

RESOLUTION

UPON A DULY MADE AND SECONDED MOTION at the Organizational Meeting of the Members of the Chestnut Hill Homeowners Association, Inc. held on the 24th day of September 2007, the Bylaws that follow below were adopted by all Members entitled to vote as the

BYLAWS OF

Chestnut Hill Homeowners Association, Inc.

ARTICLE I

NAME AND PURPOSES

Section 1. Name. These are the Bylaws of and for the Mississippi non-profit and non-share corporation named:

Chestnut Hill Homeowners Association, Inc.

Said corporation is referred to herein at times as the "Association."

Section 2. Purposes. The purposes of the Association are the carrying out of the powers and duties created by and mentioned or implied in that certain instrument which is entitled "Declaration of Covenants, Conditions and Restrictions for Chestnut Hill" which is filed for record in the office of the Chancery Clerk of Madison County at Canton, Mississippi, in Book 2241 beginning at Page 283 thereof. Such powers and duties shall include, but shall not be limited to, those powers and duties necessary, required, convenient, incidental or advisable for maintaining and administering any and all common areas and Neighborhood facilities for Chestnut Hill, for administering and enforcing the covenants, conditions and restrictions for Chestnut Hill declared in said Declaration, and for collecting and disbursing the charges and assessments authorized and described said Declaration.

Section 3. Subordination to Declaration. The terms and conditions of these Bylaws are subordinate to those of said Declaration. If any discrepancies exist between these Bylaws and said Declaration, the provisions of said Declaration shall prevail. All the words and expressions in these Bylaws shall have the same meanings, respectively, as are attributed to them by the Declaration, except where such is clearly indicated otherwise by the context.

Section 4. Conformance with Nonprofit Corporation Act. These Bylaws are promulgated under the authority of the Mississippi Nonprofit Corporation Act, Section 79-11-101 et seq., of the Mississippi Code of 1972, as amended (the Act). Unless the context clearly indicates otherwise, the provisions of these Bylaws are to be interpreted and implemented in accordance with said Act. Any definition, power, procedure or other matter pertaining to the governance of the Association which is not proscribed in the

Declaration or in these Bylaws shall be interpreted and/or implemented in compliance with the Act.

Section 5. Conduct of Business Affairs. The Association, its directors, officers and members shall be governed by and shall conduct its business affairs according to the provisions of said Declaration and these Bylaws.

ARTICLE II

OFFICES AND REGISTERED AGENT

Section 1. Principal Office. The principal office of the Association shall be at such place as the Board of Directors from time to time may designate. Until the principal office is duly changed, the principal office of the Association shall be 601 Crescent Blvd. Suite 100, Ridgeland, Mississippi 39157-8636.

Section 2. Mailing Address. The mailing address of the Association shall be at such address as the Board of Directors from time to time may designate. Until the mailing address is duly changed, the mailing address of the Association shall be 601 Crescent Blvd. Suite 100, Ridgeland, Mississippi 39157-8636.

Section 3. Registered Agent. The Registered Agent of the Association shall be the person whom the Board of Directors from time to time may duly appoint and designate as required by Section 79-11-165 of the Act. Until a different Registered Agent is duly designated and appointed, the Registered Agent for the Association is Thomas D. Landrum. In the event of any suit against the Association, service of process may be had against such person so designated. An eligible mortgagee or eligible mortgage holder may address to such person so designated a request for those notifications required to be made to such mortgagee or eligible mortgage holder so requesting as provided for in the Declaration and these Bylaws.

Section 4. Registered Office. The registered office of the Association is at the office of the Registered Agent: 601 Crescent Blvd. Suite 100, Ridgeland, Mississippi 39157-8636.

ARTICLE III

DEFINITIONS

Section 1. Declaration. The word "Declaration" shall mean and refer to that certain instrument which is entitled "Declaration of Covenants, Conditions and Restrictions for Chestnut Hill." Said Declaration was executed by Chestnut Developers, LLC, a Mississippi limited liability company, on September 24, 2007, and is filed for record in the office of the Chancery Clerk of Madison County at Canton, Mississippi, in Book 7241 beginning at Page 283 thereof. Reference to said Declaration shall mean this instrument so cited together with all supplements and amendments thereto which

from time to time may be duly made and filed for record in the office of said Chancery Clerk.

Section 2. Declarant. The word "Declarant" shall mean and include Chestnut Developers, LLC, a Mississippi limited liability company, and its successors and assigns of the entire interest of said Chestnut Developers, LLC, in Chestnut Hill and any person who, as the mortgagee in or the holder of any recorded mortgage executed by said Chestnut Developers, LLC, or as the secured party or beneficiary of any recorded deed of trust executed by said Chestnut Developers, LLC, comes into possession of all or any portion of Chestnut Hill pursuant to foreclosure or execution of an assignment or other proceeding or arrangement in lieu of foreclosure. All or any portion of any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred as provided in the Declaration.

Section 3. Articles of Incorporation. The term "Articles of Incorporation" shall mean the Articles of Incorporation of the Association filed February 23, 2007, in the office of the Secretary of State of the State of Mississippi, a copy of which is attached hereto as Exhibit "A."

Section 4. President, Vice President, Secretary, and Treasurer. The words "President," "Vice President," "Secretary," and "Treasurer" shall mean, respectively, the President, Vice President, Secretary and Treasurer of the Association. These officers shall be the principal officers of the Association.

Section 5. Other Definitions. Unless a different meaning is apparent from the context, all other expressions used herein shall have the same meaning as they are defined to have in the Declaration and/or in the Act, except that the word "herein", as used in these Bylaws, shall mean in these Bylaws.

ARTICLE IV

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. The Members of the Association shall be and consist of every person who is, or who hereafter becomes, an Owner of a Lot (as defined in the Declaration) within Chestnut Hill. When more than one person owns a Lot, all such persons shall be considered a Member of the Association, subject to the provisions of this Article that only one vote may be cast for each Lot.

Section 2. Action by Members of the Association. Whenever by law, or the Articles of Incorporation, or the Declaration, or these Bylaws, any action is required to be taken by a specified percentage of "each class of the then Members" of the Association, such action shall be required to be taken separately by the specified percentage of the votes of the then outstanding Class A Members and by the specified percentage of the votes of the then outstanding Class B Members. Whenever by law, or the Articles of Incorporation, or the Declaration, or these Bylaws, any action is required to be taken by

a specified percentage of the "then Members" of the Association, then such action shall be required to be taken by the specified percentage of the votes of the then outstanding total membership of the Association. Any person qualifying as a Member of more than one voting class of membership may exercise the votes to which he is entitled for each such class of membership.

Section 3. Voting Rights. For the election of officers, a Member shall have one vote for each Lot he owns for each officer of the Association. Election of officers shall not be by class of membership. For all other purposes, the voting rights of the Members shall be by class of membership, and shall be as follows:

(a) Class A Members. Each person, other than persons defined as a "Developer," who is or who hereafter becomes the Owner of a Lot shall be a Class A Member of the Association. Class A Members shall be entitled to one vote for each Lot such person owns.

