

**BY LAWS OF
THE COTTAGES AT BLUE HERON LAKES
OWNER'S ASSOCIATION, INC.**

**ARTICLE I
PLAN OF UNIT OWNERSHIP**

Section 1.1 Applicability. These Bylaws provide for the governance of the Condominium* pursuant to the requirements of LSA R.S. 9:1123.106. The Condominium Property, located in East Baton Rouge Parish, Louisiana, and more particularly described in the Declaration, has been submitted to the provisions of the Condominium Act by recordation of the Declaration in the conveyance records of East Baton Rouge Parish, Louisiana.

Section 1.2 Compliance. Pursuant to the provisions of LSA R.S. 9:1124.115, every Unit Owner and all those entitled to occupy a Unit shall comply with these Bylaws.

Section 1.3 Office. The office of the Condominium, the Association, and the Board of Directors shall be located at the Condominium Property or at such other place as may be designated from time to time by the Board of Directors.

**ARTICLE II
UNIT OWNERS ASSOCIATION**

Section 2.1 Composition. The Association shall consist of all Unit Owners acting as a group in accordance with the Condominium Act pursuant to the Declaration and these Bylaws. For all purposes the Association shall act merely as an agent for the Unit Owners as a group. The Association shall have the responsibility of administering the Condominium Property, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium Property and performing all of the other acts that may be required or permitted to be performed by the Association by the Condominium Act and the Declaration. Except as to those matters which the Condominium Act specifically requires to be performed by the vote of the Members, the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth in Article III of these Bylaws.

Section 2.2 Membership. Any person on becoming an owner of a Unit in the Condominium, as evidenced by the recordation in the public records of an instrument conveying ownership of a Unit shall automatically become a "Member" of this Association and be subject to these Bylaws. Such Membership shall terminate without any formal Association action whenever such person ceases to own a Unit. Such termination shall not relieve or release any such former Unit Owner from any liability or obligation incurred under or in any way connected with the Condominium during the period of ownership and Membership in the Association, or impair any rights or remedies which the Board of Directors of the Association or others may

* Unless otherwise provided for in these Bylaws, capitalized terms used herein shall have the meanings specified for such terms in the Declaration Creating and Establishing a Condominium Regime for The Cottages at Blue Heron Lakes or, if not defined therein, the meanings specified for such terms in LSA R.S. 9:1121.103.

have against such former Unit Owner and Member arising out of or in any way connected with such Ownership and Membership and the covenants and obligations incident thereto.

ARTICLE III BOARD OF DIRECTORS

Section 3.1 Number and Election. The powers of this Association shall be exercised by a Board of Directors consisting of three (3) members in good standing, who shall be elected by majority vote of the Members. Initially, the Board of Directors shall be appointed by the Declarant. The initial Directors need not be Members and shall serve until their successors shall have been duly elected and qualified at the first annual or special meeting of the Members of the Association to be held after termination of Declarant control in accordance with these Bylaws.

Section 3.2 Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Condominium Act, the Declaration or by these Bylaws required to be exercised and done by the Members of the Association. The Board of Directors shall have the power from time to time to adopt any Rules deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such Rules shall not be in conflict with the Condominium Act, the Declaration or these Bylaws. In addition to all other duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall on behalf of the Association:

(a) Prepare an annual budget, in which there shall be established the assessments of each Unit Owner for the Common Expenses.

(b) Make assessments against Unit Owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the Unit Owners and establish the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in accordance with Article IX of these Bylaws.

(c) Provide for the operation, care, upkeep and maintenance of all the property and services of the Condominium.

(d) Designate, hire and dismiss the personnel necessary for maintenance, operation, repair and replacement of the Common Elements and provide service for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Condominium Property.

(e) Collect the assessments against the Unit Owners, deposit the proceeds thereof in Bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Condominium Property.

(f) Make and amend the Association's Rules with the approval of not less than eighty (80%) percent of the vote of the Members of the Association.

(g) Amend these Bylaws and the Articles by a majority vote, but subject to Article XIII of these Bylaws.

(h) Open bank accounts on behalf of the Association and designate the signatories thereon.

(i) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Condominium Property, and repairs to and restoration of the Property. In accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(j) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules for and on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding.

