

**BYLAWS
OF
FAIRCLOUD ASSOCIATION, INC.**

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ARTICLE I

Name.

This corporation shall be known as FAIRCLOUD ASSOCIATION, INC. (herein referred to as the Association). The Association is also commonly known as the Faircloud Homeowners Association.

ARTICLE II

Place of Business.

The principal place of business of the Association shall be at 515 South Santa Fe Avenue, Edmond, Oklahoma 73003. Other offices may be maintained at such other places as the Directors may from time to time determine.

ARTICLE III

Purpose.

The purpose for which this not-for-profit corporation is formed is:

(a) To organize and operate an association to provide for the acquisition, construction, management, maintenance and care of Association property and to provide for the enforcement of all Declarations of Covenants, Conditions and Restrictions that are described below in ARTICLE IV, pertaining to the housing additions in Edmond, Oklahoma, known as Faircloud and Faircloud Hills including the Subdivisions designated as Faircloud I through Faircloud VIII and Faircloud Hills I through Faircloud Hills VI ("Faircloud/Faircloud Hills").

(b) To acquire own and provide for the maintenance and management of certain common areas located within housing additions in Edmond, Oklahoma, known as Faircloud and Faircloud Hills including the Subdivisions designated as Faircloud I through Faircloud VIII and Faircloud Hills I through Faircloud Hills VI ("Faircloud/Faircloud Hills") and to provide maintenance services for the Association property, in accordance with the Declarations of Covenants, Conditions and Restrictions that are described below in ARTICLE IV.

ARTICLE IV
Definitions.

Designation of Declarations of Covenants, Conditions and Restrictions

The Declarations of Covenants, Conditions and Restrictions for Faircloud and Faircloud Hills ("the Declarations") are those Declarations including amendments filed for the record in the office of the County Clerk of Oklahoma County, including, but not limited to the following:

Designation of Subdivision or Amendment	Date Filed	Book Number	Page Number
Initial Faircloud	October 15, 1982	4924	1591
Declaration Amendment	July 28, 1983	5038	1946
Faircloud II	September 26, 1983	5066	1572
Faircloud Hills	July 5, 1984	5196	230
Faircloud III	July 26, 1984	5205	1235
Amendment	April 4, 1985	5304	259
Amendment	October 7, 1985	5380	1083
Faircloud Hills II	April 17, 1989	5900	1987
Faircloud IV	May 19, 1989	5913	1361
Faircloud V	December 6, 1989	5987	1956
Faircloud VI	April 3, 1991	6154	357
Faircloud Hills III	September 18, 1991	6210	428
Faircloud VII	September 27, 1991	6213	1179
Faircloud VIII	January 23, 1992	6249	531
Faircloud Hills IV	July 20, 1993	6462	285
Faircloud Hills V	July 29, 1994	6635	1202
Faircloud Hills VI	July 29, 1994	6635	1204

All definitions contained in the Declarations shall apply to these Bylaws and are incorporated herein by reference. Any member of the Association as defined in the Declarations is subject to the provisions and regulations set forth in these Bylaws.

ARTICLE V
Membership.

(1) Members.

Every person who is a record owner of a fee or undivided interest in any single-family residential lot covered by said Declarations and any future declarations covering all or any part of the subdivisions which are subject by covenants of records to assessment by the Association, including contract sellers, shall be a member of the Association (herein referred to as a Member). The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No owner shall have more than one membership for each lot. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association. Ownership of such lot shall be the sole qualification for membership.

(2) General.

Each owner shall comply strictly with the provisions of the recorded Declarations and these Bylaws and amendments thereto.

(3) Good Standing.

A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of members, within the meaning of these Bylaws, if, and only if, he or she shall have fully paid all assessments

made and levied against him or her and the lot or lots owned by him or her, and is not in violation of any rule or regulation of the Association then in force.

(4) Proof of Ownership.

Any person, on becoming an owner of a lot, shall furnish to the Managing Agent or Board a true and correct copy of the original or certified copy of the recorded instrument vesting that person with an interest or ownership of the lot, which copy shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he or she be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

(5) Registration of Mailing Address.

The owner or several owners of a lot shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firms, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address of an owner or owners shall be furnished by such owner(s) to the Managing Agent or Board within fifteen (15) days after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the owners of the lot or by such persons as are authorized by law to represent the interest of the owner(s) thereof.

ARTICLE VI
Meetings.

