

BYLAWS
OF
MORGANTOWN PROPERTY OWNERS
ASSOCIATION INC.

ARTICLE I

NAME, OBJECT AND TYPE

1. The name of this corporation shall be "Morgantown Property Owners Association Inc."
2. The purpose for which the Corporation is organized is as follows:
 - (a) To maintain, operate and manage the common areas and facilities of a planned unit development known as Morgantown and generally being described as a portion of Government Lots 5 and 6 of Section 30, Township 9 South, Range 2 East, Baldwin County, Alabama; and to do all things incident, necessary, convenient, expedient, ancillary, or in aid of the accomplishment of the foregoing.
 - (b) To own, operate, lease, sell, trade or otherwise deal with such property, real or personal, as may be necessary or convenient in the administration of the planned unit development and the property owned by the association.
 - (c) This corporation shall have all of the common law and statutory powers of a corporation not for profit which are not in conflict with the purposes of the corporation.
 - (d) In furtherance of the purposes of this corporation, the corporation shall have all of the powers set forth in the Declaration of Covenants, Conditions and Restrictions for Morgantown Subdivision, including, but not limited to, the following irrevocable rights, powers and authority:
 - (e) To enforce the covenants, conditions and restrictions as contained in the declaration above referred to and to make, establish and enforce reasonable rules and regulations governing the administration, management and use of the corporation's property;
 - (f) To establish a budget for the operations of the corporation; to designate those expenses which shall constitute common expenses of the corporation; to make, levy and collect assessments against lot owners in and to the planned unit development as set forth in the Declaration of Covenants,

Conditions and Restrictions, and to use and expend the proceeds of assessments in the exercise of the powers and duties of the corporation.

- (g) To maintain, repair, replace and operate those portions of the property belonging to the corporation that it has the power, duty or right to maintain, repair, replace and operate under the Declaration of Covenants, Conditions and Restrictions.
- (h) To contract for the management of the corporation's property and to delegate to such agent(s) all or some of the powers, duties and responsibilities of the corporation.
- (i) To employ personnel to perform the services required for proper operation of the corporation and its property.
- (j) To purchase and maintain all forms of insurance on the corporation's property for the protection of its members.
- (k) To reconstruct the corporation's property after casualty or other loss.
- (l) To make additional improvements on and to the corporation's property.
- (m) To retain legal counsel at the expense of the corporation and to enforce by legal action the provisions of the Declaration of Covenants, Conditions and Restrictions and the rules and regulations of the corporation.
- (n) To acquire, by purchase or otherwise, lots in the planned unit development, and to hold, lease, mortgage and convey the same.
- (o) To license the use of the corporation's property in a manner not inconsistent with the rights of lot owners.
- (p) To pay taxes and assessments which are liens against any part of the corporation's property, and to assess such taxes and assessments against the lot owners subject to such liens for such purpose.
- (q) To pay the cost of all power, water, sewer, trash, garbage, and other utility services rendered to the properties owned by the corporation.
- (r) To adopt and establish bylaws for the operation of the corporation.

3. The corporation shall pay no dividends and shall distribute no part of its income to its members, directors or officers. Nevertheless, the corporation may pay compensation in a reasonable amount to its members, directors, and officers for services rendered and it may confer

benefits on its members in conformity with the Declaration of Covenants, Conditions and Restrictions and the purposes of the corporation. On termination, the corporation may make distributions to its members as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income. All funds and property acquired by the corporation and all proceeds therefrom shall be held and used for the benefit of the members of the corporation, in accordance with the provisions of the Declaration of Covenants, Conditions and Restrictions, these articles, and the bylaws.

4. The corporation is a non-profit corporation and no part of the net earnings or donations thereto shall ever inure to the personal benefit of an officer or director thereof. This corporation shall have corporate existence perpetually but in the event it should for any reason cease to function, no part of its property, funds or assets shall be used for any purpose not compatible with the general exemptions provided by Internal Revenue Code Section 501 (c), as currently written or subsequently amended.

