

New

**BY-LAWS
FOR
SILVER CREEK SUBDIVISION RESIDENTS ASSOCIATION, INC.**

The following By-Laws have been adopted and passed by The Silver Creek Subdivision Residents Association on the _____ day of _____, 2003. These By-Laws shall apply to the above-named corporation (herein referred to as "Residents Association") and to all present and future owners, tenants and occupants of any lot in any section of Silver Creek Subdivision (herein referred to as the "Subdivision").

ARTICLE I

Membership

Section 1. Qualifications – All owners of lots in the Subdivision are members of the Corporation. The owner of any lot upon acquiring title thereto shall automatically become a member of the Residents Association and shall remain a member thereof until such time as his or her ownership of such lot ceases for any reason, at which time his or her membership shall automatically cease. One lot ownership is equivalent to one membership.

Section 2. Location of Meetings – Meetings of the membership shall be held in Jefferson County at a place convenient to the membership as designated by the Board of Directors.

Section 3. Annual Meetings – Annual meetings of the membership shall be held in July of each year unless a different time is chosen by the Board of Directors.

Section 4. Special Meetings – Special meetings of the membership may be held at any time upon the call of the President of the Board of Directors or by a petition signed

by at least twenty-five percent (25%) of the membership and presented to the Secretary of the Board of Directors.

Section 5. Notice of Meetings – The Secretary of the Board shall give written or printed notice of each annual and special meeting to the membership at least five days prior to the date set for such meeting. This notice shall specify whether it is an annual or special meeting, the authority for the call thereof, the location, time and purpose. This notice shall be delivered to the membership by hand-delivery to each member, U.S. mail, e-mail, or by printed newsletter to the membership. If notice is given pursuant to the provisions of this section, the failure of any member to receive actual notice of the meeting shall in no way invalidate such meeting or any actions taken. The presence of any member in person or by proxy shall be deemed a waiver of any required notice to such member unless he/she shall at the opening thereof object to the holding of such meeting due to the failure to give notice in accordance with the provisions hereof.

Section 6. Quorum – The presence at any meeting in person or by proxy of members owning thirty-three percent (33%) of the eligible lots in the Subdivision shall constitute a quorum, and except for removal of directors and amendments of Declaration of Covenants, Conditions and Restrictions (herein called “Deed Restrictions”) or these By-Laws, the acts of a majority of the members present, in person or by proxy, at any meeting at which a quorum is present shall be the acts of the membership. For the above noted exceptions, quorum is fifty-one percent (51%) of the eligible voting members.

Section 7. Voting – Each member of the Residents Association shall be entitled to one vote per lot owned by that member. Only members whose dues and other assessments have been paid in full shall be qualified to vote. Votes may be cast in person

or by proxy by the member. An executor, administrator, guardian or trustee may vote on behalf of any lot/membership controlled by him/her in such capacity. If there is more than one owner of a lot only one vote per lot shall be cast and may be done so by any of the owners without necessity of obtaining a proxy from the other owners. If the owners of a lot disagree as to the vote and such disagreement is made known to the Board of Directors prior to the vote, then each owner of the lot shall be permitted to cast a fractional vote in accordance with his/her share of ownership interest. Owners in joint tenancy or tenancy by the entirety shall each be permitted to cast a one-half fractional vote. For any vote to pass there must be a majority of the appropriate quorum voting in the affirmative.

Section 8. Proxies and Pledges - A proxy given by a member to another person shall be in writing, signed by the member, and delivered to the Secretary of the Board of Directors at the commencement of any meeting or by mail prior to the meeting in which the vote of the proxy shall be exercised. A new proxy is required for each meeting. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale or lease of any lot or interest therein shall be exercised only by the person designated in the instrument. A copy of said instrument shall be filed with the Board through the Secretary. It shall remain in effect until the written notice of release or termination is filed with the Board.

ARTICLE II

Board of Directors

Section 1. Number and Qualification – The Residents Association shall be governed by a Board of Directors (herein referred to as the “Board”). This Board shall be

composed of five members in good standing of the Residents Association. No more than one owner of a lot may serve on the board at one time. The Board shall serve without compensation.

Section 2. Powers – The Board shall have all powers necessary for the administration of the affairs of the Residents Association subject to the limitations and conditions contained in law, the Deed Restrictions, the Articles of Incorporation, and these By-Laws. The Officers and Directors of the Board shall each have one vote in matters coming before the Board.

