSOCIATION. In the event that any occupant of a LOT violates the MASTER DECLARATION, BY-LAWS or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the BOARD, the OWNER shall pay the fine upon notice from the MASTER ASSOCIATION. The failure of the BOARD to enforce any provision of the MASTER DECLARATION, BY-LAWS or any rule or regulation shall not be deemed a waiver of the right of the BOARD to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, the BOARD or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the COVENANTS COMMITTEE, if any, or BOARD OF DIRECTORS for a hearing; and (iv) a statement that the

proposed sanction shall be imposed as contained in the notice unless a challenge is begun, within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) **Hearing.** If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the OWNER a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain the sanction, a written statement of the results of the hearing and the sanction, if any, imposed. The BOARD OF DIRECTORS or the COVENANTS COMMITTEE may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any PERSON.

(c) **Appeal.** Following a hearing before the COVENANTS COMMITTEE, the violator shall have the right to appeal the decision to the BOARD OF DIRECTORS. To perfect this right, a written notice of appeal must be received by the manager, President or Secretary of the MASTER ASSOCIATION within thirty (30) days after the hearing date.

(d) **Additional Enforcement Rights.** Notwithstanding anything to the contrary herein contained, the MASTER ASSOCIATION, acting through the BOARD OF DIRECTORS, may elect to enforce any provision of the MASTER DECLARATION, these BY-LAWS or the rules and regulations of the MASTER ASSOCIATION by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the OWNER or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV Officers

Section 1. Officers. The officers of the MASTER ASSOCIATION shall be a President, Vice President, Secretary and Treasurer to be elected from among the MEMBERS of the BOARD. The BOARD OF DIRECTORS may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the BOARD OF DIRECTORS. Any two (2) or more offices may be held by the same PERSON, except the offices of President and Secretary.

Section 2. Election, Term of Office and Vacancies. The officers of the MASTER ASSOCIATION shall be elected annually by the BOARD OF DIRECTORS at the first meeting of the BOARD OF DIRECTORS following each annual meeting of the VOTING MEMBERS, as

herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the BOARD OF DIRECTORS for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the BOARD OF DIRECTORS whenever in its judgment the best interests of the MASTER ASSOCIATION will be served thereby.

Section 4. Powers and Duties. The officers of the MASTER ASSOCIATION shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the BOARD OF DIRECTORS. The President shall be the chief executive officer of the MASTER ASSOCIATION. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the MASTER DECLARATION and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the BOARD OF DIRECTORS, 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.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the MASTER ASSOCIATION shall be executed by at least two (2) officers or by such other PERSON or PERSONS as may be designated by resolution of the BOARD OF DIRECTORS.

Article V Committees

Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a MAJORITY of the Directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the BOARD OF DIRECTORS designating the committee or with rules adopted by the BOARD OF DIRECTORS.

Section 2. Covenants Committee. In addition to any other committees which may be established by the BOARD pursuant to Section 1 of this Article, the BOARD OF DIRECTORS may appoint a COVENANTS COMMITTEE consisting of at least five (5) and no more than seven (7) MEMBERS. Acting in accordance with the provisions of the MASTER DECLARATION, these BY-LAWS and resolutions the BOARD may adopt, the COVENANTS COMMITTEE, if established, shall be the hearing tribunal of the MASTER ASSOCIATION and shall conduct all hearings held pursuant to Article III, Section 22 of these BY-LAWS.

**Article VI
Miscellaneous**

Section 1. Fiscal Year. The fiscal year of the MASTER ASSOCIATION shall be set by resolution of the BOARD OF DIRECTORS.

Section 2. Parliamentary Rules. Except as may be modified by BOARD resolution, Robert's Rules of Order (current edition) shall govern the conduct of MASTER ASSOCIATION proceedings when not in conflict with Alabama Law, the ARTICLES OF INCORPORATION, the MASTER DECLARATION or these BY-LAWS.

Section 3. Conflicts. If there are conflicts between the provisions of Alabama Law, the ARTICLES OF INCORPORATION, the MASTER DECLARATION and these BY-LAWS, the provisions of Alabama Law, the MASTER DECLARATION, the ARTICLES OF INCORPORATION and the BY-LAWS (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by MEMBERS and MORTGAGEES. The MASTER DECLARATION and BY-LAWS, membership register, books of account and minutes of meetings of the MEMBERS, the BOARD and committees shall be made available for inspection and copying by any MORTGAGEE, MEMBER of the MASTER ASSOCIATION, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a MEMBER at the office of the MASTER ASSOCIATION or at such other place within the PROPERTIES as the BOARD shall prescribe.

(b) Rules for Inspection. The BOARD shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the MASTER ASSOCIATION and the physical properties owned or controlled by the MASTER ASSOCIATION. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the MASTER ASSOCIATION.

Section 5. Notices. Unless otherwise provided in these BY-LAWS, all notices, demands, bills, statements or other communications under these BY-LAWS shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a MEMBER or VOTING 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 address of the LOT of such MEMBER or VOTING MEMBER; or

(b) if to the MASTER ASSOCIATION, the BOARD OF DIRECTORS or the managing agent, at the principal office of the MASTER ASSOCIATION or the managing agent, if any, or at such other address as shall be designated by notice in writing to the MEMBERS pursuant to this Section.

Section 6. Amendment. The DECLARANT may unilaterally amend these BY-LAWS so long as it still owns property described on the CONCEPTUAL MASTER PLAN. Thereafter and otherwise, these BYLAWS may be amended only by the affirmative vote (in person or by alternate) or written consent or any combination thereof, of VOTING MEMBERS representing seventy-five (75%) percent of the total votes of the MASTER ASSOCIATION, including seventy-five (75%) percent of the votes held by MEMBERS other than the DECLARANT. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment shall be effective until recorded in the public records of Baldwin County, Alabama.

No amendment may remove, revoke or modify any right or privilege of DECLARANT without the written consent of DECLARANT or the assignee of such right or privilege. No amendment may impair the validity or priority of the lien of any Mortgage held by a MORTGAGEE or impair the rights granted to MORTGAGEES herein without the prior written consent of such MORTGAGEES.


CERTIFICATION


I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of THE PENINSULA MASTER ASSOCIATION, INC., an Alabama Not for Profit Corporation;

That the foregoing FIRST AMENDED AND RESTATED BY-LAWS shall supersede and replace the original BY-LAWS of said MASTER ASSOCIATION, as duly adopted at a meeting of the BOARD OF DIRECTORS thereof held on the 29th day of December, 2000.

IN WITNESS WHEREOF, we have hereunto subscribed our names and affixed the seal of said MASTER ASSOCIATION this 29th day of December, 2000.


Name: Gary D. Spivey
Title: Secretary & Treasurer


Name: Ronald O. Durhan, President

Instrument 582292 Page 16 of 16