(b) Class B Members. Each of the persons defined as "Developer," and the nominee or nominees, if any, of each such person who becomes the Owner of a Lot, shall be Class B Members of the Association. Class B Members shall be entitled to one vote for each Lot which such person owns.

A Class A Member or Class B Member who is shown by the books of the Association to be more than sixty (60) days delinquent in any payment due the Association shall not be eligible to vote, either in person or by proxy, and no such delinquent Member shall be eligible to be elected to the Board of Directors or elected as an officer of the Association.

Section 4. Memberships Appurtenant to Real Property. In every case, the membership of a Class A Member and the membership of a Class B Member shall be appurtenant to the ownership of a Lot. A membership shall not be held, assigned, transferred, pledged, hypothecated, encumbered, conveyed or alienated in any manner except in conjunction with and as an appurtenance to ownership, assignment, transfer, pledge, hypothecation, encumbrance, conveyance or alienation of the Lot to which the membership is appurtenant. Each person who is an Owner of a Lot as defined in the Declaration is a Member of the Association, and any person who is not an Owner of a Lot cannot be a Member of the Association. Membership in the Association transfers without the necessity of any other act or action when ownership of the Lot to which such membership is appurtenant transfers. A Member who owns a Lot may not resign or be expelled from membership in the Association.

Section 5. Termination of Class B Memberships. The Class B Memberships shall terminate and automatically shall be converted into Class A Memberships upon the first to occur of the following dates, to-wit:

(a) The 180th day after the day on which (i) the Declarant no longer owns of record any Lot subject to this Declaration and (ii) the total number of Lots owned of record by

Class A Members is equal to or greater than four times the total number of Lots owned of record by Class B Members; or

(b) If no Lots subject to this Declaration are owned of record by the Declarant, the 180th day after the day on which the total number of Lots owned of record by Class A Members is equal to or greater than four times the total number of Lots owned of record by Class B Members; or

(c) The date on which all remaining Class B Members shall voluntarily relinquish all Class B Memberships by written document or documents delivered to the Association; or

(d) The date of December 31, 2017.

Upon the termination of the Class B memberships as provided in this Section, each and all persons herein defined as a Declarant or Developer thereafter shall be and remain a Class A Member as to each and every Lot which he owns unless and until Class B memberships are reinstated as provided hereinafter.

Section 6. Reinstatement of Class B Memberships. If on any one or more occasions all Class B memberships should terminate as provided in Subsections (a), (b) or (c) of Section 5 of this Article, and if after any such termination, the Declarant, by annexation to the Property in accordance with the provisions of Section 5 of Article I of this Declaration, should annex additional parcels of land to the Property, then on each such occasion the status of the Declarant, and each of the persons herein defined as Declarant or Developer, and the nominee or nominees, if any, of the Declarant and each such person, as a Class B Member shall be fully reinstated, and following each such occasion, the Declarant, each of the persons herein defined as "Developer," and the nominee or nominees, if any, of the Declarant and each such person shall continue to be Class B Members until such time as Class B memberships shall again terminate as provided in Section 5 of this Article. At such time, the Class B membership resulting from such addition shall cease and be converted to Class A memberships as so provided in said Section 5 of this Article. Following each such reinstatement of Class B memberships, for so long thereafter as the Class B memberships shall continue to exist, the Declarant, and the nominee or nominees, if any, of the Declarant, shall have all rights and powers of Class B membership as herein provided.

Section 7. No Preemptive Rights. The Members of the Association, simply by virtue of being such Members, shall have no preemptive rights to acquire any additional memberships.

Section 8. Membership Certificates. In the event the Board of Directors should consider it necessary or appropriate to issue membership certificates or the like, then each such membership certificate shall state that the Association is organized under the laws of the State of Mississippi, shall state the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered,

bound in one or more books, and shall be issued therefrom upon certification as to the transfer of title to the fee of the Lot to which such membership is appurtenant. Every membership certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary and shall be sealed with the corporate seal, if any. Such signatures and seal may be original or facsimile.

Section 9. Lost Certificates. The Board of Directors may direct that a new certificate or certificates to be issued in place of any membership certificate or certificates previously issued by the Association and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the membership certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered holder of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Association a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Association on account of the issuance of such new certificate.

Section 10. Liquidation Rights. Should the Association be dissolved and finally liquidated, the Board of Directors, after first paying or making provisions for payment of all lawful debts and liabilities of the Association, shall distribute evenly all the remaining assets of the Association to the Owners of the Lots comprising the Property.

ARTICLE V

MEETINGS OF MEMBERS

Section 1. Place of Meeting. Meetings of the Members shall be held at the principal office of the Association or at whatever other suitable place or places within the State of Mississippi as are reasonably convenient to the membership and as from time to time may be designated by the Board of Directors.

Section 2. Organizational Meeting. The Organizational Meeting of the Members was held on the _____ day of _____, 2007, at 601 Crescent Blvd. Suite 100, Ridgeland, Mississippi 39157-8636, which time and place was designated by the incorporator(s) of the Association and which time is within two (2) years of the date of incorporation as required by Section 180 of the Mississippi Constitution. Minutes of the Organizational Meeting of the Members are attached hereto as Exhibit "B."

Section 3. Annual Meetings. The first annual meeting of the Members shall be held at whatever time and place as may be designated by the Board of Directors elected at the Organizational Meeting. Thereafter, the annual meetings of the Members shall be held on the third Thursday in September in each succeeding year. At such annual meetings: (i) the President and Treasurer shall report on the activities and financial condition of the Association; (ii) the Members, voting by class of membership, shall elect the Directors to be elected, in accordance with the provisions of Article VI of these Bylaws, and shall also elect the officers of the Association, in accordance with the provisions of Article VII of

these Bylaws; and (iii) the Members shall consider and act upon such other business as may properly come before them.

Section 4. Special Meetings. Special meetings of Members, for any purpose or purposes, may be held on call of the Board of Directors or upon the delivery to any principal officer of the Association one or more written demands for the meeting describing the purpose or purposes for which a special meeting is to be held. Such written demand or demands shall be dated and signed by Members who individually or collectively own at least five (5) percent of the voting power of each then outstanding class of membership; provided, however, that no special meetings shall be called by written demand of Members prior to the first annual meeting of the Members as hereinabove provided. Should the President be unwilling or unable to call such special meeting, the principal officer to whom such demand or demands were made shall call such special meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except such as is stated in the notice.

Section 5. Court-ordered Meeting of Members. Upon application of Members who individually or collectively own at least five (5) percent of the voting power of each then outstanding class of membership, the Chancery Court of Madison County may summarily order a special meeting of members and fix the time and place thereof, specify the Record Date for determining members entitled to notice of and to vote, prescribe the form and content of the meeting notice, fix the quorum, set the matters to be considered and enter such other orders pertaining thereto necessary to accomplish the purpose of the meeting.

Section 6. Action by Members Without Holding A Meeting. Unless otherwise provided by Section 79-11-203 of the Act or in the Declaration or Articles of Incorporation, any action of the Members required to be taken, or which may be taken, at a meeting of the Members, may be taken without a meeting if the action is approved by Members holding at least eighty percent (80%) of the voting power of each then outstanding class of membership. Any action which may be taken at an annual or special meeting of the Association may be taken by written ballot if a ballot is delivered to each Member entitled to vote setting forth: (i) each proposed action and providing an opportunity to vote for or against each proposal; (ii) the number of responses needed to meet the quorum requirements; (iii) the number or percentage of affirmative votes necessary to approve each matter other than election of directors; and (iv) the time by which a ballot must be received by the Association in order to be counted.

