

BY-LAWS
OF
THE BAYW ALK NEIGHBORHOOD ASSOCIATION, INC.

ARTICLE I
NAME, PRINCIPLE OFFICE AND DEFINITIONS

Section 1. Name. The name of the Neighborhood Association shall be THE BAYW ALK NEIGHBORHOOD ASSOCIATION, INC. (the "Neighborhood Association").

Section 2. Principal Office. The principal office of the Neighborhood Association in the State of Alabama shall be located in Baldwin County. The Neighborhood 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 Neighborhood Association may require.

Section 3. Definitions. Capitalized words used but not defined in these By-Laws shall have the respective meanings 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
NEIGHBORHOOD ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING,
PROXIES

Section 1. Membership. The Neighborhood Association has a single class of membership. (Under the Master Declaration, each Owner of a Lot in the Neighborhood will be an equal Member of the Neighborhood Association).

Section 2. Place of Meetings. Meetings of the Neighborhood 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.

Section 3. Annual Meetings. 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 Neighborhood Association on a date and at a time set by the Board of Directors, provided, however, notwithstanding anything else herein contained to the contrary, during the Class "B" Control Period, no meetings of the Neighborhood 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 Neighborhood Association (a) if so directed by resolution of a Majority of a quorum of the Board of Directors (b) where the Members are entitled to a vote under the Master Declaration or (c) upon a petition under Section 10.03(b) of the Master Declaration, signed by Owners of at least ten (10%) percent of the Lots in the Neighborhood.

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 Member of the Neighborhood Association 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

of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to each Member at his address as it appears on the records of the Neighborhood Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Members may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member or his or her alternate shall be deemed waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. 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 Neighborhood Association cannot be held because a quorum is not present, a majority of the 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 Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that Members or their alternates representing at least twenty-five (25%) percent of the total votes of the Neighborhood 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. Except as provided in the following sentence, each Member shall be entitled to one (1) vote in all matters requiring a vote of the Neighborhood Association. Pursuant to Section 3.02 of the Master Declaration (i) Members of the Neighborhood Association other than the Class "B" Member of the Master Association shall not be entitled to vote during the Class "B" Control Period and (ii) after the Class "B" Control Period, Members of the Neighborhood Association shall be entitled to one (1) representative vote in matters requiring a vote of the Master Association, with such vote to be cast as determined by the President of the Neighborhood Association, in his capacity as the Neighborhood's Voting Member under the Master Declaration, based on the vote or decision of a Majority of the Members of the Neighborhood Association who voted with respect to such matter.

Section 9. Proxies. 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.

2

Section 11. Quorum. Except as otherwise provided in these By-Laws or in the Master Declaration or other Community Documents, the presence in person or by alternate, of the Members representing a majority of the total votes in the Neighborhood Association shall constitute a quorum at all meetings of the Neighborhood Association.

Section 12. Conduct of Meetings. The President (or in his or her absence, the Vice President) shall preside over all meetings of the Neighborhood 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 Members, or any action which may be taken at a meeting of the Members, maybe taken without a meeting if written consent setting forth the action so taken is signed by all of the 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 Members.

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Neighborhood 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 of Lots within the Neighborhood 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, 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 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

3

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;

(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 Neighborhood 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; and

(c) 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 Neighborhood Association or any individual Member of the Neighborhood Association, if Board, committee or Neighborhood 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, without limitation, to block proposed actions.

Section 4. Number of Directors. The number of directors in the Neighborhood 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 two (2) or more Owners of Lots within the Neighborhood. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the 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. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the 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 Neighborhood Association shall call a special meeting at which Members shall elect three (3) directors to each serve a term until the next annual meeting. At the first annual meeting of the membership after the termination of the Class "B" Control Period, the Members shall elect not less than three (3) or more than five (5) directors. Two (2) of such directors shall be elected to serve terms of two (2) years and each of the remaining directors shall be elected to serve terms 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 terms.

(b) For the purpose of the election of directors under the foregoing Section 6(a), each Member shall have one (1) equal Vote, and Members representing Lots owned by the Class "B" Member shall be entitled to vote.

4

(c) At any election of directors, each Member entitled to vote 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.

(d) The Directors elected by the Members shall hold office until their respective successors have been elected by the Neighborhood Association. Directors may be elected to serve any number of consecutive terms.

Section 7. Removal of Directors and Vacancies. Any director elected by the Members may be removed, with or without cause, by the vote of 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. Upon removal of a director, a successor shall then and there be elected by the 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 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 Neighborhood 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

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 Neighborhood 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

5

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 Neighborhood Association for acting as such unless approved by Members representing a majority of the total vote of the Neighborhood Association at a regular or special meeting of the Neighborhood Association; provided any director may be reimbursed for expenses incurred on behalf of the Neighborhood 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 Members, but 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 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" Members .

6

Section 17. Powers. The Board of Directors shall be responsible for the affairs of the Neighborhood Association and shall have all of the powers and duties necessary for the administration of the Neighborhood Association's affairs and, as provided by law, may do all acts and things as are not by the Community Documents directed to be done and exercised exclusively by the Members or the membership generally, and which are not otherwise in contravention of any applicable provisions of the respective Community Documents.

ARTICLE IV OFFICERS

Section 1. Officers. The officers of the Neighborhood 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 Neighborhood 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 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 Neighborhood Association will be served thereby.

Section 4. Powers and Duties. The officers of the Neighborhood 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 Neighborhood Association and the Voting Member of the Neighborhood under the applicable provisions of the Master Declaration. The Treasurer shall have primary responsibility for reviewing and coordinating any response to any annual budget for Neighborhood Expenses required under the Master Declaration.

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 Neighborhood 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 MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Neighborhood Association shall be set by resolution of the Board of Directors.

Section 2. Parliamentary Titles. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Neighborhood 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 of the Master Association, the Master Declaration, the By-Laws of the Master Association, the Articles of Incorporation of the Neighborhood Association or these By-Laws, the provisions of Alabama law, the Master Declaration, the Articles of Incorporation of the Master Association, the By-Laws of the Master Association, the Articles of Incorporation of the Neighborhood Association, and these By-Laws (in that order) shall prevail.

(a) Inspection by Members and Mortgagees. These By-Laws, the, 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 Neighborhood 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 records.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Neighborhood Association and the physical properties owned or controlled by the Neighborhood 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 Neighborhood 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, 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

(b) if to the Neighborhood Association, the Board of Directors or the managing agent, at the principal office of the Neighborhood 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

8

amended only by the affirmative vote (in person or by alternate) or written consent or any combination thereof, of Members representing seventy-five (75%) percent of the total votes of the Neighborhood 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 Baywalk Neighborhood Association, Inc., an Alabama Not for Profit Corporation;

That the foregoing By-Laws constitute the original By-Laws of said Neighborhood Association, as duly adopted by resolution of the Board of Directors thereof dated as of May 10, 2002.

IN WITNESS WHEREOF, we have hereunto subscribed our names and affixed the seal of
said Neighborhood Association this 10th day of May, 2002.

Ronald O. Durham, President