

BYLAWS
OF
THE VILLAS AT JONES VALLEY CONDOMINIUM ASSOCIATION, INC.

ARTICLE I
Definitions

Unless the context otherwise requires, as used in these Bylaws, terms, whether capitalized or not, shall have the meanings ascribed to them in (a) (i) the Alabama Nonprofit Corporation Act, Sections 10-3A-1 et seq. (the "Nonprofit Corporation Act") and (ii) the Alabama Uniform Condominium Act of 1991, Sections 35-8A-101 et seq. (the "Condominium Act"), both of the Alabama Code of 1975, as last amended, (b) the Declaration of Condominium for The Villas at Jones Valley Condominium, as amended from time to time, (the "Declaration") and (c) these Bylaws.

ARTICLE II
General

Section 1. Applicability. These Bylaws provide for the self government of The Villas at Jones Valley Condominium Association, Inc., an Alabama nonprofit corporation, in accordance with the Articles of Incorporation of The Villas at Jones Valley Condominium Association, Inc., an Alabama nonprofit corporation (the "Articles of Incorporation"), and the Declaration.

Section 2. Name. The name of the corporation is The Villas at Jones Valley Condominium Association, Inc. (the "Association").

Section 3. Membership. An Owner of a Unit shall automatically become a member of the Association ("Member") upon taking title to the Unit and shall remain a Member for the entire period of ownership. As may be more fully provided below, a spouse of a Member may exercise the powers and privileges of the Member. If title to a Unit is held by more than one Member, the membership shall be shared in the same proportion as the title, but there shall be only one membership and one vote per Unit. Membership does not include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. Membership shall be appurtenant to the Unit to which it appertains and shall be transferred automatically by conveyance of that Unit and may be transferred only in connection with the transfer of title.

Section 4. Majority. As used in these Bylaws, the term "majority" shall mean those votes, members, or other group, as the context may indicate, totaling more than fifty (50%) percent of the total number of votes, members, or other groups. Unless otherwise specifically stated, the words "majority vote" mean more than fifty (50%) percent of those voting in person or by proxy. Unless otherwise provided in the Declaration or these Bylaws, all decisions shall be by majority vote.

Section 5. Purposes and Powers. The Association shall have the purposes and powers set forth in the Association's Articles of Incorporation. Except as to those matters which either the Nonprofit Corporation Act, the Condominium Act, or the Declaration specifically require to be performed by the vote of the Association, the affairs and all powers shall be managed and exercised by the Board of Directors.

ARTICLE III Offices

Section 1. Registered Office. The Association shall maintain at all times a registered office in the State of Alabama and a registered agent at that office.

Section 2. Other Offices. The Association may also have offices at such other places both within and without the State of Alabama as the business of the Association may require.

ARTICLE IV Meetings of Members

Section 1. Place of Meetings. All meetings of the Members shall be held at the Condominium or at such other place within Madison County, Alabama as may be determined by the Board of Directors or the President and as shall be designated in the notice of said meeting.

Section 2. Annual Meetings. The regular annual meeting of the Members shall be held within the first three months of the fiscal year of the Association, in each year, on a day and at an hour set by the Board of Directors.

Section 3. Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President, or by a majority of the Board of Directors, or by written request of Members having twenty percent (20%) of the votes in the Association.

Section 4. Notice of Meetings. Not less than 10 nor more than 60 days in advance of any meeting, the Secretary or other officer specified in these Bylaws, shall cause written notice to be personally hand-delivered or sent prepaid by United States mail to each Member at the mailing address of each Unit or to any other mailing address designated in writing by the Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed as specified above with postage thereon prepaid. The notice of any meeting must state (a) the place, day and hour of the meeting, (b) the purpose or purposes for which the meeting is called, and (c) the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove an officer or a member of the Board of Directors.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any

meeting of the Association, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date and place thereof and the manner in which it has been called unless such Member attends the meeting solely for the purpose of stating, at the beginning of the meeting, any such objection or objections to the transaction of business.

Section 6. Voting. Each Unit shall be entitled to one vote. When more than one person owns a Unit, the vote for such Unit shall be exercised as they between or among themselves determine, but in no event shall more than one vote be cast with respect to any Unit. If only one of the multiple Owners of a Unit is present at a meeting of the Association, he is entitled to cast the vote allocated to his Unit. If more than one of the multiple Owners are present, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if any one of the multiple Owners casts the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. In the event of disagreement among such multiple Owners or an attempt by two or more of them to cast such vote, such multiple Owners shall not be recognized and such vote shall not be counted. No Member shall be eligible to vote, either in person or by proxy, or be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association.

