

**BYLAWS OF
PRAIRIE WATERS PROPERTY OWNERS ASSOCIATION**

ARTICLE I

Section 1. Name. The name of this association is Prairie Waters Property Owners Association. Its principal place of business is 274 Prairie Waters Drive, Columbus, Mississippi 39701. The Prairie Waters Property Owners Association may have such other offices within or without the State of Mississippi as the Board of Directors or the members may from time to time designate.

ARTICLE II

Section 2. Applicability. These Bylaws and each provision thereof shall be applicable to all member lots as defined within the residential subdivision known as Prairie Waters Subdivision described more particularly on Exhibit "A" attached hereto and made a part hereof and promulgated pursuant to Restrictive Covenants and Conditions dated January 7, 1998 and recorded in Deed Book 1198 Page 194 in the office of the Chancery Clerk Lowndes County, Mississippi.

ARTICLE III

The following sections of this Article III shall apply to membership in the Association:

Section 1. Eligibility. The owner or owners of a lot, who have become such in compliance with all of the requirements and conditions contained in the Declaration of Covenants, including these Bylaws, shall be entitled to attend and vote at all meetings of the Association. The Declarant shall be considered the owner of each lot which is unsold by it. Ownership of a lot shall be the sole qualification for membership in the Association.

Section 2. Voting Rights. The owner or owners of a lot shall be entitled to one (1) vote at all meetings of the Association. Where two or more persons own a lot, the vote allocated to that lot shall be cast by the one authorized by such two or more owners, and in the event of failure of such authorization, no vote shall be recorded for that lot. Where only one of two or more owners of a lot is present in person at a meeting, such one shall be presumed to be authorized by all owners of said lot and shall be entitled to cast the vote with respect to that lot. Where one person or a group of persons owns more than one lot, such person or group shall be entitled to cast one vote for each lot owned. Developer and David W. Sanders shall be entitled to their (3) votes for each lot owned, such additional votes given expiring when 90% of the lots have been sold or on December 31, 2010, whichever comes first.

Section 3. Lien and Other Rights. The Association shall have a lien on the outstanding memberships in order to secure payment of any sums which may become due from the holders thereof to the Association for any liens properly assessed by the association.. In addition, for such time as any sums may be due, the member who fails to pay such sum shall not be entitled to any rights or privileges appertaining to such membership.

ARTICLE IV

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or place of business of the Association or at such other suitable place convenient to the membership as may be designated by the Board.

Section 2. Annual Meetings. Meetings of the members of the Association shall be held each September. At such meeting there shall be elected by secret written ballot of the members, a Board

of Directors in accordance with the requirements of Section 5 of Article V of these Bylaws. The members may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board or upon a petition signed by members representing at least twenty percent (20%) of the total number of votes outstanding having been presented to the Secretary. 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 as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held to each member of record at his address as it appears on the membership book of the Association, or if no such address appears, at his last known place of address, at least ten (10) days but no more than ninety (90) days prior to such meeting. Service may also be accomplished by the delivery of any such notice to the member at his last known address by deposit in the box or slot for the United States mail. Notice by either such method shall be considered as notice served. Attendance by a member at any meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof.

Section 5. Quorum. The presence, either in person or by proxy, of members representing at least fifty-one percent (51%) of the total vote entitled to be cast with respect to any question, shall be requisite for and shall constitute a quorum for the transaction of business at all meetings of members. If the number of members, being the property owners exclusive of developers, at a

meeting, drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Voting. At every meeting of the members, each of the members shall have the right to cast his vote on each question. The vote of member represents a fifty-one percent (51%) majority of the total votes entitled to be cast shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. No member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 8. Proxies. Any member May appoint any other member or the developer or any other person permitted by law or by these Bylaws as his proxy. The proxy will be defined as limited or directive in nature which will be limited to a specific event or meeting. Any proxy must be in writing and must comply with all requirements imposed by law or by these Bylaws. The proxy will expire at the completion of identified meeting or specific event. A Board member can not give proxy to another board member for a board meeting.

Section 9. Order of Business. The order of business at all regularly scheduled meetings of the members shall be as follows:

- (a) Roll call and certificate of proxies. .
- (b) Proof of notice of meetings or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of directors, if any.
- (e) Reports of committees, if any.
- (f) Unfinished business.
- (g) New business.
- (h) Election of directors.

In the case of special meetings, (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE V

Section 1. Number and Qualification. The affairs of the Association shall be governed by the elected directors of Prairie Waters Property Owners Association composed of seven members of the Association.

Section 2. Initial Directors. The initial directors shall be elected by the members of the Association. The names of the directors who shall act as such from the date upon which the Declaration is recorded in the Register's Office of Lowndes County, Mississippi for one (1) year. There shall only be one (1) board member per lot.