Section 3. Election and Term – Election of the Board shall be by secret ballot at annual meetings and any special meeting called for that purpose. Each member entitled to vote shall have the right to cast one vote for each lot owned by him/her, in person or by proxy. All nominations for the Board shall require two members and shall be submitted to the Secretary at least ten (10) days before the election. Nominations may also be made from the floor at all annual meetings and require at least two members. Members of the Board shall hold office for a period of two years and until their respective successors have been elected. Board members shall be subject to removal as provided herein.

Section 4. Vacancies – Vacancies on the Board caused for any reason shall be filled by vote of a majority of the remaining Board members, even though they may constitute less than a quorum. Each person so elected shall serve out the term of the Board member whom he/she replaced. Death, incapacity, resignation, or four (4) absences from a scheduled board meetings shall cause his/her seat to become vacant. Board meetings shall be defined as all monthly closed board, neighborhood and annual meetings.

Section 5. Removal of Board Members – At any annual or special meeting of the membership, any one or more of the Board members may be removed with or without cause by vote of two-thirds of the membership. A successor may then and there be elected to fill the vacancy. Any Board member whose removal has been proposed by the membership shall be given an opportunity to be heard at such meeting.

Section 6. Annual Meeting – An organizational meeting of the Board of Directors shall be held at the place of and immediately following each annual meeting of the membership. No notice shall be necessary for such meeting provided that a majority of the whole Board shall be present. At such meeting, the Board may elect the Officers of the Board for the ensuing year.

Section 7. Regular 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 Board. The Board shall hold at least one meeting per month of the fiscal year. Notice of the regular meetings shall be given to each Board member in person, by mail, e-mail, or telephone at least two days prior to the date of such meeting.

Section 8. Special Meetings – Special meetings of the Board may be called by the President with at least two days notice to each Board member. Notice shall be given in a like manner as regular meetings. Such notice shall state the time, place and purpose of such meeting.

Section 9. Waiver of Notice – Board members may waive notice of any meeting prior to the commencement of such meeting or during such meeting. The presence of a Board member at any meeting shall be deemed a waiver of notice.

Section 10. Quorum of Board – A quorum of the Board shall consist of a majority of the Board for the transaction of business, and the acts of a majority present at any meeting shall be the acts of the Board. Unless otherwise indicated, the Board shall operate by a majority vote of the Board present at any meeting when a quorum is present.

Section 11. Fidelity Bonds – The Board may require that any officer, employee or agent of the Residents Association handling or responsible for its funds, shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Residents Association, except for the agent who shall be responsible for cost of his/her own bond.

ARTICLE III

Officers of the Board of Directors

Section 1. Designation – The Officers of the Board of the Residents Association (herein referred to as “Officers”) shall be a President, Vice President, Secretary and Treasurer.

Section 2. Election and Term – All Officers shall be elected by a majority vote of the Board from among its members. Said Officers shall hold office until the following annual meeting unless otherwise sooner relieved of their duties in accordance with the provisions of these By-Laws.

Section 3. Removal – Any Officer may be removed either with or without cause by a minimum two-thirds majority of the Board. His/her successor shall be elected at any regular or special meeting of the board.

Section 4. President and Vice President – The President shall be the chief executive officer of the Residents Association and shall preside at all meetings of the membership and the Board of Directors. Subject to the control of the Board, he/she shall

exercise general supervision and direction over the management and conduct of the business and affairs of the Residents Association. He/she shall also have such other powers and duties as may be provided by these By-Laws or assigned to him/her from time to time by the Board. The Vice President shall so serve in the absence of the President, and shall also perform such other duties as may be assigned by the Board or the President.

Section 5. Secretary – The Secretary shall attend and keep the minutes of all meetings of the membership and of the Board of Directors, give all notices thereof as provided by these By-Laws, maintain and keep a continuous and accurate record of ownership of all lots, having charge of such books, documents and records of the Residents Association as the Board may direct, and shall also perform such other duties as may be assigned by the Board or the President. Any of the above listed duties may be delegated to the agent.

Section 6. Treasurer – The Treasurer shall maintain and keep the financial records and books of account of the Residents Association, prepare regular reports thereof, be responsible for the proper deposit and custody, in the name of the Board, of all its funds and securities, and shall also perform such other duties as may be assigned by the Board or the President. Any of the above listed duties may be delegated to the agent.