(k) Obtain and carry insurance against casualties and liabilities, as provided in Article XI of the Declaration, pay the premiums therefore and adjust and settle any claims thereunder.

(l) Pay the cost of all authorized services rendered to the Unit Owners Association and not billed to Unit Owners of individual units or otherwise provided for in Article XI of these Bylaws.

(m) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Condominium Property, and the administration of the Condominium specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same shall be audited at least once each year by an independent accountant retained by the Board of Directors who shall not be a resident of the Condominium or a Unit Owner. The cost of such audit shall be a Common Expense.

(n) Notify a Mortgagee of any default hereunder by the Unit Owner or the Unit subject to such Mortgage, in the event such default continues for a period exceeding 30 days.

(o) Borrow money on behalf of the Association when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the Common Elements, provided, however, that the consent of at least 2/3 in number and in Ownership Interest of all Unit Owners, obtained at a meeting duly called and held for such purpose

in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of \$5,000.00.

(p) Furnish a "Certificate of Resale" within ten (10) days after the receipt of a written request therefore from any Unit Owner substantially in the form set forth on Exhibit "A" to these Bylaws and designated "Certificate of Resale".

(q) Do such other things and acts not inconsistent with the Condominium Act, the Declaration or these Bylaws which the Board of Directors may be authorized to do by a resolution of the Members of the Association.

(r) As a practical matter, any one of the duties indicated herein may be carried out by a Manager as so delegated by the Board of Directors. Notwithstanding the foregoing, only the Board of Directors may exercise the voting rights designated herein to the Board of Directors and the Board of Directors shall bear the ultimate authority and responsibility to see that all acts delegated to a Manager are carried out.

Section 3.3 Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as the directors shall determine. Special meetings of the Board may be called by the President or Secretary on five (5) days notice to each director, either personally or by mail; special meetings shall be called by the President or Secretary in like manner pursuant to receiving a written request for such from at least two directors. Immediately following the adjournment of the annual meeting of the members of the Association, the newly-elected directors shall hold a meeting for the purpose of organization and the transaction of any other business.

Section 3.4 Quorum. A majority of the directors shall constitute a quorum of the Board.

Section 3.5 Term. The directors shall serve for a term of one year, or until the next annual meeting of the members, or until their successors shall have been duly elected and qualified.

Section 3.6 Directors of the Association may participate in any Director's meeting by means of conference telephone or similar communication if all persons participating in such meeting can hear one another for the entire discussion of the matter(s) to be voted upon. Participating in a meeting pursuant to this Section shall constitute presence in person at such meeting.

Section 3.7 Any action which may be taken at any meeting of the Board of 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 filed with the records of proceedings of the Board. Further, any action of the Board may be had between its regular meetings upon the consent or approval in writing of a majority of the whole Board.

Section 3.8 Presumption of Assent. Any Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be

presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting and unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.9 Open Meetings. Regular and special meetings of the Board of Directors shall be open to Members of the Association, but Members who are not Directors may not participate in any deliberations or discussions unless the Board of Directors expressly so authorizes such participation at the meeting. The Board of Directors may adjourn any meeting and reconvene in closed executive session to discuss and vote upon actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, matters involving the invasion of privacy of individual Owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board of Directors. The nature of any and all business to be considered in closed executive session shall first be announced in open session.

Section 3.10 Director Indemnification.

(a) The officers and members of the Board of Directors shall not be liable to the Association for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the officers and directors from and against all contractual liability to others arising out of contracts made by the officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act, the Declaration or these Bylaws, except to the extent that such liability is covered by directors and officers liability insurance. Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. The liability of any Unit Owner (only as it relates to all other Unit Owners in the Condominium) arising out of any contract made by the officers or Board of Directors, or out of the aforesaid indemnity in favor of the members of the Board of Directors or officers, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of a percentage interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by his percentage interest in the Association. Every agreement made by the officers, the Board of Directors or the Managing Agent, if any, on behalf of the Association, shall, if obtainable, provide that the officers, the members of the Board of Directors or the Managing Agent, if any, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Percentage Interest in the Condominium.

(b) The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to person or property caused by the elements or by the Unit Owner of any Condominium Unit, or any other person, or resulting from electricity, water, snow or

ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort, arising from the making of repairs or improvements to the Common Elements or from any action taken by the Unit Owners Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 3.11 Except with respect to Directors appointed by Declarant, at any regular or special meeting duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a Majority of the Unit Owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Unit Owners shall be given at least seven (7) days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Board of Directors may resign at any time and shall be deemed to have resigned upon disposition of his Unit.