(1) Annual Meeting.

Meetings of the membership in this Association shall be held at least annually by the last day of April of each year.

(2) Special Meetings.

Special meetings may be held at any time upon the call of the Board or upon written request of one-fifth (1/5) of the Members delivered to the Secretary of the Association. However, no meeting shall be called or held within thirty days of the preceding meeting.

(3) Quorums.

At any meeting of the Members of the Association, the presence at the meeting of Members and proxies representing one (1) fourth of all the Members of the Association shall constitute a quorum; provided, however, that if the required quorum is not present at any meeting duly called, the Members present, though less than a quorum, may give notice to all Members as required herein for the transaction to be considered, at an adjourned meeting, and at the adjourned meeting one-half (1/2) of the required quorum at the preceding meeting shall constitute a quorum.

(4) Notice.

The Secretary of the Association shall mail a notice of each meeting, stating the purpose(s) thereof, the item(s) on the agenda, including the general nature of any proposed Amendment(s) to the Declarations or Bylaws, as well as the time and place it is to be held, to each Member not less than ten (10) days nor more than sixty (60) days prior to said meeting.

ARTICLE VII
Voting.

(1) General.

Each Member shall be entitled to one (1) vote for each lot in which he or she holds the interest required for membership. When more than one person holds such interest in any lot, all such persons shall be members.

The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

(2) Proxy Votes.

All Members shall have the right to execute a proxy appointing and authorizing one person, and one alternate person, to attend all annual and special meetings of Members and to cast whatever vote the owner himself or herself might cast if he or she were personally present.

If title to a lot is held by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, such owners shall execute a proxy as described above. Such proxy shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that within thirty (30) days after such revocation, amendment or termination, the owners shall reappoint and authorize one person, and one alternate persons, to attend all annual and special meeting as provided by this paragraph.

**ARTICLE VIII
Board of Directors.**

(1) Election of Directors.

At each annual meeting, the Members shall elect persons to serve as Directors. Each person elected as a Director shall serve for the two ensuing years. The total number of Directors, constituting the Board of Directors ("the Board") is five (5). Two Directors shall be elected each even numbered year and three Directors shall be elected each odd numbered year.

At the special or annual meeting that adopts the changes in the number of Directors from three (3) to five (5) and that changes the term of office from one (1) year to two (2) years, the present Directors may choose to complete either a one or two year term. Two additional Directors shall be elected by those present at the meeting, to serve either one or two year terms, to expire when new directors are elected pursuant to the above paragraph.

(2) Board Vacancies.

Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the Members at the next annual meeting of the Association.

(3) Removal of Directors.

At any regular or special meeting of the Association duly called, any one (1) or more of the Directors may be removed with or without cause by two-thirds (2/3) of the quorum present, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. Should any Director miss three (3) consecutive regular meetings of the Board, he or she shall be automatically removed from the Board and a successor elected as provided for filling a vacancy on the Board.

(4) Regular Board Meetings.

Regular meetings of the Board 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 calendar quarter. Notice of regular meetings of the Board shall be given to each Director, personally, by mail, by telephone or by facsimile, at least five (5) days prior to the day named for such meetings.

(5) Special Board Meetings.

Special meetings of the Board may be called by the President on five (5) days' Notice to each Director, given personally, by mail, by telephone or by facsimile, which notice shall state the time, place (as herein provided) and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary of the Association in like manner and on like notice on the written request of one (1) or more Directors.

(6) Waiver of Notice.

Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

(7) Board Meeting Quorums.

At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board.

(8) Insurance.

The Board may require that all officers, Directors, managers, trustees and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity insurance or bonds. The premium on such insurance or bonds shall be a common expense.

(9) Compensation.

No Directors shall receive any compensation for acting as such. However, Members or Directors may be reimbursed for expenses incurred by them in the performance of Association business.

(10) Board Powers and Duties.

The Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the maintenance of the common areas.

The powers and duties of the Board shall include but not be limited to the following, all of which shall be done for and on behalf of the members of the Association:

(a) Administration. To administer and enforce the covenants, conditions and restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declarations.

(b) Rules. To establish, make and enforce compliance with such rules as may be necessary for the operation, use and occupancy of the common areas, with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each owner within five days following the adoption thereof.

(c) Maintenance of Common Areas. To keep in good order, condition and repair all of the common areas and all items of common personal property used by the owners in the enjoyment of the entire premises.

