BYLAWS  
OF  
QUAIL CREEK HOMEOWNERS' ASSOCIATION

ARTICLE I  
NAME AND OFFICES

1.1 **Name.** The name of this Association is QUAIL CREEK HOMEOWNERS' ASSOCIATION.

1.2 **Office.** The principal office of the Association shall be at such location as the Board of Directors (the "Board") may from time to time determine.

ARTICLE II  
MEETINGS

The following provisions shall govern meetings of the members of the Association:

2.1 **Control of Association.** Quail Creek Associates (the "Developer") will relinquish management of the affairs of the Association to the members (the "Owners" of the lots in Quail Creek) upon the earlier of (i) the date that \_\_\_ percent of the lots in Quail Creek have completed homes constructed thereon, or (ii) on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

2.2 **Place of Meetings**. All meetings of the Owners shall be held at the principal office of the Association, or at such other place(s) as the Board may from time to time determine.

2.3 **Annual Meeting.** The first annual meeting shall be held within sixty (60) days after the Developer turns over management of the affairs of the Association to the Owners. Annual meetings of the Owners shall be held each 12 months thereafter on a date set by the Board. The annual meeting shall be for the purpose of (i) electing one or more Board members, (iii) [*sic*] transacting any other business of the Association.

2.4 **Special Meetings.** A special meeting of the Owners may at any time be called by a majority of (i) the Directors, or (ii) the Owners. No special meeting may be called until at least sixty (60) days after the Developer turns over management of the affairs of the Association to the Owners.

2.5 **Notice of Meetings.** A notice setting forth the time and place of the annual or special meeting (and the purpose thereof if a special meeting is to be held), shall be given to each Owner at least thirty (30) days prior to the date of the meeting. The notice requirement may be waived by an Owner if done so in writing.

2.6 **Quorum.** The presence in person, by written ballot, or by written proxy, of one half (½) of the Owners shall constitute a quorum for the transaction of business. All proxies and written ballots shall be in writing subscribed by the party entitled to cast the vote(s) represented thereby, or by his/her duly authorized attorney-in-fact. No proxy shall be valid or confer any right or authority to vote or act thereunder unless such proxy has been presented to the Secretary of the Association prior to the meeting at which that proxy is to be used.

2.7 **Voting.** Each lot within the Quail Creek plat shall be entitled to one vote. If a lot has more than one owner, only one owner may cast a vote.

2.8 **Adjournment of Meetings.** If a quorum of Owners is not present at a meeting, such meeting shall be adjourned until such time that a meeting can be rescheduled with a quorum present. The reasons for the adjournment shall be recorded in the minutes of the proceedings of the Association.

2.9 **Action of Shareholders Without Meeting.** Any action under any provision of these Bylaws which may be taken at a meeting of the Owners, may be taken without a meeting if a record or memorandum of such action be made in writing and signed by a majority of the Owners who would be entitled to vote at a meeting for such purpose as of the date such memorandum is executed. Such a record or memorandum shall be made a part of the Association records. All action taken without a meeting shall require the vote of a majority of all Owners rather than a majority of any quorum.

ARTICLE III  
DIRECTORS

3.1 **Initial Authority of Developer.** The business and the property of the Association shall be managed and controlled by the Board. Notwithstanding the foregoing, the Developer shall have all authority which would otherwise be vested in the Board until such time as a Board is elected at the first annual meeting as provided in Section 2.3 herein.

3.2 **Number and Term of Office.** The Association shall have three (3) Directors unless the Owners vote to increase or decrease said number. Three Directors shall be elected at the first annual meeting. One of the Directors elected shall serve for a three year term, one shall serve for a two year term, and the other shall serve for a one year term. Thereafter, one Director shall be elected at each annual meeting of the Owners to replace the Director whose term is expiring. The Director elected at each annual meeting shall hold office for three (3) years, or until such Director sooner dies, resigns or is removed.

3.3 **Vacancies.** If any vacancy shall occur among the Board by death, resignation, or otherwise, then a successor shall be elected either by the Board then constituted, though less than a quorum, or by a special meeting of the Owners called for that purpose by the Board. The successor so elected shall serve for the remainder of the term of the Director who has died, resigned or otherwise is no longer serving.

3.4 **Meetings.** The Board may hold meetings, without notice to the Owners, at a time and place the Board may from time to time determine.

3.5 **Notice of Meetings.** Notice of each meeting of the Board shall be given to each Director at least five (5) days before the meeting. The notice shall be given either by personal service on a Director, or by mailing to such Director, United States Mail, first class postage prepaid properly addressed to the last known address of such Director, and shall be deemed to be given and received (if mailed) three (3) days following the date of mailing. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where the Director attends the meeting for the express purpose of objecting to the transaction of any business on account of the meeting not being lawfully called or convened, and such objection is made in writing.