Section 3.12 Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board of Directors for the remainder of the term of the member being replaced and until such successor shall be elected at the next annual meeting of the Association. Notwithstanding anything to the contrary in this Article, so long as Declarant maintains control, in accordance with these Bylaws, the Declarant shall designate the successor to any resigned or removed member previously appointed by Declarant.

ARTICLE IV OFFICERS

Section 4.1 The officers of this Association shall be appointed by the Board of Directors. There shall be a President, Vice President, Secretary and Treasurer. Two or more offices may be combined in one person.

The duties of the several officers shall be as follows:

President: The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Members and directors; he shall have general and active management of the business of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall have all 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 Owners to assist in the administration of the affairs of the Association.

Vice President: In the event of absence or incapacity of the President as outlined above, the Vice President shall assume the duties of President. In the absence of the Secretary or Treasurer, the duties of such officer shall devolve upon the Vice President in his capacity as Assistant Secretary or Assistant Treasurer.

Secretary: The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. He shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of the Secretary. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known address as shown on the records of the Association. Such lists shall show each Member's name and the number of Members. 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.

Treasurer. The Treasurer shall have charge of all funds of the Association and of their disbursement under the direction of the Board of Directors. He shall keep a record of all monies received and paid out, and make a report of the same to the Board of Directors at each regular meeting thereof and whenever requested to do so. He shall also have the authority, as does the President, to sign all checks, drafts and notes on behalf of the Association.

Section 4.2 The compensation, if any, of all officers shall be fixed by the Board of Directors.

Section 4.3 The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. The Board need not appoint a Vice President or a Treasurer; if either or both are not appointed, those functions shall be discharged by the Secretary.

Section 4.4 The officers of the Association shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time with or without cause by the affirmative vote or approval in writing of a majority of the whole Board of Directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the affirmative vote or approval in writing of a majority of the Board of Directors.

Section 4.5 In the case of the absence of any officer of the Association other than the President, or for any other reason that the Board may deem sufficient as to any officer other than the President, the Board may delegate, for the time being, the powers or duties, or any of them, of such officer to any other officer, or to any director, provided a majority of the entire Board concurs therein.

Section 4.6 Authorized Agents. Except when the Condominium Documents require execution of certain instruments by certain individuals, the Board of Directors may authorize any person to execute instruments on behalf of the Association. In the absence of such a designation, the President and the Treasurer shall be the only persons authorized to execute instruments on behalf of the Association.

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ARTICLE V MEMBER MEETINGS

Section 5.1 All meetings of the Members shall be held open to all Unit Owners, and shall be held at the Condominium or a suitable place convenient to the Members, as determined by the Board of Directors.

Section 5.2 The general annual meeting of Members for the election of directors and the transaction of other business shall take place on the second Tuesday in January in each year, or the first business day thereafter when such day is a legal holiday, beginning with the year following incorporation.

Section 5.3 Special meetings of the Members of the Association may be called at any time by the President, or on the request in writing to the President, of a majority of the Board of Directors.

Section 5.4 Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, shall be called by the President or Secretary at the request in writing of members owning fifty-one (51%) percent of the Units in the Condominium. Such request shall state the purpose or purposes of the proposed meeting.

Section 5.5 At any meeting of the Members every Member having the right to vote shall be entitled to vote in person, or by proxy as authorized by the provisions of the Louisiana Business Corporation Law.

Section 5.6 Written notice of the annual meeting or any special meeting of the Members shall be mailed, postage prepaid, at least ten (10) days before such meeting, to the address of each Unit Owner in the Condominium. The notice for any special meeting shall state the purpose of the meeting. All meetings of the Members of the Association may, however, be called without notice, by a written waiver of the right to such notice by every person entitled thereto.

Section 5.7 Business transacted at all special meetings shall be confined to the objects stated in the notice.

Section 5.8 Ineligibility. The Board of Directors may determine that no Member may (i) vote at meetings of the Association or (ii) be elected to serve as a Director if the Member's financial account with the Association is in arrears on the record dates provided below, provided each ineligible Member shall be given notice of the arrearage and an opportunity to become eligible. The Board of Directors may specify the manner, place, and time for payment for purposes of restoring eligibility.

