

Stepping Stone Condominium Association, Inc.

EXHIBIT “B” TO DECLARATION OF CONDOMINIUM

BYLAWS OF STEPPING STONE CONDOMINIUM

These Bylaws of Stepping Stone Condominium, a condominium (“Condominium”), are promulgated to the Alabama Condominium Ownership Act, Code of Alabama 1975, Section 35-8-1 et seq., as amended, for the purposes of governing Stepping Stone Condominium Association, Inc. a not-for-profit corporation, organized under the provisions of the Alabama Nonprofit Corporation Act, Section 10-3-1 et seq., as amended, as an association of members of the Condominium. The provisions of these Bylaws are applicable to the Property of the Condominium and to the use and occupancy thereof.

As used herein, the term “Association: shall be the equivalent of “Association” as defined in the Declaration of Condominium of STEPPING STONE CONDOMINIUM, and all words as used herein shall have the same definitions as attributed to them in said Declaration of Condominium. The provisions of these Bylaws shall automatically become applicable to Property which may be added to the Condominium pursuant to Section 4.05 of the Declaration of Condominium upon the recording of an amendment to the Declarations submitting such additional Property to the provisions of the Condominium Ownership Act.

All present and future owners, mortgages, lessees and occupants of the Units in the Condominium and their employees, and any other persons who may use the facilities of the Property in any manner are subject to these Bylaws, the Declaration of Condominium, the Rules and Regulations and all covenants, agreements, restrictions and easements of record (“title conditions”). The acceptance of a deed or the occupancy of a Unit shall constitute an agreement

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that these Bylaws and the title conditions, as they may be hereafter amended, are accepted and ratified, and will be complied with.

The address of the office of the Association shall be 2107 West Ferry Way, Huntsville, Alabama 35801.

ARTICLE I - MEMBERSHIP AND MEMBERSHIP MEETINGS

SECTION 1.01 QUALIFICATIONS. The members of the Association shall consist of all of the Unit Owners of record in the Condominium.

SECTION 1.02 CHANGE OF MEMBERSHIP. Change of membership in the Association shall be established by the recording, in the public records of Madison Count, Alabama, of a deed or other instrument establishing a record title to a Unit in the Condominium, and the delivery to the Secretary of the Association of a certified copy of such instrument, thereby becoming a Member of the Association. The membership of the prior owner shall be thereby terminated.

SECTION 1.03 VOTING RIGHTS. The vote for a Unit shall be cast by the owner thereof, or by his proxy designated in the manner hereinafter provided for. The number of votes to which an owner is entitled is provided in the Articles of Incorporation of the Association.

SECTION 1.04. DESIGNATION OF VOTING REPRESENTATIVE AND ELIGIBILITY TO VOTE. In the event a Unit is owned by one (1) person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one (1) person, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation, partnership, trust or other legal entity, the officer or agent thereof entitled to cast the vote for the Unit shall be designated by a certificated of appointment signed by the duly authorized

representative of the Board of Directors or other governing body of such entity and filed with the Secretary of the Association. If such a certificate is not filed with the Secretary of the Association for a Unit owned by more than one (1) person, or by a corporation, partnership, trust or other legal entity, the membership, or vote of the Unit Owner concerned shall not be considered in determining the requirement for a quorum nor for any purpose requiring the approval of the person entitled to cast the vote for the Unit. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned is effected. A certificate designating the person entitled to cast the vote of a Unit may be revoked by any owner thereof. In the event any Unit Owner shall be in default in payment of any Assessments against his Unit and shall fail to cure such default at least two (2) days prior to the date fixed for the meeting, the membership or vote of the Unit Owner concerned shall not be considered in determining the requirement for a quorum nor for any proposal requiring the approval of the person entitled to cast the vote for the Unit.

SECTION 1.05 ANNUAL MEETINGS. The Developer shall call the first annual meeting of members not later than the earliest of the following:

- (a) One hundred and twenty (120) days after the date by which seventy-five percent (75%) of all Units of the Condominium have been conveyed to Unit purchasers, or;
- (b) Five (5) years following the first conveyance to a Unit purchaser.

Thereafter, annual meetings shall be held within thirty (30) days of the anniversary of such date each succeeding year at a day and time determined by the Board of Directors. The annual meeting shall be held for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members.

SECTION 1.06 SPECIAL MEETINGS. Special meetings of the

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Members may be called by the Board of Directors or the President for any purpose or purposes, and shall be called by the Secretary at the request, in writing, of one-third (1/3) of the Members. Business transacted at all special meetings shall be confined to the object(s) stated in the notice thereof.

SECTION 1.07 NOTICE OF MEETINGS. Notice of all members' meetings stating the date, time, place and purpose for which the meeting is called shall be mailed to each Member not less than (10) nor more than thirty (30) days prior to the date of such meeting. The mailing of a notice in the manner provided in these Bylaws shall be considered notice served. Notice of meetings may be waived either before or after meetings.

SECTION 1.08. VOTING IN PERSON OR BY PROXY. A member may vote in person or by proxy executed in writing by the Member or his duly authorized attorney-in-fact. No proxy shall be valid except for the particular meeting designated therein, and no proxy shall be honored unless filed with the Secretary of the Association before the appointed time of the meeting. No person other than the Developer shall act as proxy for more than one (1) Unit in addition to his own Unit.

SECTION 1.09 QUORUM. Unit Owners holding more than fifty (50%) percent of the votes entitled to be cast represented in person or by proxy shall constitute a quorum at all meetings of the Unit Owners.