Approval by written ballot shall be valid only when the number of votes cast in the affirmative equals or exceeds eighty (80) percent of the voting power of each then outstanding class of membership. The action must be evidenced by one or more consents describing the action taken, signed by those Members representing at least eighty percent (80%) of the voting power of each then outstanding class of membership, and delivered to the President or Secretary of the Association for inclusion in the minutes or filing with the corporate records. Such consent shall have the same force

and effect as the affirmative vote required to amend the Declaration or these Bylaws and may be stated as such in any document. The consents may be executed in any number of counterparts, all of which together shall be deemed one instrument.

Section 7. Current List of Members. The Secretary shall maintain a list of the names and addresses of the Members of the Association, which roster shall be brought current and/or verified prior to each annual meeting by comparing same with the land and ad valorem tax records of the Chancery Clerk and/or Tax Collector of Madison County. It shall be the duty of the Secretary to insure that the Current List of Members lists the names of each Member of record and is brought current as of the Record Date within seven (7) days after the Record Date and prior to the mailing or delivery of any notice to Members required by the Declaration or these Bylaws. It shall be the duty of the Secretary to insure that such notice is mailed or delivered to each Member listed on said list. Should the Secretary be unwilling or unable to carry out the duties herein prescribed, the Board of Directors may designate another officer or the Management Agent to perform such duties. Each Member, upon becoming a Member, shall be obligated to furnish the Secretary with his current mailing address, and thereafter shall notify the Secretary immediately in writing of any change or changes in his current mailing address. If a Member maintains a dwelling within Chestnut Hill and is known to be residing therein, the street address within Chestnut Hill of the Lot on which such dwelling is maintained may be considered the mailing address of the Member.

Section 8. List of Members Entitled to Vote. Prior to any meeting of the Members, the Secretary shall prepare a complete list of Members entitled to vote at any regular or special meeting of the Association, arranged by class of membership and showing the address of and number of votes each Member is entitled to by class at such meeting. For the purposes of determining voting eligibility, the Treasurer shall concurrently furnish the Secretary the name of each and every Member who is shown by the books of the Association to be more than sixty (60) days delinquent in any payment due the Association. The List of Members Entitled to Vote shall be kept on file at the principal office of the Association, or at the place where the meeting will be held as identified in the notice for the meeting, for the period beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting. During such period, subject to the requirements of law, the Current List of Members and the List of Members Entitled to Vote shall be available for examination and copying during regular business hours upon the written demand of and at the expense of any Member or his agent or attorney. The List of Members Entitled to Vote may be the Current List of Members annotated as required to indicate matters pertaining to voting and entitlements related thereto. The list(s) shall also be available at the meeting, and any Member, his agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment. Should the Secretary be unwilling or unable to carry out the duties herein prescribed, the Board of Directors may designate another officer or the Management Agent to perform such duties.

Section 9. Notice of Meetings. Written or printed notice stating the place, date and time, and in the case of a special meeting, the purpose or purposes, of the meeting shall

be given at least ten (10) days and not more than sixty (60) days prior to the meeting, at the direction of the Board of Directors, principal officer or Chancellor calling the meeting. Such notice shall be given to each Member of the Association and to each person by law, the Declaration or these Bylaws to receive such notice. Notice of an annual or special meeting shall include a brief description of the agenda and of such matter or matters which must or may be acted on by the Members.

Notice may be by any means permitted in Section 79-11-129 of the Act. Notice shall be deemed to have been properly delivered when mailed by regular mail, postage prepaid, with the U.S. Postal Service to the last known address of each Member as each Member's address is recorded on the Current List of Members and/or of such other person as may be on file with the Association. If a Member maintains a dwelling within Chestnut Hill and is known to be residing therein, such notice may be sent to the street address within Chestnut Hill of the Lot on which such dwelling is maintained. Any notice delivered by an officer of the Association or its Management Agent or by a bona fide delivery service shall also be considered as a notice properly delivered.

If a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof is announced at the meeting at which the adjournment is taken, and any business may be transacted at the adjourned meeting that might have been transacted at the meeting as originally called. If, however, the adjournment is to a date more than sixty (60) days after the date fixed for the original meeting or if, after the adjournment, a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given as provided in this Section.

Section 10. Waiver of Notice. A Member may waive any notice before or after the date and time of the meeting by delivering a written waiver, signed by the Member entitled to the notice, and delivered to the Association for inclusion in the minutes or filing with the Association's records. Notice is also waived if a Member attends a meeting and waives objection to lack of or defective notice or waives objection to consideration of a particular matter not within the purposes described in the notice. A Member's attendance at or participation in a meeting waives any required notice to him of the meeting unless at the beginning of the meeting he objects to holding the meeting or transacting business at the meeting and does not thereafter vote in favor of or assent to any action taken at the meeting.

Section 11. Record Date. The Board of Directors may fix in advance a record date for the purpose of determining Members entitled to notice and vote at any meeting of Members and to exercise any other rights in respect of any other lawful action. A record date fixed by the Board of Directors may not be more than seventy (70) days before the meeting or action requiring a determination of Members. If no record date is fixed for the determination of Members entitled to vote at a meeting of Members, or to exercise any other rights in respect of any other lawful action, the date on which the Current List of Members is finalized shall be the record date for such determination of Members entitled to notice and vote. A record date fixed by the Board of Directors for a meeting of Members shall, unless otherwise provided by the Board of Directors, be effective for any

adjournment of such meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than sixty (60) days after the date fixed for the original meeting.

Section 12. Quorum. The presence, either in person or by proxy of Members having at least fifty-one percent (51%) of the votes held by all Members in each then outstanding class of membership (each class of membership to be considered separately) shall constitute a quorum for the transaction of business at any meeting of Members. If, at any particular meeting of Members, the number of Members present should be less than or should fall below the number required for a quorum with respect to any one or more of the then outstanding classes of membership (considered separately), and if such deficiency is brought to the attention of the presiding officer by a proper call for a determination of quorum (which call and the results thereof shall be shown on the minutes of the meeting), then no further business may be transacted at such meeting until a quorum is present.

If at any meeting of Members a quorum shall not be present, either before or after the meeting has begun, the Members who are present may adjourn the meeting to another designated time not less than forty-eight (48) hours or more than thirty (30) days from the time originally scheduled for the meeting.

Section 13. Voting. At every meeting of Members, the Members shall have the voting rights specified in Section 3 of Article IV of these Bylaws. Only one vote may be cast with respect to any one Lot. The affirmative vote of the Members having at least fifty-one percent (51%) of the total number of votes represented at the meeting, in person or by proxy, shall be necessary to decide any question properly brought before the meeting, unless the question be one as to which, by provision of the Act, the Articles of Incorporation, the Declaration, these Bylaws or Court Order, a different vote is required, in which case such provision of the Act, the Articles of Incorporation, the Declaration these Bylaws or Court Order shall govern and control.