Section 5.9 Record Dates.

(a) **Determining Voting Eligibility.** The Board of Directors shall fix a date as the record date for determining the Members entitled to vote at a meeting of the

Association. The record date may not be more than sixty (60) days before the date of a meeting of the Association at which Members will vote.

(b) Adjournments. A determination of Members entitled to notice of or to vote at a meeting of the Association is effective for any adjournment of the meeting unless the Board of Directors fixes a new date for determining the right to notice or the right to vote. The Board of Directors must fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date more than 90 days after the record date for determining Members entitled to notice of the original meeting.

Section 5.10 At all meetings of Members, the order of business shall be, as far as applicable and practicable, as follows:

- (a) Organization;
- (b) Proof of notice of meeting or of waivers thereof (the certificate of the Secretary of the Association, or the affidavit of any other person who mailed the notice or caused the same to be mailed, being proof of service of notice by mail);
- (c) Submission by the Secretary of a list of members entitled to vote, present in person or by proxy;
- (d) If an annual meeting, reading of the minutes of the preceding meeting, and action thereon;
- (e) Reports;
- (f) If at a meeting called for that purpose, the election of directors;
- (g) Unfinished business;
- (h) New business;
- (i) Adjournment.

ARTICLE VI MEMBERSHIP

Section 6.1 Membership Classes. Membership in the Association shall be divided into two (2) classes designated respectively as Class A and Class B.

Section 6.2 Class A. Class A shall be composed of the Owners of the Units, excluding the Declarant, in the Condominium. Each such person shall be entitled to only one vote for each Unit owned. When more than one person or entity owns a Unit in the Condominium, all such persons or entities shall be Members and the vote for such Unit shall be exercised as they among themselves determine and designate in writing to the Association Secretary. When a legal entity owns a Unit, such Owner shall designate a natural person, in writing, to the Association Secretary to be the Member and only such designated person shall be

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entitled to vote for such Unit. In no event shall more than one (1) vote be cast with respect to any one Unit.

Section 6.3 Class B. Membership Class B shall be composed of the Declarant. The Declarant shall be a member of Class B until such time as the conditions for termination of the Declarant's voting rights provided below. The Declarant shall be entitled to appoint the initial Board of Directors of the Association and the initial officers and to fill any vacancy on the Board and replace any resigned officer and take any other action requiring a simple majority vote of Members of the Association. This right will terminate upon the occurrence of one of the following, whichever occurs first:

- (a) Four (4) months after 100% of the units in The Cottages at Blue Heron Lakes have been conveyed to unit purchasers, or
- (b) Three (3) years after the first unit in The Cottages at Blue Heron Lakes is conveyed, or
- (c) Voluntary withdrawal by the Declarant.

ARTICLE VII DECLARANT CONTROL

Section 7.1 Notwithstanding any provision herein to the contrary or in the Declaration, the Declarant shall retain control over management of the affairs of the Association. This retention of control shall be for the benefit of the Unit Owners and any Mortgagees of Record and for the purpose of insuring both a complete and orderly conversion and a timely sellout of the Condominium Units. This control shall terminate in accordance with the provisions contained herein regarding termination of the Declarant's voting rights.

Section 7.2 After termination of the Declarant's voting rights, as provided for herein, at the next regularly scheduled annual meeting of the Members, or, if necessary, at a special meeting called in accordance with the provisions herein, an election shall be held for the purpose of electing a new Board of Directors and new officers in accordance with the provisions herein for such elections.

ARTICLE VIII NON-LIABILITY OF DECLARANT

Declarant shall not be liable in any manner for any claims that may be asserted against a Unit Owner or against the Association, except for such claims related to acts or obligations of the Declarant.

ARTICLE IX OBLIGATIONS OF THE UNIT OWNERS

Section 9.1 Proof of Ownership. Except for those Unit Owners who initially purchase a Unit from Declarant, any person, on becoming an Owner of a Unit, shall furnish to

the Board of Directors evidence of ownership in the Unit, in a form and substance required by the Board of Directors from time to time and acceptable to the Board of Directors, which evidence shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor be entitled to vote at any annual or special meeting of the Association unless this requirement is first met.