3.6 **Quorum.** A majority of the Board shall constitute a quorum for the transaction of business. The act of the majority of the Board present at any meeting at which a quorum is present shall be the act of the Board.

3.7 **Board Actions Without Meetings.** Any action under any provision of these Bylaws which may be taken at a meeting of the Board, may be taken without a meeting if a record or memorandum of such action be made in writing and signed by a majority of the Board. Such a record shall be made a part of the Association records.

3.8 **Removal of Directors.** The Owners, by a majority vote, and at a meeting called for that purpose, may remove from office, either with or without cause, any Director, and the vacancy thereby created may be filled as provided in section 3.2 of these Bylaws.

3.9 **Remuneration.** The Board shall not receive any fee for their services as Directors.

ARTICLE IV  
OFFICERS

4.0 **Offices to be Filled.** The officers of the Association shall be selected from among the Board, and shall consist of a President, a Secretary, and a Treasurer, and such additional officers as the Board may from time to time determine to be proper. Any two offices, except those of President and Secretary, may be filled by the same person. No officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law or by these Bylaws to be executed, acknowledged or verified by two or more officers.

4.1 **Term.** The term of office for all officers shall be one (1) year, or until their successor is elected.

4.2  **President.** The powers and duties of the President shall be:

(1) To preside at all meetings of the Board.

(2) To call all meetings of the Board.

(3) Except when otherwise directed by the Board, to affix (with the Secretary) the signature of the Association to all deeds, conveyances, mortgages and other papers and instruments in writing that may require the same, to sign certificates of stock of the Association, and to supervise and control, subject to the direction of the Board, all officers, agents and employees of the Association.

4.3 **Secretary.** The powers and duties of the Secretary shall be:

(1) To keep full and complete records of the meetings of the Board and of the Owners.

(2) To countersign all documents described in section 4.3(3) above, except when otherwise directed by the Board.

(3) To serve and/or publish all notices that may be required.

(4) To supervise and control the keeping of the accounts and books of the Association.

(5) To perform all other duties as may be required by the Board.

4.4 **Treasurer.** The powers and duties of the Treasurer shall be:

(1) To receive all moneys belonging to, or paid to, the Association, and to deposit such moneys with one or more solvent and reputable banks to be designated by the Board, and to keep full and complete records of the funds received and the disbursement thereof.

(2) To render to the Owners at the annual meeting, and to the Board at any meeting of the Board, an account of all transactions of the Treasurer, and of the financial condition of the Association.

(3) To make the books of the Association available for inspection by one or more Board members, or by any committee appointed by the Board, during regular business hours.

(4) To perform such other duties as may from time to time be prescribed by the Board.

4.5 **Removal of Officers.** The Officers of the Association shall hold office at the pleasure of the Directors. Any elected or appointed officer may be removed at any time by the affirmative vote of a majority of the Board. Any vacancy occurring in any office of this Association shall be filled by the Board at a special meeting called for that purpose.

4.6 **Salaries.** All officers of the Association shall serve without salary.

ARTICLE V  
EVIDENCE OF OWNERSHIP

5.1 **No Certificates.** Membership in the Association shall be established by proof of ownership of one or more lots in Quail Creek.

5.2 **Transfer of Membership.** The Association membership shall be appurtenant to the Lot(s) giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to the Lot and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void. Transfer to title to a Lot shall operate automatically to transfer the membership in the Association to the new Owner.

ARTICLE VI  
MISCELLANEOUS

6.1 **Waiver of Notice**. Whenever any notice is required to be given by these Bylaws, or other applicable law, a waiver of notice in writing, or approval in writing of the action taken, signed by the person or persons entitled to the notice, whether before or after the time stated in the notice, shall be deemed equivalent to actual receipt of a proper notice.

6.2 **Fiscal Year**. The fiscal year of the Association shall be the calendar year, unless and until such time as the Board otherwise determine.

6.3 **Indemnification of Officers and Directors.** The Board and Officers of the Association are hereby indemnified by the Association for their lawful conduct to the fullest extent permitted by law. The Board and Officers of the Association shall not be individually liable for any discretionary decision or failure to make a discretionary decision within their official capacity as a Director or Officer, unless the decision or failure to decide constitutes gross negligence. Furthermore, no Board members or Officers shall be liable to the Association or the Owners for monetary damages for conduct as a Director or Officer unless the actions leading to the monetary damages involve intentional misconduct.

ARTICLE VII  
AMENDMENTS

These Bylaws, or any portion thereof, may at anytime be amended upon a vote of a majority of the Owners.

DEVELOPER

QUAIL CREEK ASSOCIATES, a joint venture partnership

WELLINGTON-MORRIS CORPORATION, partner

By: GREGORY SAHAR, its Vice President