President: Royce Hudspeth

Vice President: Robert Johns

Secretary: Lynn Oliver

Treasurer: Tom Buckley

Three(3)At Large: Mike Hainsey

Jason McCoy

Ronnie Herrington

Section 3. Power and Duties. The directors shall have the power and duties necessary for the administration of the affairs of the Association and the residential subdivision and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the members. The power and duties of the directors shall include, but not be limited to the following:

To provide for:

- (a) Care and upkeep of common areas and associated matters and enforcement of restrictive covenants determined by the Association.
- (b) Establishment and collection of assessments and/or carrying charges from the members and for the assessment and/or enforcement of liens therefore in a manner consistent with law and the provisions of these Bylaws and the Declaration.
- (c) Pay for common area maintenance from dues to be collected in advance for a twelve (12) month period to begin at a time determined by the directors. Initial dues being \$275.00 per year per lot owner.
- (d) Promulgation and enforcement of the covenants as may be deemed proper respecting the use, occupancy and maintenance of all of which shall be consistent with law and the provisions of these Bylaws and the Declaration.

Section 5. Nomination. Nomination for election of directors shall be made from the floor at the annual meeting.

Section 6. Election and Term of Office. The term of the directors named herein shall expire when their successors have been elected at the annual meeting of the members. The members shall determine the number of directors consistent with these Bylaws, who shall constitute the directors to serve until the next annual meeting. The terms of office of each officer thereafter shall be for a staggered terms, three directors to serve three year terms, two directors to serve two year terms and two directors to serve one year terms.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of an officer by a vote of the membership shall be filled by vote of the majority of the remaining directors. Each person so elected shall be an officer until a successor is elected by the

members at the next annual meeting.

Section 8. Removal of Directors. At a regular meeting of the members, or special meeting duly called for such purpose, any officer may be removed with cause by the affirmative vote of the majority of the entire membership of record and a successor may then and there be elected to fill the vacancy thus created. Any officer whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any officer who becomes more than sixty (60) days delinquent in payment of any assessments and/or carrying charges due the Association shall be automatically terminated and the remaining directors shall appoint his successor as provided in Section 7 of this Article.

Section 9. Compensation. 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 officer for services performed for the Association in any other capacity.

Section 10. Organization Meetings. The first meeting of a newly elected board of directors shall be held within ten (10) days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order to legally constitute such meeting, provided a majority of the whole Board of Directors shall be present.

Section 11. 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 calendar year. Notice of regular meetings of the Board of Directors shall be given to each officer, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting. Any member of the association May attend regular and special meetings of the Board of Directors. A member is allowed to speak at any Board meeting. The Board will be allowed to establish a reasonable time limit and rules for

members to speak at these meetings. All meetings by Directors shall contain minutes to be available to all members.

Section 12. Special Meetings. Special meetings of the Board of directors may be called by the President on three (3) days notice to each officer, given personally or by mail, telephone or telegraph, which notice shall state the time and place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the directors or members.

Section 13. Waiver of Notice. Before or at any meeting of the Board of Directors, any officer may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by an officer at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof.

Section 14. Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. No business to be transacted by the Board without a majority.

Section 15. Action Without Meeting. Any action of the directors required or permitted to be taken at any meeting may be taken without a meeting if all of the directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings.

ARTICLE VI

Section 1. Designation. The principal directors of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer, and Three (3) At Large Office, all of which shall be elected by the members.

Section 2. Election of Directors. The directors of the Association shall be elected annually by the Association's members at the organizational meeting; said directors terms to be staggered at intervals, as herein provided in Section 6 hereinabove.

Section 3. Removal of Directors. Any Board member may be removed from office with cause by a resolution adopted by two-thirds (2/3) vote of the whole Board. Written notice of the proposed action shall be given to the officer by personal delivery or certified mail. The officer may request an open hearing before the Board at its' next regular meeting or at a special meeting called for that purpose. Such hearing shall be held within five (5) business days following such directors receipt of the notice. If the director being removed fails to request a hearing within such time frame, the removal will be deemed approved. His successor may be elected at any regular meeting of the Board, or at any special meeting of the board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall have all of the general powers and duties which are usually vested in the office of president of an Association, including, but not limited to, the power to appoint committees from among the membership from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other Member of the Board to do

so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him by the Board.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the members of the Association; shall have charge of the membership transfer books and of such other books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board.

ARTICLE VII

Section 1. Liability and Indemnification of Directors. The Association shall indemnify every officer of the Association against any and all expense, including attorney's fees, reasonable incurred by or imposed upon any officer in connection with any action, suit or other proceedings (including the settlement of any such suit or proceedings if approved by the then Board of the Association) to which he may be made a party by reason of being or having been an officer of the Association, whether or not such person is an officer at the time such expenses are incurred. The directors of the Association shall not be liable to the members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willfull misconduct or bad faith. The directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer free and harmless against any and all liability to others on account of an y such contract or commitment. Any right to indemnification provided for herein

shall not be exclusive of any other rights to which any officer of the Association or former officer of the Association may be entitled.