(d) Insurance. To insure the Association and to obtain and maintain comprehensive general liability insurance coverage for at least One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury and property damage.

(e) Budget; Determination of assessments; Increase or Decrease Same; Levy of Special Assessments. To prepare a budget for the Association, at least annually, determine the amount of common expenses payable by the Association to meet the common expenses of the Association, and by a majority vote of the Board to adjust, decrease or increase the amount of the annual assessments, and remit or return any excess funds, reserve for deferred maintenance and for replacement to the Members at the end of each operating year. To levy

and collect special assessments, whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies.

(f) Enforcement of Assessment Lien Rights. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner who may be in default as is provided for in the Declarations and these Bylaws. To collect interest at the rate of eighteen percent (18%) per annum in connection with assessments remaining unpaid more than thirty (30) days from the due date for payment thereof, together with all expenses, including attorney's fees incurred.

(g) Protect and Defend. To protect and defend the entire premises from loss and damage by suit or otherwise.

(h) Borrow Funds. To borrow funds pursuant to the authority granted by the provisions of the recorded Declarations and these Bylaws.

(i) Contract. To enter into contracts within the scope of their duties and powers.

(j) Bank Account. To establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board.

(k) Manage. To make repairs, additions, alterations and improvements to the common areas consistent with managing the project in a first class manner and consistent with the best interests of the Members.

(l) Annual Statement. To prepare and deliver annually to each Member a statement showing receipts, expenses and disbursements since the last such statement.

(m) Meetings. To meet at least once each quarter; provided, that any Board meeting may be attended and conducted by telephone or other device which permits all of the Directors in attendance to fully participate in such meeting, and provided further that any action required to be taken at any meeting of the Board, or any action which may be taken at such meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

(n) Personnel. To designate, employ and dismiss the personnel necessary for the maintenance and operation of the common areas or other administration of the project.

(o) Administration of Association. In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the governing and the operation of this project.

(p) Managing Agent. To employ for the Association a management agent (Managing Agent) who shall have and exercise all of the powers granted to the Board by the Declarations and Bylaws except for the powers of attorney-in-fact set forth in the Declarations.

(q) All Things Necessary and Proper. To do all things necessary and proper for the sound and efficient management of the project.

(r) Act for the Association. To take any action and perform any duties on behalf of the association unless such action or duties require a vote of the Members. If such action or duties which require a vote of the Members is approved by a vote of the Members, then the Board shall have the power to take such action and perform such duties on behalf of the association.

ARTICLE IX Officers.

(1) Offices.

The Officers of the Association shall be a President, First Vice President, Second Vice President, Secretary and Treasurer (herein referred to as Officers), all of whom shall be Directors.

(2) Election.

The Officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office subject to the continuing approval of the Board.

(3) Removal of Officers.

Upon an affirmative vote of a majority of the Board, any Officer may have his or her office removed either with or without cause, and his or her successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. Members of the Board may only be removed by vote of the Members as provided elsewhere in these Bylaws.

(4) Assistant Officers.

Assistant officers may be elected by the Board from time to time at the discretion of the Board. Such assistant officers need not be a Director. Assistant officers shall hold office subject to the continuing approval of the Board and may be removed by the Board at any Board meeting.

(5) President

The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board unless he or she is absent. The President shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the members from time to time as the President may, in his or her discretion, decide are appropriate to assist in the operation of the Association or as may be established by the Board or by the Members at any regular or special meeting.

(6) First Vice President

The First Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his or her inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he or she is directed to perform by the President.

(7) Second Vice President

The Second Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President and First Vice President, or their inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he or she is directed to perform by the President.

(8) Secretary.

The Secretary shall keep all the minutes of the meetings of the Board of Directors and the minutes of the meetings of the Association; the Secretary shall have charge of such books and papers as the Board may direct; the Secretary he shall, in general, perform all the duties incident to the office of Secretary and as is provided in the Declarations and these Bylaws. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last know addresses as shown on the records of the Association. Such list shall also show opposite each Member's name the number or other appropriate designation of the lot owned by such Member. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

(9) Treasurer.

The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the association. The Treasurer shall be responsible for all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. In the event a Managing Agent has the

responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the Managing Agent within fifteen (15) days after the first day of each month.

ARTICLE X Common Areas.

(1) Ownership.