If a particular Lot is owned of record by more than one person, the vote appurtenant to such Lot may be exercised by any one of the owners of such Lot, unless the other owner or owners of such Lot shall object prior to the completion of voting upon the particular matter under consideration. If a particular Lot is owned of record by a legal entity such as a corporation, partnership or trust, the vote or votes for such membership may be cast by any individual officer, partner or trustee authorized to convey real property or any individual designated in a certificate signed by such officer, partner or trustee authorized to convey real property which is filed with the Secretary of the Association prior to or during the meeting at which the vote is to be cast. Unless another officer, partner or trustee authorized to convey real property shall object prior to the completion of voting upon the particular matter under consideration, the presiding officer of the meeting shall have no duty to inquire as to the authority of the individual casting any such vote or votes. In the case of any such objection, the vote appurtenant to said Lot shall not be counted.

Section 14. Proxies. Each Member having the right to vote shall be entitled to vote either in person or by proxy. A Member may appoint the Declarant, the Management Agent or another Member as his proxy; provided that in no case may any Member other than the Declarant, the Management Agent, or the President of Association cast more than one (1) vote on behalf of another member by virtue of a proxy from such other Member. All proxies must be in writing and must be in such form as has been approved by the Board of Directors, must be executed personally or by his attorney-in-fact, and must be filed with the Secretary of the Association prior to the vote at which the proxy is to be exercised. Unless limited by its provisions to a shorter term, each proxy shall continue and be valid for (i) eleven months (except any proxy appointing the Declarant may continue for any longer term as may be stated in the proxy), (ii) until revoked by a writing properly filed with the Secretary of the Association, (iii) until the Member who executed the proxy no longer owns the Lot to which his vote is appurtenant, or (iv) until revoked by the death of the Member who executed the proxy.

Section 15. Rights of Mortgagees. Any mortgagee of any Lot who desires notice of the annual and special meetings of the Members shall, at least once annually, notify the Registered Agent of the Association to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such mortgagee and the name or title of the individual at such address to whom notices of the annual and special meetings of the Members should be directed. The Secretary shall maintain a roster of all mortgagees from whom such notices have been timely received. It shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual and special meeting of the Association to each such mortgagee and to each eligible mortgage holder in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the Members. Any such mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Members. Such representative may participate in the discussion at any such meeting and, upon his request made to the presiding officer in advance of the meeting, may address the Members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Members upon request made in writing to the Secretary of the Association. Should the Secretary be unwilling or unable to carry out the duties herein prescribed, the Board of Directors may designate another officer or the Management Agent to perform such duties.

Section 16. Order of Business. The order of business at all regularly scheduled meetings of the Members shall be as follows:

- (a) Roll Call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and approval of minutes of preceding meeting.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Unfinished business.

- (g) New business.
- (h) Appointment of inspectors of election.
- (i) Election of directors.
- (j) Election of officers.
- (k) Adjournment.

In the case of special meeting, items (a) through (c) and (k) above shall be applicable, and otherwise the agenda shall consist of the purposes, matters and items specified in the notice of the meeting.

Section 17. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the Members shall be determined by the presiding officer of such meeting.

Section 18. Inspectors of Election. The Board of Directors may, in advance of any annual or special meeting of the Members, appoint an uneven number of one or more inspectors of election to act at the meeting and at any adjournment thereof. In the event inspectors are not so appointed, the presiding officer at any annual or special meeting of Members may appoint such inspectors of election. Each inspector so appointed, before entering upon the discharge of his duties, shall agree to execute the duties of inspector of election at such meeting. No officer or Director of the Association, and no candidate for officer or Director of the Association, shall act as an inspector of election at any meeting if one of the purposes of such meeting is to elect Directors or officers.

ARTICLE VI

DIRECTORS

Section 1. Number and Qualifications of Directors. The affairs of the Association shall be managed and controlled by the Board of Directors. Prior to the first annual meeting of Members, the Board of Directors shall consist of the three (3) individuals named as initial Directors at the Organizational Meeting. Following the first annual meeting of Members, the Board of Directors shall consist of three (3) individuals, who shall be appointed and elected as prescribed in the Declaration and/or these Bylaws. Directors need not be Members of the Association. Directors shall serve one (1) year terms and may be elected or appointed for successive terms; however, each Director shall hold office until his successor has been elected at the next ensuing annual meeting of the Members and qualified or has been duly appointed and qualified.

Section 2. Appointed and Elected Directors. From and after the first annual meeting of the Members of the Association, and for so long as there is a Class B Member, the Board of Directors shall consist of Appointed Directors and Elected Directors. When there is no Class B Member, all Directors shall be Elected Directors. For so long as there is a Class B Member, the number of appointed Directors at all times shall be equal to two-thirds (2/3) of the total number of Directors prescribed from time to time by these Bylaws, or if at any time the total number of Directors prescribed by these Bylaws is not

evenly divisible by three, then the number of Appointed Directors shall be equal to the whole number next larger than two-thirds of the total number of Directors prescribed by these Bylaws.

Section 3. Change in Number. The number of Directors may be changed from time to time by appropriate amendment to these Bylaws, provided, however, that the number of Directors shall never be less than three (3) nor more than seven (7), and provided further that a decrease in the number of Directors shall not operate to shorten the term of any incumbent Director.

Section 4. Powers and Duties. The Board of Directors shall have all the powers, authorities and duties necessary or appropriate for the management and administration of the affairs of the Association, and in managing and administering such affairs, the Board of Directors shall have power and authority to do all acts and things except those which by provisions of the Act, the Declaration, the Articles of Incorporation, these Bylaws or Court Order may be exercised and done only by the Members. The powers, authorities and duties of the Board of Directors shall include, but shall not be limited to, the following:

(a) To provide for the care, upkeep and surveillance of the common areas and Neighborhood facilities and services in a manner consistent with law and the provisions of these Bylaws and the Declaration;

(b) To provide for the establishment, determination, levy, assessment, collection, use, and expenditure of assessments and carrying charges from the Members, and for the filing and enforcement of liens therefor in a manner consistent with law the provisions of these Bylaws and the Declaration;

(c) To provide for the designation, hiring and dismissal of the personnel necessary and appropriate for the good working order, proper care and maintenance of the common areas and Neighborhood facilities, and to provide services in Chestnut Hill in a manner consistent with law and the provisions of these Bylaws and the Declaration;

(d) To provide for the promulgation and enforcement of such standards, conditions, rules, regulations, restrictions and requirements as may be deemed proper respecting the use, occupancy and maintenance of the common areas and Neighborhood facilities, including but by no means limited to standards, conditions, rules, regulations, restrictions and requirements designed to prevent unreasonable interference with the use of the common areas and Neighborhood facilities and to promote and ensure the safety and well being of users of such common areas and Neighborhood facilities by the Members and others, all of which standards, conditions, rules, regulations, restrictions and requirements shall be consistent with law and with the provisions of these Bylaws and the Declaration;

(e) To authorize, in their discretion, the payment of patronage refunds if and when the funds derived from assessments shall prove to be more than sufficient to meet all reasonably foreseeable needs of the Association during the then current fiscal year;