ARTICLE IV

Administration

Section 1. Management -- The Board shall at all times manage and operate the Subdivision and have such powers and duties as may be necessary or proper thereof, including without limitations, the following:

- (a) Inspection, maintenance, repair, replacement and restoration of the common areas and any additions and alterations thereto;
- (b) The cleanliness and sanitary condition of the Subdivision including grass cutting and snow removal of the primary roadways;
- (c) Purchase, maintenance and replacement of any equipment and provide for all water and utility services required for the common areas;
- (d) Employment, supervision and dismissal of such personnel as may be necessary for the maintenance and operation of the Subdivision;
- (e) Preparation at least sixty days (60) before each fiscal year of a proposed budget and schedule of assessments for such year;
- (f) Levy and collect appropriate assessments and maintenance fees for the payment of all common expenses authorized by the Board (All funds shall be deposited with a federally insured institution.);
- (g) Purchase and maintain in effect such policies of insurance for the Subdivision as the Board may deem necessary or appropriate;
- (h) Contract with any persons, corporations or other entities to provide services to the Subdivision, provided no such contract (other than insurance contracts and management agreements) shall be made which may not be terminated upon ninety (90) days written notice or upon thirty (30) days written notice for cause;
- (i) Supervision of the use of the common areas;

- (j) Adoption of any Rules and Regulations deemed necessary to provide for the beneficial, proper and harmonious use and conduct of the Subdivision;
- (k) Enforcement of the terms of these By-Laws, the Deed Restrictions and Rules and Regulations;
- (l) The Board shall each year estimate the common expenses of the Subdivision for the next year (to include a reserve for emergency or under budgeted expenditures). Thereupon it shall proceed to levy and collect from each member his/her prorata share of the estimated common expenses. Should no such determination be formally made for any year the monthly assessments for each lot for the previous year shall be levied and remain in effect until changed by the Board. As used herein "year" shall mean fiscal year beginning July 1 and ending June 30.

Section 2. Managing Agent – The Board may employ a professional Managing Agent or Administrator to handle the operation of the Subdivision subject at all times to direction by the Board.

Section 3. Representation – The President or Managing Agent, subject to the direction of the Board, shall represent the Residents Association in any legal proceeding affecting the Residents Association.

Section 4. Regime Rules – The Board may adopt, amend, or repeal any rules and regulations governing details of the operation and use of the common areas not inconsistent with any provision of law, the Deed Restrictions or these By-Laws.

Section 5. Expenses of Enforcement – Every member shall pay to the Residents Association promptly on demand all costs and expenses including reasonable attorney’s fees incurred by or on behalf of the Residents Association in collecting any delinquent assessments against such lot, foreclosing its lien therefore or enforcing any provisions of the Deed Restrictions, these By-Laws and Subdivision Rules against such owner or any occupant of a lot.

Section 6. Record Ownership – Every member shall promptly cause to be duly recorded the deed, assignment or other conveyance to him of such lot, or other evidence of his title thereto, and shall notify the Board of Directors of same.

ARTICLE V

Miscellaneous

Section 1. Amendments – These By-Laws may be amended in any respect, not inconsistent with provisions of law, or the Articles of Incorporation at any meeting of the membership, provided thirty (30) days written notice of the proposed amendment(s) and of the meeting has been delivered to each member, by a majority vote of the members eligible to vote.

Section 2. Indemnification – Every Board member and /or their executors or administrators shall be entitled to indemnification by the Residents Association for all expense reasonably incurred by or imposed upon them in connection with any action, proceeding or suit in which they may be made a party by reason of being or having been a Board member. Any matter in which he/she shall be finally adjudged to be fraudulent or acting in bad faith in the conduct of his/her office are the exceptions. In any event, indemnification may be provided if authorized by a majority vote of the members of the

Board and not including any Board member made a party to the particular action. In any instance in which liability is imposed on a Board member for conduct taken pursuant to a vote of the Board, such Board member shall be entitled to contribution from the other members of the Board voting affirmatively for such conduct. The foregoing right of indemnification and contribution shall not be exclusive of any other rights to which such person may be entitled.

Section 3. Enforcement -- Upon notice to the Board of a member's violation of the provisions of the Deed Restrictions, these By-Laws or any Subdivision rule or regulation the Board shall:

1. Give the member written notice of the violation with a request that the violation be remedied in accordance with all Rules and Regulations.
2. If the violation is not remedied in this time, then the Board shall impose a fine in accordance with a fee schedule included in the Rules and Regulations for each violation.
3. If the violation is still not remedied in accordance with the Rules and Regulations, the Board shall give written notice that the Board will take action to correct the violation at the member's expense (if it is a physical/structural issue).
4. The Board may then pursue legal action against the lot owner regarding the violation including but not limited to lien enforcement, restraining order, injunction and/or specific

performance. All legal costs of the Association/Board shall be the responsibility of the offending lot owner.

ARTICLE VI

The rules contained in Robert's Rules of Order Revised shall govern the Residents Association in all cases to which they are applicable, and in which they are not inconsistent with these By-Laws or the Articles of Incorporation.