Certain portions of the housing additions in Edmond, Oklahoma, known as Faircloud and Faircloud Hills, including the Subdivisions designated as Faircloud I through Faircloud VIII and Faircloud Hills I through Faircloud Hills VI ("Faircloud/Faircloud Hills") when dedicated and platted contain common areas that were deeded to and are owned by the Association.

(2) Right of Use.

Each Member may use the common areas in Faircloud and Faircloud Hills in accordance with the Declarations, subject to provisions and rules set out below.

(3) Delegation of Use.

Any Member may delegate, in accordance with the Bylaws, his or her right of enjoyment to the common area and facilities to the members of his or her family, his or her tenants or contract purchasers who reside on the property, subject to such rules, regulations and limitations as the Association may, from time to time, establish.

(4) Provisions of Use.

Every Member shall have a right and easement of enjoyment in and to the common areas and such easement shall be appurtenant to and shall pass with the title to every assessed lot, subject to the following provisions:

(a) The right of the Association to limit the number of guests of Members, the common areas which may be used by guests or Members, and the conditions under which common areas may be used by Members and/or their guests, subject to the terms and provisions hereof.

(b) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the common areas.

(c) The right of the Association, in accordance with its Articles of Incorporation and Bylaws and with the assent of a two-thirds (2/3) vote of a quorum of Members at a duly called meeting, to borrow moneys for the purpose of improving the common areas or any portion thereof, and the right of said mortgagee in said properties shall be subordinate to the rights of the Members hereunder.

(d) The right of the Association to suspend the voting rights and right to use of the recreational facilities by a Member for any period during which any assessment against his or her lot remains unpaid; and for a period not to exceed sixty (60) days for an infraction of its published rules and regulations.

(e) The right of the Association to dedicate or transfer all or any part of the common areas to any public agency, public authority or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association; provided, however, that no such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer and signed by two-thirds (2/3) of the Members is filed of record in the office of the County Clerk for Oklahoma County.

(5) Rules of Use.

Any other provision hereof to the contrary notwithstanding, all members of the Association shall have and possess the right to use and enjoy all of the common areas and all facilities and improvements thereon owned by the Association, which right may not be denied to any member without consent of all Members, provided however, that:

The Board may from time to time establish rules and regulations governing the use of the Association's common areas by Members and their guests; provided, that such rules and regulations as from time to time adopted shall be uniform as to all Members.

(6) Control and Management.

The Association Shall control, maintain, manage and improve the common areas as provided in said Declarations and in its Articles of Incorporation and Bylaws. Such right and power of control and management shall be exclusive.

**ARTICLE XI
Assessments.**

(1) General.

All Members shall be obligated to pay the annual assessments imposed by the Association to meet the common expenses. The assessments imposed hereunder shall be due and payable annually in advance. The amount of such assessments may be altered in accordance with the Declarations. The obligation of each owner to pay assessments shall be secured by a lien on the lot in favor of the Association and such obligation shall survive any sale thereof.

(2) Purpose of Assessment.

The assessment levied by the Association shall be used exclusively for the purpose of promoting the health, safety and welfare of the property owners, and, in particular, for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common areas and of dwellings, homes and other structures situated upon the properties, including, but not limited to, the maintenance of insurance thereon, repairs, replacement and additions thereto, ad valorem and other property taxes and assessments levied thereon, for the cost of labor, equipment, materials, management and supervision thereof, and utility services for the common areas.

(3) Personal Obligation of Assessment.

For each lot owned within the Development and for each additional lot which may hereafter come within the jurisdiction of the Association, and each owner of any lot in any platted area which is a part of the subdivision(s), by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the Association: (1) Annual assessments or charges; and (2) Special Assessments for capital improvements; such assessments to be fixed, established, and collected from time to time as herein provided.

(4) Maximum Annual Assessments.

The maximum annual assessment shall be \$250.00 per year, effective on and after January 1, 2001. After consideration of current maintenance costs and future needs of the Association, the Board may fix the annual assessment at an amount not in excess of the maximum. The maximum annual assessment may be increased as follows:

(a) From and after January 1, 2001, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership in conjunction with the rise, if any, of the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for the preceding month of July.

(b) From and after January 1, 2001 the maximum annual assessment of Members may be increased above that established by the Consumer Price Index formula by a vote of the Members for the next succeeding year and at the end of such period of one (1) year for each succeeding one (1) year; provided that, any such charge shall have the assent of two thirds (2/3) of the votes cast in person or by proxy, at the annual meeting or a meeting called for this purpose, written notice of which shall be sent to all Members not less than ten (10) not more than sixty (60) days in advance of the meeting setting out the purpose of the meeting.