(f) To purchase insurance upon the common areas and Neighborhood facilities in the manner provided for in these Bylaws or in the Declaration;

(g) To repair, restore or reconstruct all or any part of the common areas and Neighborhood facilities after any casualty loss in a manner consistent with law and the provisions of these Bylaws or the Declaration, and to otherwise improve the common areas and Neighborhood facilities consistent with the purposes of the Declaration and Association;

(h) To purchase, lease and grant licenses, easements, rights-of-way, and other rights of use in all or any part of the common areas and Neighborhood facilities;

(i) To purchase all or any part of any Lot and to lease, mortgage or convey the same, subject to the provisions of these Bylaws and the Declaration;

(j) To appoint the members of the Architectural Review Committee provided for in the Declaration, and to appoint the members of such other committees as the Board of Directors from time to time may designate;

(k) To purchase, lease or otherwise acquire any common area and, in its discretion unless provided otherwise in the Declaration, accept conveyance of any parcel of land or other real or personal property offered to the Association, which acceptance shall not be unreasonably delayed or denied;

(l) To designate, acquire, accept and/or terminate the classification of any Neighborhood facility as provided in the Declaration;

(m) To prepare and maintain those records required by Section 79-11-283 of the Act, the Declaration and these Bylaws, and to make same available as required; and

(n) To make such decisions and to take such actions consistent with law or with the specified or implied intents, purposes and provisions of the Declaration as are delegated or implied to the Board or Directors of the Association in the Declaration or these Bylaws.

Section 5. Election and Terms of Elected Directors. Elected Directors shall be elected by the Class A Members. Elected Directors shall be elected at the annual meeting of the Members, or in the event of a vacancy, either at the next ensuing annual meeting of the Members or at a special meeting of the Members called for that purpose. The election of Elected Directors shall be by secret written ballot, unless such be dispensed with for any particular election by the unanimous consent of the Members present, in person or by proxy, at the meeting during which the election is held. In voting for Elected Directors, a particular Member shall be entitled to cast votes equal in number to the number of votes to which such Member is entitled pursuant to Section 3 of Article IV of these Bylaws times the number of Directors to be elected, but each Member must vote for that number of separate nominees which is equal to the total number of Directors to be elected, and must cast an equal number of votes for each such separate nominee.

Each Elected Director shall hold office until his successor has been elected at the next ensuing annual meeting of the Members and has duly qualified.

Section 6. Appointment and Terms of Appointed Directors. Appointed Directors shall be selected and appointed by the concurrence of a majority of the Class B Members. Each Appointed Director shall hold office for successive terms until such time as his successor has been appointed and has duly qualified, or until such time as there are no Class B Members and an Elected Director has been properly elected as his successor at the next ensuing annual meeting of the Members and has duly qualified, whichever time shall first occur. All Appointed Directors serving as such at the time of termination of all Class B memberships shall continue to serve as Directors until their successors have been properly elected at the next ensuing annual meeting of the Members and have duly qualified.

Section 7. Vacancies. Should the office held by an Elected Director become vacant, such vacancy shall be filled by an election at the next ensuing annual meeting of the Members or at a special meeting of the Members called for that purpose, and each individual so elected shall serve as Director until his successor has been elected at the next ensuing annual meeting of the Members, and has duly qualified. Should the office held by an Appointed Director become vacant, such vacancy shall be filled by an individual selected and appointed by the concurrence of a majority of the Class B Members, and the individual so selected and appointed shall serve until such time as his successor has been appointed and has duly qualified, or until such time as there no longer are any Class B Members and his successor has been properly elected as an Elected Director at the next ensuing annual meeting of the Members and has duly qualified, whichever time shall first occur.

Section 8. Removal of Elected Directors. At any special meeting of the Members duly called for such purpose, any Elected Director may be removed from office, with or without cause, by the affirmative vote of a majority of the votes of the Class A Members present and voting, in person or by proxy, at such meeting, and in the event of such removal, a successor to the Elected Director thus created. Any Elected Director whose removal has been proposed shall be given an opportunity to be heard at the meeting called for the purpose of considering such removal. If any Elected Director who is a Class A Member becomes more than sixty (60) days delinquent in payment of any assessment or carrying charge owed the Association, he may be removed from his office as an Elected Director by a resolution adopted by a majority of the remaining Directors, and in the event of such removal, said remaining Directors may appoint an individual to serve as his successor, in which event the individual so appointed shall serve as Director until the next ensuing annual meeting of the Members.

Section 9. Removal of Appointed Directors. Any Appointed Director may be removed from office at any time, with or without cause, by the concurrence of a majority of the Class B Members, and in the event of such removal, a successor to the Appointed Director thus removed may be selected and appointed then and there to fill the vacancy

thus created, such selection and appointment to be by the concurrence of a majority of the Class B Members.

Section 10. Compensation. Except upon resolution of at least two-thirds (2/3) of each class of the then Members of the Association, no compensation shall be paid to Directors for their services as Directors. After the first annual meeting of the Members, no remuneration shall be paid to any Elected Director who is also a member for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before such services are undertaken. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.

Section 11. Organizational Meeting of Directors. The first meeting of a newly constituted Board of Directors shall be held within ten (10) days after the annual meeting of the Members at which the elected Directors on such Board were elected, and such first meeting shall be held at the principal office of the Association or at such other place as may have been fixed by the Members at such annual meeting of the Members, and no notice shall be necessary to the Directors of such first meeting.

Section 12. Regular Meetings. Regular meetings of the Board of Directors 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 two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or commercial delivery, at least six (6) days prior to the day fixed for such meeting.

Section 13. Special Meetings. Special meetings of the Board of Directors may be called by the President on two (2) day's notice to each Director, given personally or by mail, telephone or commercial delivery, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and upon like notice if requested in writing by at least one-half (1/2) of the Directors.

Section 14. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may waive, in writing, notice of such meeting, and such waiver shall have the same effect as if notice of the meeting had been properly and timely given to said Director. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and business of any type may be transacted at such meeting.

Section 15. Quorum. At all meetings of the Board of Directors a majority of the Directors in office immediately before a meeting begins shall constitute a quorum for the transaction of business, and the actions of the majority of the Directors present at any meeting at which a quorum is present shall be actions of the Board of Directors. If at any meeting of the Board of Directors, including any one or more adjourned meetings,

there should be less than a quorum present, the majority of those present may adjourn the meeting to a later time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 16. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall consent individually or collectively in writing to such action. Such written consent or consents shall be in accordance with Section 79-11-257 of the Act and shall be filed as part of the minutes of the Board of Directors.