Section 9.2 Unit Owners' Addresses. Not later than the 30th day after the date of acquiring an interest in a Unit, the Unit Owner shall provide the Association with: (i) the Unit Owner's mailing address and telephone number (ii) the name and telephone number of any person occupying the Unit other than the Unit Owner; and (iii) the name, address, and telephone number of any person managing the Unit as agent of the Unit Owner. A Unit Owner shall notify the Association not later than the 30th day after the date the Unit Owner has notice of a change in any of the foregoing information, and shall provide the information on request by the Association from time to time. If a Unit Owner fails to maintain a current mailing address with the Association, the address of that Owner's Unit shall be deemed to be his or her mailing address.

Section 9.3 Registration of Mortgagees. A Unit Owner who mortgages his or her Unit shall furnish the Board of Directors with the name and mailing address of his or her mortgagee. An obligation in the Condominium Document to provide information to a mortgagee need not be fulfilled if the name and mailing address of the mortgagee is not provided by the Unit Owner.

ARTICLE X ASSOCIATION RECORDS

Section 10.1 Records. The Association shall use its best efforts to keep the following records:

(a) Minutes or a similar record of the proceedings of meetings of the Members of the Association.

(b) Minutes or a similar record of the proceedings of meetings of the Board of Directors.

(c) The name and mailing address of each Member, the currency and accuracy of the information being the responsibility of the Members.

(d) The name and mailing address of each mortgagee of a Unit Owner, the supply of, and the currency and accuracy of, the information being the responsibility of each Member and such Member's mortgagee.

(e) Financial records and books of account for the Association that comply with generally accepted accounting principles and that are sufficiently detailed to enable the Association to prepare a resale certificate as provided for in the Act and these By-Laws. Such financial records and books of account shall specify the maintenance and repair

expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and Unit Owners.

(f) The plans and specifications acquired by the Association over time for improvements to the Condominium as provided to the Association by the Declarant or the Unit Owners.

(g) Copies of income tax returns prepared for the Internal Revenue Service.

(h) Copies of the Condominium Documents and all amendments to any of these.

(i) All voting records, proxies, and correspondence by which amendments to the Condominium Documents were approved for at least four (4) years after adoption of such amendment.

Section 10.2 Inspection of Books and Records. A Unit Owner, on written demand stating the purpose of the demand, has the right to examine and copy, in person or by agent, accountant, or attorney, at any reasonable time, for any proper purpose, the books and records of the Association relevant to that purpose, at the expense of the Unit Owner. The Association shall be entitled to appoint a person to be present during the inspection and to charge a reasonable fee for the inspection.

ARTICLE XI ASSESSMENTS

Section 11.1 Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(i) At least 45 days before the beginning of the fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and Limited Common Elements and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services.

(ii) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general

operating reserve and reserves for contingencies and replacements. At least thirty (30) days before the beginning of the fiscal year, the Board of Directors shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of projected expenses for the upcoming year for the Common Elements and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owner's assessment for the Common Elements of the Association.

(c) Assessment and Payment of Common Expenses. Subject to the provisions of Article 13 of the Declaration, the total amount of estimated funds required for the operation of the Condominium Property, as set forth in the budget adopted by the Board of Directors, shall be assessed against each Unit Owner in proportion to his respective ownership interest in the Condominium Property and shall be a lien against each Unit Owner's Unit as provided in Article 13 of the Declaration. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the Manager, if any, (as determined by the Board of Directors), 1/12 of such assessment. Any assessment paid after the 10th of each month shall be subject to late fees, in accordance with the Declaration. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Board of Directors deems it advisable, be credited according to each Unit Owner's Percentage Interest in the Condominium Property for the next monthly installment due from Unit Owners under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Percentage Interest and shall be payable (1) with the next monthly installment due or (2) in not more than six (6) equal monthly installments, as the Board of Directors may determine.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, The Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their ownership interest in the Condominium, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten (10) days after the delivery of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in the preceding paragraph (c).

(e) Initial Capital Payment.

(i) Upon taking office, the first Board of Directors elected or appointed pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period commencing thirty (30) days after such election and ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as provided in paragraph (c) of this Section.