(5) Special Assessment(s) for Capital Improvements.

In addition to the annual assessments authorized herein, the Association may levy in any assessment year a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the common areas, including the necessary fixtures and personal property related thereto; provided that, any such assessment shall have the assent of at least two-thirds (2/3) of the votes cast in person or by proxy, at the annual meeting or at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting; provided further, that the maximum amount of any special assessment which may be assessed against Members in any assessment year shall not exceed an amount equal to twice the annual dues assessed against Members for the same year.

(6) Uniform Rate of Assessment.

Both annual and special assessments must be fixed at a uniform rate for all Members and are to be collected on an annual basis.

(7) Commencement Date of Annual Assessments.

All assessment provided for herein shall apply to the owner of record as of the date the assessment is due. Annual assessments are due on January 1 of each year. The Board shall fix the amount of any assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of any assessment shall be sent to every owner subject thereto. The due date(s) shall be established by the Board. The Association shall, upon demand at any time, furnish a certificate in writing signed by an Officer of the Association setting forth whether the assessments on a specified lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid.

(8) Exempt Property.

The following property subject to the Declarations shall be exempt from the assessments:

- (a) All properties dedicated to and accepted by a local public authority;
- (b) The common areas;
- (c) All property designated for commercial use;
- (d) All properties owned by a charitable or not-for-profit organization exempt from taxation by the laws of the State of Oklahoma, except any such land or improvements devoted to dwelling shall not be exempt from said assessments.

(9) Effect of Non-Payment of Assessments and Remedies.

Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from its due date at an annual rate of eighteen percent (18%), or one and one-half percent (1.5%) per month, and the Association may bring an action at law against the owner personally obligated to pay same, and/or foreclose the lien against the property as provided by the laws of the State of Oklahoma for the foreclosure of a mortgage or deed of trust, with or without power of sale; and interest costs and reasonable attorneys' fees of such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the common areas or abandonment of his or her lot.

(10) Creation of Lien.

The annual and special assessments, together with such interest thereon and costs of collection thereof, as herein provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made, pursuant and superior to any homestead or other exemption provided by law, which lien may be enforced by the Association and may be foreclosed in any manner provided by the laws of the State of Oklahoma for the foreclosure of mortgages or deeds of trust, with or without power of sale. Each such

assessment, together with such interest, costs and reasonable attorneys' fees shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his or her successors in title unless expressly assumed by them; but, nevertheless, the lien above mentioned arising by reason of such assessment shall continue to be a charge and lien upon the land as above provided.

(11) Subordination of Lien to Mortgage.

The lien of the assessments provided for herein shall be subordinate to the lien of any first lien priority real estate mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot which is subject to any mortgage, pursuant to a decree of foreclosure under such first lien priority mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payment thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

**ARTICLE XII
Indemnification.**

The Association may indemnify, through insurance, commonly known as directors and officers liability insurance, every Director, officer, Managing Agent, their respective successors, personal representatives and heirs, against all loss, cost and expense, including counsel fees, reasonably incurred by him or her in connection with any action, suit or proceedings to which he or she may be made a party by reason of his or her being or having been a Director, officer or Managing Agent of the Association, except as to matters as to which he or she shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his or her duty as such Director, officer or Managing Agent in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director, officer or Managing Agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

**ARTICLE XIII
Application.**

It is understood that these Bylaws apply to all of the property described in the Declarations, which was developed in four or more sections. In addition to the property described in said Declarations, other adjacent or adjoining properties may be included, in which event the owners of lots in said additional property shall also be Members of the Association, and subject to these Bylaws.

**ARTICLE XIV
Amendments to Bylaws.**

These Bylaws may be amended in writing by the Association at a duly constituted meeting called for such purpose or in any regular meeting so long as the notice of such meeting sets forth the complete text of the proposed amendment. No amendment shall be effective unless approved by a seventy-five percent (75%) vote of the quorum of Members present or represented by proxy.

Revisions to the Bylaws shall take effect immediately upon their adoption unless another time is specified therein.

ADOPTED this 28th day of April, 2001.

Signed by Robert Mitchell, President and attested to by Janet Colgan, Secretary. Co-signed by the following Directors: Janet Colgan, Ronald Eley, Robert Mitchell, Jennifer Randall, and Mike Robberson