Section 17. Action by Simultaneous Communication. Unless otherwise provided by the articles of incorporation, the Board of Directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 18. Management Agent. The Board of Directors may employ for the Association a management agent or manager (herein at times referred to as the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors from time to time may prescribe. Any management agreement entered into by the Association shall provide, among other things, that such agreement may be terminated for cause by either party upon thirty (30) days' written notice to the other party. The term of any such management agreement shall not exceed one year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

Section 19. Rights of Mortgagees. Any mortgagee of any Lot who desires notice of the regular and special meetings of the Board of Directors shall, at least once annually, notify the Registered Agent to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such mortgagee and the name of the individual at such address to whom notices of the regular and special meetings of the Board of Directors should be directed. The Secretary shall maintain a roster of all mortgagees from whom such notices have been timely received. It shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular and special meeting of the Board of Directors to each such mortgagee and to each eligible mortgage holder, in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notices to the Directors. Any such mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors. Such representative may participate in the discussion at any such meeting and, upon his request made to the President in advance of the meeting, may address the Board of Directors at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all

meetings of the Board of Directors upon request made in writing to the Secretary. Should the Secretary be unwilling or unable to carry out the duties herein prescribed, the Board of Directors may designate another officer or the Management Agent to perform such duties.

ARTICLE VII

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, each of whom shall be elected by the Members and shall discharge his duties in compliance with Section 79-11-275 of the Act. Only those individuals who are members of the then current Board of Directors shall be eligible to serve as principal officers of the Association. However, a Director, merely by virtue of being a Director, shall not be considered an officer of the Association. The offices of President and Vice President may not be the same individual. The offices of President, Secretary and Treasurer, or any combination thereof, may be filled by the same individual. In addition to the officers named above, the Board of Directors may authorize an office for, determine the qualifications of, and appoint one or more Assistant Vice Presidents, Assistant Secretaries, one or more Assistant Treasurers and such other officers as in the judgment of the Directors are necessary, appropriate, convenient, incidental or advisable. One or more other authorized offices may be filled by the same individual other than an individual who is a principal officer of the Association.

Section 2. Election of Officers. The initial officers of the Association shall be elected at the Organizational Meeting of the Members. Thereafter, the officers of the Association shall be elected annually at each annual meeting of the Members, or, in the event of a vacancy, at a special meeting of the Members called for such purpose. Each principal officer so elected shall hold office until his successor has been elected at the next ensuing annual meeting of the Members and has duly qualified.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the un-expired portion of the term. Should the office held by any principal officer become vacant, such vacancy shall be filled by an election at the next annual meeting of the Members or at a special meeting of the Members called for that purpose, and the individual so elected shall hold the office to which elected until his successor has been elected at the next ensuing annual meeting of the Members, and has duly qualified.

Section 4. Removal of Officers. At any special meeting of the Members duly called for such purpose, any officer may be removed from office with or without cause, by the affirmative vote of a majority of the Members present and voting, in person or by proxy, at such meeting, and in the event of such removal, a successor to the officer thus removed may be elected then and there to fill the vacancy thus created. Any officer whose removal has been proposed shall be given an opportunity to be heard at the meeting called for the purpose of considering such removal.

Section 5. President. The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors and of any duly authorized committee of directors, shall have general supervision of the affairs of the Association. He shall preside at all meetings of the Members and, unless a majority of the Directors designate otherwise, at all meetings of the Board of Directors. He shall have all of the general authorities, powers and duties which are normally vested in the office of president of a corporation, provided, however, that such authorities, powers and duties, from time to time and at any time, may be restricted or enlarged by the Board of Directors. Unless resolved to the contrary by the Board of Directors for a particular committee, the President shall be an ex-officio member of any committee of directors or the Association. The President shall make reports to the Board of Directors and Members and perform all other duties as are incident to his office or required of him by the Board of Directors.

Section 6. Vice President. Any Vice President or any additional or assistant Vice President shall perform such duties as may be assigned, from time to time, by the President or by the Board of Directors. The Vice President shall perform and be vested with all of the duties and powers of the President in the event of the death, resignation, removal, disqualification, disability or absence of the President. The Vice President shall take the place of the President, and shall have the authorities and powers and perform the duties of the President, whenever the President is unwilling or unable to act. If neither the President nor the Vice President is willing and able to act, then the Board of Directors shall appoint one of its members to act as the chief executive officer of the Association on an interim basis. The Vice President shall assist the President generally, and when acting for the President, shall have the same authorities, powers and duties as the President. The authorities, powers and duties of the Vice President, from time to time and at any time, may be restricted or enlarged by the Board of Directors.

Section 7. Secretary. The Secretary shall be the chief administrative officer of the Association. He shall keep the minutes of the meetings of Members and of the Board of Directors in one or more books provided for that purpose. He shall issue notices for all regular and special meetings of the Association and Directors, except notices for special meetings of the Directors called at the request of a majority of directors as provided in Section 13 of Article VI of these Bylaws, which notice may be issued by such directors. He shall make such reports and perform such other duties as are incident to his office, or which may be required of him by the Board of Directors. He shall have the authority to authenticate records of the Association. He shall have custody of the seal of the Association, if any. He shall have custody of the Minutes of the Association, the Lists of its Members, the names of Mortgagees Eligible to Receive Notices, and of such other books and papers as the Board of Directors may specify. He shall perform all duties incident to his office or which may be required of him by the Declaration, these Bylaws and the Board of Directors. The Board of Directors may authorize an office for and appoint one or more Assistant Secretaries and delegate among them such of the duties and responsibilities of the Secretary as the Board of Directors may deem necessary, appropriate, convenient, incidental or advisable. In addition, the Secretary and any Assistant Secretaries shall have whatever other authorities, powers and duties, but only

such authorities, powers and duties, as may be prescribed by the Board of Directors. If, at any one or more times, the Secretary shall be unwilling or unable to perform any part of his duties, such duties may be performed by one or more other individuals designated by the Board of Directors as an Assistant Secretary.

Section 8. Treasurer. The Treasurer shall be the chief financial officer of the Association. He shall have responsibility for the funds and securities of the Association. He shall have responsibility for keeping, or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall have responsibility for causing the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as from time to time may be designated by the Board of Directors. He shall manage all funds and disburse all monies of the Association. He shall render to the Board of Directors, from time to time, as may be required of him an account of all his transactions as Treasurer and of the financial condition of the Association. He shall perform all duties incident to his office or which may be required of him by the Declaration, these Bylaws and the Board of Directors. The Board of Directors may authorize an office for and appoint one or more Assistant Treasurers and delegate among them such of the duties and responsibilities of the Treasurer as the Board of Directors may deem necessary, appropriate, convenient, incidental or advisable. In addition, the Treasurer and any Assistant Treasurers shall have whatever other authorities, powers and duties, but only such authorities, powers and duties, as may be prescribed by the Board of Directors. If, at any one or more times, the Treasurer shall be unwilling or unable to perform any part of his duties, such duties may be performed by one or more other individuals designated by the Board of Directors as an Assistant Treasurer.

Section 9. Affiliation with Declarant. Any individual who is a member, officer or employee of the Declarant or an officer or employee of a member of the Declarant can serve in any office of the Association for which he is otherwise qualified.

Section 10. Management Agent. If other than the Declarant, the Management Agent employed by the Board of Directors, or a principal officer or employee of a corporate agent, may serve as an Assistant Secretary or Assistant Treasurer at the discretion of the Board of Directors.

Section 11. Compensation. The salaries and other compensation of the officers shall be fixed, from time to time, by the Board of Directors. No officer shall be prevented from receiving a salary or other compensation by reason of the fact that he is also a director of the Association provided such compensation is duly authorized.