(ii) The Declarant, as agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "initial capital payment" equivalent to twice the estimated monthly assessment for Common Expenses for such purchaser's Unit. The Declarant will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Association.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notice of the monthly payment which is due more than ten (10) days after such new annual or adjusted budget shall have been delivered.

Section 11.2 Collection of Assessments. The Board of Directors, or the Manager, if any, at the request of the Board of Directors, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

Section 11.3 Statement of Common Expenses. The Board of Directors shall promptly provide any Unit Owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation to the extent permitted by the Condominium Act.

ARTICLE XII CHECKS

All checks, drafts and notes of the Association shall be signed by the President or the Treasurer, or by officers or other persons as the Board of Directors may from time to time designate.

ARTICLE XIII AMENDMENTS

Section 13.1 The Articles and these Bylaws may be altered or amended or repealed by the Board of Directors by a majority vote, subject to the right of the Members of the

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Association to override said vote at a meeting duly constituted for such purpose and by a two-thirds (2/3) vote of the Unit Owners. In no event shall the Bylaws be amended to conflict with the Declaration. In the event of a conflict between the Bylaws and the Declaration, the Declaration shall control.

Section 13.2 Notwithstanding the foregoing, Declarant, acting alone, may amend, modify, supplement, or delete portions of these Bylaws during the period Declarant exercises voting control in accordance with these Bylaws and take any other action necessary to carry out the purposes for which the Association was organized.

ARTICLE XIV MISCELLANEOUS

Section 14.1 Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given, unless otherwise stated herein, if delivered personally or if sent by registered or certified mail, return receipt requested, postage prepaid (or otherwise as the Condominium Act may permit), (i) if to a Unit Owner, at the address which the Unit Owners shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit, or (ii) if to the Unit Owners Association, the Board of Directors or to the Managing Agent, if any, at such address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one person, each such Person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 14.2 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 14.3 Gender. The use of the masculine gender in these Bylaws should be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 14.4 Construction. These Condominium Instruments are intended to comply with all of the applicable provisions of the Louisiana Condominium Act and shall be so interpreted and applied.

EXHIBIT "A" TO THE BY-LAWS
CONDOMINIUM CERTIFICATE OF RESALE

TO: _____
FROM: _____
RE: Condo Unit No. _____ at The Cottages at Blue Heron Lakes, Zachary, LA

Pursuant to Section 1124.107 of the Condominium Act, we hereby certify that as of the date hereby, except as herein stated:

A. The status of assessments with respect to the Condominium Unit is as follows:

Current assessment due: _____ \$ _____

Assessment in arrears: _____ \$ _____

TOTAL DUE \$ _____

B. The Condominium Instruments do not create any rights of first refusal or other restraints on free alienability of any of the Condominium Units.

C. The following, if any is a list of all capital expenditures anticipated by the Association within the current or succeeding two fiscal years: _____

D. As of the date of this Certificate, there is an outstanding booked balance in the reserve for replacement fund of approximately \$ _____. Of that balance, the following amounts, if any, have been designated by the Board of Directors for the following specific projects:

E. Attached to this Certificate is a copy of the statement of financial condition of the Association for the year ended _____, _____, the last fiscal year for which such statement is available.

F. There are no unsatisfied judgments against the Unit Owners Association nor any pending suits in which the Association is a party except as follows: _____

G. The Association holds hazard, property damage and liability insurance policies as required by the Declaration. It is suggested that each Unit Owner obtain his own insurance covering property damage to his Unit (not covered by the Association policy) and personal property contained therein as well as insurance covering personal liability. You are urged to consult with your insurance agent.

H. Improvements and alterations, if any, made to the Condominium Unit or the Limited Common Elements assigned thereto are not in violation of the Condominium Instruments except as follows:

The information contained in this Certificate of Resale, issued pursuant to Section 1124.107 of the Condominium Act, as amended, based on the best knowledge and belief of the Association, is current as of the date hereof.

The name and address of the President of the Association is: Kelly Russell, in Care Of: The Business Investment Group, L.L.C., Baton Rouge, LA 70809

The Association may charge a fee for the preparation of this Certificate for Resale as allowed by Law.

Dated this ____ day of ____, 20__.

THE COTTAGES AT BLUE HERON
LAKES OWNER'S ASSOCIATION, INC.

By: Mark K. Russell
Name: MARK K. RUSSELL
Title of Office: PRESIDENT