If there is a quorum, the affirmative vote of Members holding the majority of the votes represented or present at the meeting, and entitled to vote on the subject matter shall be the act of the Members except as otherwise provided by law, by the Declaration, by the Articles of Incorporation or by these Bylaws.

Section 7. Quorum. Except as may be provided elsewhere, the presence, whether in person or by proxy, of Members entitled to cast one-fourth (1/4) of the votes of the Association, at the beginning of any meeting, shall constitute a quorum.

Section 8. Adjournment. Any meeting of the Association may be adjourned from time to time by vote of the Members holding the majority of the votes represented at such meeting at which a quorum is present at the beginning of such meeting. Any business which could be transacted properly at the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required.

Section 9. Proxy. The vote allocated to a Unit may be cast pursuant to a proxy duly executed by the Member(s) owning the same. If a Unit is owned by more than one member, each such Member may register protest to the casting of votes by the other Members owning the Unit through a duly executed proxy. A Member may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.

Section 10. Action Without Meeting. Any action required to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or documents filed with either the Probate Judge or Secretary of State.

ARTICLE V
Board of Directors

Section 1. Number. The Board of Directors shall consist of not less than three (3) directors and not more than five (5) directors and, subject to such limitations, may be increased or decreased from time to time by amendment to these Bylaws; provided that no decrease in number shall have the effect of shortening the term of any incumbent Director.

Section 2. Qualifications. Members of the Board of Directors shall be natural persons, but need not be residents of the State of Alabama.

Section 3. Appointment, Election and Terms of Office.

(a) Until the date upon which the Declarant's right to appoint and remove any member or members of the Board of Directors shall expire, as provided in the Declaration and the Articles of Incorporation, all of the members of the Board of Directors shall be appointed and removed by the Declarant.

(b) From and after the expiration of the aforesaid right of the Declarant, at each annual meeting of the Members, the Members shall elect a Board of Directors by vote of a plurality of the votes cast; provided, however, said election may also be conducted by mail.

(c) Effective at the first annual meeting of Members after the Declarant's aforesaid right expires, the Directors shall be divided into three classes, Class A, Class B, and Class C, each class to be as nearly equal in number as possible. The term of office of the Directors in the first class, Class A, shall expire at the first annual meeting of Members after the election of that class; the term of office of the Directors in the second class, Class B, shall expire at the second annual meeting after the election of that class; the term of office of the Directors in the third class, Class C, shall expire at the third annual meeting after the election of that class. At each annual meeting after such classification, the number of Directors equal to the number in the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. After classification of Directors has taken effect, each Director (whether elected at an annual meeting of members or otherwise) shall hold office until the annual meeting of members at which the term of his class expires and until a qualified successor shall be elected, or until his earlier death, resignation, incapacity to serve or removal.

(d) If the Board of Directors so decides, then in lieu of holding a meeting to elect a Board of Directors, the members may elect a Board of Directors by mail. In the case of an election of a Board of Directors by mail, written notice of such election shall be given as provided for above in Article IV, Section 4 of these Bylaws. The ballots shall be sent to the registered office of the Association in the State of Alabama or to such other place within or without the State of Alabama as may be determined by the Board of Directors or the President and as shall be designated in the notice of said election. Ballots cast by members entitled to cast one-half (½) of the votes of the entire membership shall be requisite and shall constitute a quorum, except as otherwise provided by law, by the Declaration, the Articles of Incorporation, or by these Bylaws. If there is no quorum, then the Board of Directors shall set another date for the election, to be held within a reasonable time, shall determine whether the election shall be conducted by mail or at a meeting, and shall give notice as provided for in Article IV, Section 4 of these Bylaws. If there is a quorum, the affirmative vote of members holding the majority of the votes cast and who are entitled to vote on the subject matter shall be the act of the Members except as otherwise provided by law, by the Declaration, by the Articles of Incorporation or by these Bylaws.

(e) Directors need not be Members.

(f) Each newly elected Board of Directors shall meet at the place and time which shall have been determined, in accordance with the provisions of these Bylaws, for the holding of the regular meeting of the Board of Directors scheduled to be held next following the annual meeting of the Members at which the newly elected Board of Directors shall have been elected, or, if no place and time shall have been fixed for the holding of such meeting of the Board of Directors, then immediately following the close of such annual meeting of Members and at the place thereof, or such newly elected Board of Directors may hold such meeting at such place and time as shall be fixed by the consent in writing of all Directors. In any such case no notice of such meeting to the newly elected Directors shall be necessary in order to legally constitute the meeting.