Section 12. Delegation of Duties. In case of the death, absence, refusal or inability to act of any officer of the Association, the Board of Directors may, from time to time, delegate the powers or duties of such officer to any other officer, or to a director or other person.

Section 13. Bonds of Officers. The Board of Directors may, by resolution, require any or all of the officers to give bonds to the Association with sufficient surety or sureties,

conditioned on the faithful performance of the duties of such office and to comply with such other conditions as may be required by the Board of Directors.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Indemnification. The Association may indemnify any current or former director, officer, committee member or employee who was or is a party, or is threatened to be made a party, to any claim, action, suit or proceeding by reason of the fact that he is or was a director, officer, committee member or employee of the Association (or of another association, partnership, or enterprise, if serving at the request of the Association) against Liabilities and Expenses (as defined in Section 79-11-281 of the Act) incurred by him in connection with such claim, action, suit or proceeding if he acted in good faith and he reasonably believed, in the case of conduct in his official capacity with the Association, that his conduct was in the Association's best interests and, in all other cases, that his conduct was at least not opposed to the Association's best interests and, in the case of any criminal proceedings, he had no reasonable cause to believe his conduct was unlawful. Indemnification shall be made upon a determination by the Board of Directors, in the reasonable exercise of discretion, that the standard of conduct herein described has been met.

Such indemnification shall include amounts payable as the result of the settlement of any such action, suit or proceeding; provided, however, that any such settlement shall be approved in writing by the then Board of Directors.

Such indemnification shall not be deemed exclusive of, and shall be in addition to, any other rights to which such current or former director, officer, committee member or employee may be entitled, whether by law, by resolution adopted by the Members after notice, or otherwise.

The Association may pay for or reimburse reasonable expenses incurred by any current or former director, officer, committee member or employee if the Board of Directors determines, in the reasonable exercise of discretion, that the conditions set out in Section 79-11-281 of the Act are satisfied and the director, officer, committee member or employee provides the Association with reasonable security that he will be able to repay any advance if it is ultimately determined that he did not meet the standard of conduct.

In no event, however, shall any current or former director, officer, committee member or employee be entitled to indemnification: (a) in connection with a proceeding by or in the right of the Association in which such person is adjudged liable to the Association, or (b) in connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he is adjudged liable on the basis that personal benefit was improperly received by him.

Section 2. Liability to Members. A current or former director, officer, committee member or employee of the Association shall not be personally liable to the Members, or to the Association, for any mistake of judgment, failure to make a judgment or otherwise, except as provided by law and except for his own individual willful misconduct, bad faith or failure to meet the standard of conduct described in Section 1 of this Article. The Association shall not be liable to the Members for any mistake of judgment made, or failure to make a judgment, by any current or former director, officer, committee member or employee of the Association, or otherwise, except as provided by law. Neither the Association or any of its current or former directors, officers, committee members or employees, corporately or personally, collectively or individually, shall be liable to any Member or to any other person on account of any claim, liability or expense suffered, incurred or paid by or threatened against such Member or other person arising or resulting from or in any way relating (i) to the discharge or failure to discharge any act or duty of the Association, (ii) the result or failure of any service furnished or to be furnished by the Association, and (iii) to the subject matter of any reviews, acceptances, inspections, permissions, consents or required approvals which must be obtained from the Association, the Board of Directors, the Architectural Review Committee or any other committee, or any public authority, whether given, granted or withheld.

Section 3. Liability for Contracts. A current or former director, officer, committee member or employee shall not be personally liable on account of or with respect to any contract or other commitment made by him, in good faith, on behalf of the Association. The Association shall indemnify and forever hold each such director, officer, committee member or employee free and harmless against any and all liability to others on account of any such contract or commitment.

Section 4. Conflict and Identity of Interest. The directors, officers, committee members and employees, collectively or individually, shall exercise their powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and one or more of its directors, officers, committee members and/or employees, or between the Association and any corporation, firm or association in which one or more of its directors, officers, committee members and/or employees are directors or officers or are pecuniarily or otherwise interested, shall be either void or voidable because such director, officer, committee member or was present at the meeting of the Board of Directors or any committee thereof which authorized or approved the contract or transaction, or because his or their votes were counted for such purpose, if any of the conditions specified in any of the following paragraphs exists:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes of the Board, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for such purpose;

(b) The fact of the common directorate or interest is disclosed or known to the Members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for such purpose; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

A common or interested director may be counted in determining the presence of a quorum at any meeting of the Board of Directors or any committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not a common or interested director.

ARTICLE IX

INSURANCE

Section 1. Insurance. The Board of Directors shall obtain and maintain for and in favor of the Association, to the extent reasonably and feasibly available, at least the following:

(a) Casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% of "replacement cost," without deduction or allowance for depreciation, but exclusive of value of land, foundation and excavation) of the common areas and Neighborhood facilities (including all building service equipment and the like), such replacement value to be determined annually by the Board of Directors with the assistance of the insurance company affording such coverage, and such coverage to afford protection against at least (i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (ii) such other risks as are customarily covered with respect to projects similar in construction, location and use, and such other risks as the Board of Directors in its discretion from time to time may determine to be appropriate.

The policy or policies affording such casualty or physical damage insurance may contain whatever special endorsements the Board of Directors in its discretion may deem appropriate, including but not limited to a "Demolition Endorsement" or its equivalent, and an "Increased Cost of Construction Endorsement" or its equivalent, and a "Contingent Liability from Operation of Building Laws Endorsement" or its equivalent; and

(b) A comprehensive policy of public liability insurance in such amount and in such form as may be considered appropriate by the Board of Directors in its discretion (but in an amount of not less than The policy shall be in an amount equal to or in excess of One Hundred Thousand Dollars [\$100,000.00] for each personal injury including death, Three Hundred Thousand Dollars [\$300,000.00] for each occurrence, and One Hundred Thousand Dollars [\$100,000.00] in property damage), which policy may include a "Severability of Interest Endorsement" or its equivalent if the Board of Directors in its discretion deems such appropriate, and which policy shall afford coverage with respect to whatever additional and special liabilities the Board of Directors in its discretion may specify, including, but not limited to, hired automobile liability, non-owned automobile liability, liability for property of others, liability incident to the ownership and use of the common areas and Neighborhood facilities or any portion thereof and, if applicable,

elevator collision liability, garage keeper's liability, host liquor liability, and such other risks as are customarily covered with respect to projects similar in construction, location and use; and

(c) Workmen's compensation insurance to the extent necessary to comply with any applicable law; and

(d) A "Legal Expense Indemnity Endorsement," or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and

(e) Insurance affording fidelity coverage to protect the Association against dishonest acts on the part of officers and Directors of the Association, trustees of and for the Association, and employees and agents of the Association who handle or are responsible for the handling of funds belonging to the Association, which fidelity coverage shall meet at least the following requirements:

(i) all such fidelity bonds and policies of insurance shall name the Association as obligee or named insured, as the circumstances may require;

(ii) all such fidelity bonds and policies of insurance shall be written in an amount equal to at least one hundred percent (100%) of the estimated annual operating budget of the Association, including reserves; and

(iii) all such fidelity bonds and insurance shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to any and all obligees and insureds named thereon and to any mortgagee of any Lot who requests such notice in writing; and

(f) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as are prescribed in the Declaration or as shall be considered appropriate by the Board of Directors in its discretion.