ARTICLE VIII

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage and operate for the benefit of the lots and the owners thereof, shall enforce the provisions hereof and shall pay out of the common expense fund herein elsewhere provided for, the following:

- (a) The cost of such insurance as the Association may effect.
- (b) The cost of providing such legal and accounting services as may be considered necessary to the operation of Prairie Waters Property Owners Association.
- (c) The cost of any and all materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Association secures in the discretion of the Board or by the vote of the members which are deemed necessary.
- (d) The cost of the maintenance or repairs on any lot in the event such maintenance or repair is reasonable necessary in the discretion of the Board to protect the common areas or to preserve the appearance or value of the property or is otherwise in the interest of the general welfare of all owners of the lots. Provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board and not without reasonable written notice to the owner of the lot proposed to be maintained and provided, further, that the cost thereof shall be assessed against the lot on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be sent promptly to the then owner of said lot at which time and assessment shall become due and payable and a continuing lien and obligation of said owner in all respects as provided in Article IX of these Bylaws.

Section 2. Special Assessments for Captial Improvements. In addition to the annual assessments authorized hereinabove, the Association may levy a special assessment for related thereto; provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members of the Association who are voting in person or by proxy at a meeting duly called for this purpose. The due date and method of payment (which May be in installments) of such Special Assessments shall be determined by the Board of Directors of the Association at the time such assessment is levied.

Section 3. Notice and Quorum for any Action Authorized Under Sections 2. Written notice of any meeting for the purpose of taking any action authorized under Section 2 hereinabove shall be sent to all members of the Association not less than 10 days nor more than 60 days in advance of such meeting. At the first such meeting called the presence of persons holding, personally or by proxy, sixty percent (60%) of property owners and developers that may be cast at the meeting shall constitute a quorum. If the required quorum is not present, the Board of Directors of the Association may call another meeting subject to the same notice requirements provided herein, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the proceeding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 2. Duty to Maintain. Except for maintenance requirements herein imposed upon the Association, the owner of any lot shall, at his own expense, maintain the interior and exterior of his lot, including any and all equipment and fixtures therein situate, and its other appurtenances, in good order, condition and repair, and in clean and sanitary condition, and shall do all decoration, painting and the like which may at any time be necessary to maintain the good appearance of his lot and appurtenances.

Section 3. For the purpose solely of performing any of the repairs or maintenance required or authorized by these Bylaws, or in the event of a bona fide emergency involving illness or potential danger to life or property, the Association, through its duly authorized agents or employees, shall have the right, after reasonable efforts to give notice to the owner or occupant, to enter upon any lot at any hour considered to be reasonable under the circumstances.

ARTICLE IX

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of September every year, except for the first fiscal year of the Association, which shall begin at the date of incorporation. The commencement day of the fiscal year herein established shall be subject to change by the Board should corporate practice subsequently dictate.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practice. The same shall include books with detailed accounts, in chronological order, or receipts and of the expenditures affecting Prairie Waters Subdivision and its administration and shall specify the maintenance and repair expenses of the expenses incurred.

Section 3. Reports. The Association shall furnish its members, and the holders of first mortgages requesting same, within ninety (90) days from date to close of each fiscal year, with an annual financial statement, including the income and disbursements of the Association.

Section 4. Inspection of Books. The books and accounts of the Association, and vouchers accrediting the entries made thereupon, shall be available for examination by the members of the Association, and/or their duly authorized agents or attorneys, during normal business hours and for purposes reasonable related to their interest as members.

Section 5. Execution of Association Documents. With the prior authorization of the directors, all notes and contracts shall be executed on behalf of the Association by either the

President or the Vice President, and all checks shall be executed on behalf of the Association by such directors, agents, or other persons as are from time to time so authorized by the Board of Directors.

ARTICLE X

Section 1. Amendments. These Bylaws may be amended by the affirmative vote of members representing a majority of all votes entitled to be cast at any meeting of the members duly called for such purpose. Amendments may be proposed by the Board or by petition signed by Members representing at least thirty percent (30%) of the total number of votes entitled to be cast.

ARTICLE XI

Section 1. Resident Agent. The resident agent shall be designated as the person authorized to accept service of process in any action relating to two or more lots or to a common area.

Section 2. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in the Declaration or these Bylaws shall be given in writing.

Section 3. 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 4. 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 5. 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.

Section 6. Gender, Etc. 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.

Section 7. Conflicts. These Bylaws are subordinate to all provisions of the Declaration of Restrictive Covenants. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration or the aforesaid Restrictive Covenants. In the event of any conflict between these Bylaws and the Declaration of Covenants, the provisions of the Declaration shall control, and in the event of any conflict between the aforesaid Declaration of Covenants and any of the laws of the State of Mississippi, the provisions of the statute shall control.