Section 4. Removal of Members of the Board of Directors. Notwithstanding any provision of the Declaration or these Bylaws to the contrary, the Members, by a two-thirds vote of all persons present in person and entitled to vote at any regular or special meeting of the Association at which a quorum in person (and not by proxy) is present, may remove any member of the Board of Directors with or without cause, other than a member of the Board of Directors appointed by the Declarant.

Section 5. 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 the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director elected or appointed, as the case may be, to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office. Any Directorship to be filled by

reason of an increase in the number of Directors may be filled by the Board of Directors for a term of office continuing only until the next election of Directors.

Section 6. Compensation. Directors shall not be compensated unless and to the extent the Members (except Declarant) of the Association authorize compensation at any meeting duly called for that purpose.

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time, either within or without the State of Alabama, as shall be determined from time to time by the Board of Directors.

Section 8. Special Meetings. Special meetings of the Board of Directors may be held at such time, either within or without the State of Alabama, as shall be called by the President on three (3) days notice to each Director given by mail, in person or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Section 9. Waiver of Notice. Whenever any notice is required to be given to any Director of the Association, a waiver thereof in writing signed by the Director entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. 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 waiver of notice.

Section 10. Conduct of Meetings, Quorum. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meeting. Roberts Rules of Order (latest edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration or these Bylaws unless otherwise agreed prior to the meeting by the Board of Directors. A quorum is deemed present throughout any meeting of the Board of Directors if Directors entitled to cast 50 percent of the votes on the Board of Directors are present at the beginning of the meeting. The act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law, by the Declaration, by the Articles of Incorporation or by these Bylaws. Except as may be otherwise restricted by the Articles of Incorporation or Bylaws, members of the Board of Directors may participate in a meeting of such board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

Section 11. Action Without a Meeting. Any action required to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or documents filed with either the Probate Judge or Secretary of State.

Section 12. Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Condominium and may do all such acts and things as are not by the Declaration, Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the Members. The Board of Directors shall have the power to adopt such rules and regulations as it deems necessary and appropriate and to impose sanctions for violations thereof, including without limitation, monetary fines.

Except as otherwise provided in the Declaration, the Articles of Incorporation, these Bylaws, or other provision of the Condominium Act, the Board may act in all instances on behalf of the Association. In the performance of their duties, the members of the Board are required to exercise (i) if appointed by the Declarant, the care required of fiduciaries of the members other than the Declarant and (ii) if elected by the members other than Declarant, ordinary and reasonable care. The Board may not act on behalf of the Association to amend the Declaration specified in Section 35-8A-217 of the Condominium Act, to terminate the Condominium described in Section 35-8A-218 of the Condominium Act, or to elect members of the Board or to determine the qualifications, powers and duties, or terms of office of Board members as provided in Section 35-8A-303(f) of the Condominium Act, but the Board may fill vacancies in its membership for the unexpired portion of any term.

Section 13. Delegation of Powers. The Board of Directors may delegate such powers as the Board of Directors may, from time to time, deem appropriate to other persons, entities or to a managing agent.

Section 14. Management Agent. The Board of Directors may employ for the Condominium 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. Moreover, any management contract shall comply with the requirements of the Condominium Act and the Declaration.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary, and the Treasurer. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary, and such other subordinate officers as in its judgment may be necessary. Any number of offices may be held by the same person.

Section 2. Qualifications. Officers shall be natural persons and Members, but need not be residents of the State of Alabama.

Section 3. Election of Officers. The officers of the 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. Each officer of the Association shall hold office for one year and until his successor is elected and has qualified or until his earlier resignation, death or removal, or the termination of his office.

Section 4. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected in place thereof.

Section 5. Vacancies. In the event of a vacancy of any office of the Association, said vacancy shall be filled by the appointment of an officer by the affirmative vote of a majority of the members of the Board of Directors, said appointed officer to hold office until his successor is elected and has qualified or until his earlier resignation, death or removal, or the termination of his office.

Section 6. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Nonprofit Corporation Act and the Condominium Act, including but not limited to the power to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 7. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 8. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a nonprofit corporation organized in accordance with Alabama law.

Section 9. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and

books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all moneys and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall be responsible for the preparation of the budget as provided in the Declaration. If the Association employs a management agent the duties may be delegated to the agent. In such case, the duties shall be performed by the Treasurer in conjunction with the management agent.

Section 10. Standard of Care. In the performance of their duties, the officers are required to exercise (i) if appointed by the Declarant, the care required of fiduciaries of the Members other than the Declarant and (ii) if elected by the Members other than Declarant, ordinary and reasonable care.

Section 11. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the 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.