Section 2. Limitations. All insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Mississippi and holding a rating equivalent to a rating of "A + XV" or better in the most recent edition of Best's Insurance Guide.

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the Owners of the Lots or their mortgagees, and any "no other insurance" or similar clause in any policy obtained for the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) Such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased, whether or not within the control or knowledge of the Board of Directors, and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any one or more Members of the Association, or any of their respective agents, employees, tenants, mortgagees or invitees, or by reason of any act of neglect or negligence on the part of any of them.

(e) All policies shall provide that such policies may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to all insureds named therein, including any mortgagee of any Lot who requests such notice in writing,

(f) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members and their respective agents, employees and tenants, and a waiver of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

Section 3. Use of Insurance Proceeds. In the event of damage or destruction to the common areas and Neighborhood facilities by fire or other casualty, the same shall be promptly repaired, replaced or reconstructed in substantial conformity with the original plans and specifications for same, and such shall be done with the proceeds of insurance available for that purpose, if any. The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of the common areas and Neighborhood facilities for purposes other than the repair, replacement or reconstruction of the common areas and Neighborhood facilities without the prior written consent and approval of the holders of at least seventy-five percent (75%) of the first mortgages of record encumbering the Lots.

In the event the proceeds of insurance are not sufficient to repair damage or destruction of the common areas and Neighborhood facilities caused by fire or other casualty, or in the event such damage or destruction is caused by a casualty not insured against, then and in either of those events, upon resolution of the Board of Directors, the repair, replacement or reconstruction of the damage shall be accomplished promptly by the Association at its common expense.

ARTICLE X

RECORDS

Section 1. Maintenance and Inspection of Records. The Association shall maintain the records required by Section 79-11-283 of the Act. The books and accounts of the Association, the vouchers accrediting the entries made thereon and any of the records described in Section 79-11-285(2) of the Act maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys, and by the institutional holders of the first mortgages on the Lots and their duly authorized agents and attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice under the conditions and limitations stated in such statute. Members shall have no right to inspect any of the aforementioned corporate books, records and documents except as provided above. The Association may impose a reasonable charge, covering the cost of labor and materials, for copies of any documents provided to a Member.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts of all receipts and expenditures and other transactions of and for the Association. At the close of each fiscal year, the books and accounts of the Association shall be timely audited by an independent accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Association shall furnish the Members and any mortgagee requesting same with an annual financial statement, which shall set forth a summary of all pertinent financial data, including the income and disbursements of the Association.

Section 3. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or a Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons as may be authorized from time to time by the Board of Directors.

Section 4. Seal. The Board of Directors may provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE XI

EMERGENCIES

Section 1. Emergency Defined. An emergency exists for the purposes of this Article if a quorum of the Board of Directors cannot be readily assembled because of some catastrophic event.

Section 2. Emergency ByLaws. Unless the Articles of Incorporation provide otherwise, the Board of Directors may adopt other Bylaws to be effective only in an emergency. These emergency bylaws may provide special procedures necessary for managing the Association during an emergency (including but not limited to, procedures for calling a meeting of the Board of Directors; quorum requirements for a meeting; and designation of additional or substitute directors). These emergency bylaws are subject to amendment or repeal by the Members of the Association at any regular or special meeting thereof. Each and all provisions of these Bylaws which are consistent with such emergency bylaws shall remain in effect during the emergency. The emergency bylaws are not in effect after the emergency ends.

Section 3. Emergency Powers. In anticipation of or during an emergency, the Board of Directors may modify lines of succession to accommodate the incapacity of any director, officer, committee member, employee or agent, or authorize the officers to do so. In anticipation of or during an emergency, the Board of Directors may designate alternative principal offices or regional offices, or authorize the officers to do so. During an emergency, unless the emergency bylaws provide otherwise, notice of a meeting of the Board of Directors need only be given to those directors to whom it is practicable to reach and may be given in any practicable manner. During an emergency, unless the emergency bylaws provide otherwise, the senior officer of the Association present may appoint one (1) or more Members present as a director or as an officer of the Association for such purposes as may be necessary or advisable and which appointments shall lapse when the emergency ends or the purpose is fulfilled.

Section 4. Binding Effect. Corporate action taken in good faith during an emergency, either under such emergency powers in order to further the ordinary activities of the Association or in accordance with any emergency bylaws adopted by the Board of Directors, shall bind the Association and may not be the basis for or otherwise used to impose liability on a director, officer, committee member, employee or agent of the Association.

ARTICLE XII

ADDITIONAL PROVISIONS

Section 1. Amendment. Subject to law and any contrary provision of the Declaration and/or the Articles of Incorporation, these Bylaws may be amended as follows:

(a) At any time when there is one or more Class B Members only by the affirmative vote of at least two-thirds (2/3) of the then Class A Members and the then Class B Members of the Association, each class voting separately.

(b) At any time when there are no Class B Members only by the affirmative vote of at least two-thirds (2/3) of the then Members of the Association.

(c) Until December 31, 2018, solely by resolution of the Board of Directors provided that such resolution does not adversely modify or amend any material or substantive provision of these Bylaws.

Amendments to these Bylaws may be proposed by the Board of Directors or by petition signed by Members having at least one-fourth (1/4) of the total votes of the then Class A Members and, if there is one or more Class B Members, the petition must be signed by Members having one-fourth (1/4) of the total votes of the then Class B Members. The petition shall be delivered to the President or the Secretary of the Association. The Board of Directors or the Members so proposing and/or petitioning may condition the amendment's adoption on its receipt of a higher percentage of affirmative votes or on any other basis.

A description of any proposed amendment shall accompany the notice of any annual or special meeting of the Members at which such proposed amendment is to be considered and voted upon. If the Board of Directors or the Members so proposing and/or petitioning seek to have the amendment approved by the Members by written consent or written ballot, the material soliciting such approval shall contain or be accompanied by a copy of the amendment and such other materials and information as the Board of Directors, in its sole discretion, deems necessary, required, convenient, incidental or advisable.

Section 2. Condemnation or Eminent Domain. In the event any portion of the common areas or Neighborhood facilities is made the subject of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors shall give prompt written notice of any such proceeding or proposed acquisition to all eligible mortgage holders. No provision of these Bylaws shall entitle any Member of the Association to any priority over the holder of any first mortgage of record encumbering his Lot insofar as concerns the distribution to such Member of the proceeds of any condemnation award or settlement.

Section 3. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in these Bylaws shall be given in writing.

Section 4. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 5. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 6. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 7. Gender. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

THE UNDERSIGNED certifies that I am the duly appointed Recording Secretary of Chestnut Hill Homeowners Association, Inc. and that the above is a true and correct copy of the Bylaws of said Association adopted at the Organizational Meeting of its Members convened and held in accordance with law and the Articles of Incorporation on the 24th day of September, 2007, and that such Bylaws are now in full force and effect.

WITNESS my signature, this the 24th day of September, 2007.

By: Kathy Hill
Kathy Hill
Recording Secretary