ARTICLE II

MEMBERSHIP

1. Every Owner of a Lot that is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment.

2. The Association shall have two classes of voting membership:

a) Class A members shall be all Owners with the exception of Morgantown Inc. and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they month themselves determine, but in no event shall more than one vote be cast with respect to any one Lot.

amongst

b) The Class B member(s) shall be Morgantown Inc. and it shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(1) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(2) On January 1, 2007.

ARTICLE III

GOVERNMENT

1. Officers. The officers shall be a President, Vice-President, Secretary and Treasurer elected at the annual meeting of the Board of Directors of the corporation and each shall serve for a term of one year or until his or her successor is duly elected and qualified. Officers' duties shall be such as the title by general usage would indicate and such other duties as may be designated by the Board of Directors of the corporation from time to time. The President of the corporation shall also serve as the Chairman of the Board of Directors and the respective terms of officer shall be concurrent.

2. Reports. All officers of the corporation shall submit in writing a report of his activities upon completion of his term of office. This report shall be submitted to the Board of Directors not later than thirty (30) days after completion of his term of office.

3. Board of Directors. The affairs of the corporation shall be managed by a Board of Directors, and the President, Secretary and Treasurer elected at the annual meeting. The Board of Directors shall consist of no less than three and no more than twenty-one persons elected as hereinafter provided. The initial members of the Board of Directors shall serve on a rotating basis whereby one-third of the directors shall serve for a period of one year, the second third of the directors for a period of two years, and the third of the directors for a period of three years, with each new director serving a term of three years thereafter. The other directors shall be elected for a one, two or three year term, respectively.

Vacancies occurring on the Board of Directors of the corporation shall be filled by election by the board for the unexpired term of the vacating member or as otherwise provided by the bylaws of the corporation. Directors may succeed themselves and may be removed for cause. At all meetings of the Board of Directors, a quorum shall consist of not less than fifty percent (50%) of the members of the board present either in person or by proxy.

ARTICLE IV

FISCAL POLICIES

1. The fiscal year for all business transactions of the Corporation shall be each calendar year.

2. An operational budget shall be prepared by the President with the assistance of the Treasurer for approval of the Board of Directors at the annual or a specially called meeting of the Board for that purpose.

3. An annual audit shall be made after the close of the fiscal year of all accounts and books of the association by a competent public accountant selected by the Board of Directors.

4. No officer or director of the corporation shall be personally liable in any manner for any obligation of the corporation in the absence of malfeasance of office.

ARTICLE V

GENERAL PROVISIONS

1. There shall be an annual meeting of the Board of Directors during the month of May of each calendar year with ten (10) days written notice to the members of the board.

2. In the event of discontinuance of the corporation at any time during the period for any reason, the unused portion of the funds shall be used as determined by the Board of Directors, but such assets shall in nowise inure to the personal benefit of any director, officer or member.

3. The bylaws of the corporation may be amended at a regular or special meeting of the Board of Directors duly called for that purpose after seven (7) days notice in writing, delivered or posted in regular mail, by a majority of the directors of the Board of Directors in attendance and voting at such duly called meeting. The notice of said meeting to amend the bylaws or any article thereof shall also include a written statement of the proposed amendment.

4. Each person who shall have served as a director or officer of this corporation, or at its request as director or officer of another corporation in which it now owns or may hereafter own shares of capital stock or of which it now is or may hereafter be a creditor, shall be indemnified by the corporation against expenses and costs (including attorney's fees) actually and necessarily incurred by him in connection with any claim asserted against him, by action in court or otherwise, by reason of being or having been such director or officer, except when in any court proceeding he shall have been adjudged guilty of negligence or misconduct in respect of the matter in which indemnity is sought; provided, however, that the foregoing right of indemnifications shall not be exclusive of other rights to which he may be entitled by law.

5. Whenever, under the provisions of any law, the Articles of Incorporation or amendments thereto, or these bylaws, any notice is required to be given to any shareholder or director, a waiver thereof in writing signed by the persons or person entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

6. Any director or officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President of the corporation.

MORGANTOWN PROPERTY OWNERS
ASSOCIATION INC.

BY: _____
CHARLES E. PEARSON
Its President