Section 12. Amendments to the Declaration. Subject to the provisions of the Condominium Act, the Declaration, the Articles of Incorporation and other provisions of these Bylaws, the President may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

ARTICLE IX Rule Making

Section 1. Authority and Enforcement. The Board of Directors shall have the authority to make and to enforce reasonable rules and regulations governing the conduct, use, and enjoyment of Units and the Common Elements, provided that copies of all such rules and regulations be furnished to all Unit Owners. The Board of Directors shall have the power to impose reasonable fines which shall constitute a lien upon the Units and to suspend a Unit Owner's right to use the Common Elements and to suspend a Unit Owner's right to vote for violation of any duty imposed under the Declaration, these Bylaws or any rules and regulations duly adopted hereunder.

Section 2. Procedure. The Association and any aggrieved Unit Owner may bring an action against Unit Owners for the failure to comply with all lawful provisions of the Declaration, the Bylaws, the rules and regulations, or with decisions of the Association made by the Association pursuant to authority granted it by such documents. The Unit Owners shall have similar rights against the Association. To enforce compliance by the Unit Owners or those persons entitled to occupy Units with all lawful provisions of the Declaration, the Articles, Bylaws and rules and regulations, in addition to all other rights and remedies available to the Association, the Board of Directors shall be empowered to impose and assess fines and suspend temporarily the right of use of certain Common Elements in such manner and to such extent as the Board of Directors may from

time to time determine; provided, however, that no such suspension shall deny any Unit Owner or occupant or guests access to the Unit owned or occupied, nor cause any hazardous or unsanitary condition to exist.

Notice of any action by the Board of Directors shall be given to the Unit Owner in writing to the last known address for such Unit Owner by first class mail. Should Unit Owner be aggrieved by any such fine or suspension, Unit Owner may appeal by submitting notice in writing to Board of Directors within fourteen (14) day of the date of the notice. Such appeal shall be heard at the next Board of Directors meeting. If such meeting is specially scheduled, Board of Directors will give such aggrieved Unit Owner at least seven (7) days notice in writing to the last known address for such Unit Owner by first class mail. No appeal shall be heard if any fine has not been paid or if Unit Owner is delinquent in the payment of any other sum owed to the Association. If the appeal of the Unit Owner is successful and the fine or suspension is overturned, any such fine amount that has been paid shall be refunded.

ARTICLE X Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year commencing April 1st of each year and ending March 31st of each year.

Section 2. Financial Statement. A financial statement of the accounts of the Association shall be made annually and a copy of the report shall be furnished to each Unit Owner who requests a copy in writing. Upon written request of any First Mortgagee, such First Mortgagee shall be entitled to receive a copy of the annual financial statement within one hundred twenty (120) days after the end of each fiscal year. The Association shall provide to any First Mortgagee upon request an audited financial statement for the preceding fiscal year, provided that the expense for the audit shall be first paid by such First Mortgagee.

Section 3. Condemnation. In the event of a taking by condemnation or by eminent domain, the provisions of the Condominium Act shall prevail and govern. Each First Mortgagee shall be entitled to written notice of any such condemnation proceedings, and nothing in the Declaration, the Articles of Incorporation or the Bylaws shall be construed to give a priority to any Unit Owner over any rights of any First Mortgagee in the distribution of proceeds to a Unit Owner.

Section 4. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally, by posting on Unit, by hanging on Unit front door knob, or if sent first class mail, first class postage prepaid:

- (a) If to a Unit Owner, at the address which the Unit Owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Unit of such Owner; or

(b) If to the Association, the Board of Directors or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by the notice in writing to the Owners pursuant to this Section.

Section 5. Amendment. Except as (a) provided below and (b) by Article X and other provisions of the Declaration regarding amendments to certain provisions of the Bylaws, these Bylaws may be amended at an annual or special meeting of the Unit Owners by a vote of a majority of all Unit Owners. These Bylaws may also be amended by the Declarant alone to correct a scrivener's error or for the purpose of complying with the requirements of any governmental or quasi-governmental entity authorized to fund, purchase, or guarantee security deeds on individual Units, as such requirements may exist from time to time, or to comply with the requirements of any title insurance company. Notice of any meeting at which an amendment will be considered shall state that fact and the subject matter of the proposed amendment.

Section 6. Conflicts. In the event of conflicts between the Condominium Act, the Declaration, these Bylaws, and/or the Nonprofit Corporation Act, the provisions of the Condominium Act, the Declaration and the Nonprofit Corporation Act shall control, in that order.

Section 7. Severability. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 8. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 9. Gender and Grammar. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.