SECTION 1.10. VOTE REQUIRED TO TRANSACT BUSINESS. When a quorum is present at any meeting, the vote of a majority of the votes cast shall be necessary for the adoption of any matter voted upon by Unit Owners, unless the question is one upon which, by express provision of the Act, The Declaration, the Articles of Incorporation, or these Bylaws, a different number is required, in which case the express provision shall govern and control the decision in question.

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SECTION 1.11. 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 adjourn the Meeting from time to time without notice other than announcement at the Meeting, until a quorum is present. At such reconvened meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

SECTION 1.12. THE ORDER OF BUSINESS. The order of business at annual Members' meetings and, as far as practical, at all other members' meetings shall be:

- (a) Call to order;
- (b) Calling of the roll and certifying of proxies;
- (c) Proof of notice of meeting or waiver of notice;
- (d) Reading and disposal of any unapproved minutes;
- (e) Reports of officers;
- (f) Reports of committees;
- (g) Election of Directors;
- (h) Unfinished business;
- (i) New business;
- (j) Adjournment.

SECTION 1.13. PLACE OF MEETING. Meetings of the Unit Owners shall be held at the principal office of the Condominium, or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Directors.

ARTICLE II – BOARD OF DIRECTORS

SECTION 2.01. NUMBER AND TERM.

- (a) The first Board of Directors shall consist of three (3) members who shall be designated by the Developer. The number of Directors shall thereafter expand as hereinafter set out to ultimately consist of six (6) members. Directors need not be Unit Owners. Directors elected at the annual meeting of the Members shall be elected to serve for the term of three (3) years. In any event, however, such Director shall hold office until such time as his successor has been elected or designated.
- (b) So long as the Developer owns one or more Units, the Developer shall be entitled to designate one member of the Board of the Directors. The Developer may remove the Director so designated by them from time to time and replace him with another Director of their own choosing; provided, however, that it shall file with the secretary a designation of the member of the Board designated to serve pursuant to the provisions of this Section 2.01. In the event a member of the Developer shall serve on the Board, said person shall, in the event no written designation is on file with the Secretary, be deemed to be the person designated hereunder even though elected by the unit Owners. In the event no person has been designated or deemed to be designated by most recently elected Director receiving the least number of votes and designate one in his stead.
- (c) At the first annual Meeting of Unit Owners, held pursuant to Section 1.05 of the Bylaws, the Director designated Place One in the Articles of Incorporation shall be replaced by two Directors elected by the Unit Owners. At the second annual Meeting, the Director originally designated Place Two in the Articles of Incorporation shall be replaced by two Directors elected by the Unit Owners. At the third annual Meeting, the Director originally designated Place Three in the Articles of Incorporation shall be replaced by two Directors

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elected by the Unit Owners. At each annual Meeting subsequent thereto, the two Directors whose term of office then expire shall be replaced by two Directors selected by the Unit Owners. Notwithstanding the foregoing, the right of the Unit owners to elect Directors shall be subject to the right reserved to the Developer under subparagraph (b) of this Section 2.01 to designate one Director.

SECTION 2.02. REMOVAL. Any Director other than the one designated by Developer may be removed, either with or without cause, by an affirmative vote of sixty-six and two-thirds (66 2/3%) percent of the votes eligible to be cast by Unit Owners in person or by proxy at a meeting of Unit Owners duly held for such purpose.

SECTION 2.03. VACANCY AND REPLACEMENT. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, at a Special Meeting of Directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred.

SECTION 2.04. REGULAR MEETINGS. The Annual Meeting of the Board of Directors shall be held immediately after the adjournment of the annual members' meeting, provided a quorum shall be present, or as soon thereafter as may be practicable. The Directors may, by resolution duly adopted, establish regular monthly, quarter-annual or semi-annual meetings. If such resolution is adopted, no notice of such regular meetings of the Board of Directors shall be required.

SECTION 2.05. SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose may be mailed by the President or upon the written request of any two

(2) Directors upon at least five (5) days notice to each Director and shall be held at the office of the Association.

SECTION 2.06. WAIVER OF NOTICE. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 2.07. QUORUM AND TRANSACTION OF BUSINESS. At all meetings of the Board, a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by the Act, the Declaration or by these Bylaws. If a quorum shall not be present in any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 2.08. ACTION TAKEN WITHOUT A MEETING. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

SECTION 2.09. POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Unit owners. The Board of Directors shall have the

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power to enforce obligations of the Unit Owners and to do anything and everything necessary and proper for the sound management of the Condominium. The Board shall have the power to levy fines against the Unit Owners for violations of the Declaration of Condominium, the Articles of Incorporation, these Bylaws or the Rules and Regulations established by it to govern the conduct of the Unit Owners. No fine may be levied for more than Fifty Dollars (\$50.00) for any one violation but for each day a violation continues after written notice it shall be considered a separate violation. Collection of fines may be enforced against the Unit Owner or Unit Owners involved as if the fines were Common Expenses owed by the particular Unit Owner involved as if the fines were Common Expenses owed by the particular Unit Owner or Unit Owners. In addition to and not in limitation of the power of the Board of Directors to levy fines against the Unit Owners for violations of the Declaration of Condominium, these Bylaws, or the Rules and Regulations, in case of persistent violation by a Unit Owner or any occupant of his Unit, the Board of Directors shall have the power to seek injunctive relief to require such Unit Owner to adhere and to bring summary eviction proceedings against any tenant who fails to adhere.

SECTION 2.10. COMPENSATION. No Director shall be compensated for his services as such. This provision shall not prohibit a Director from receiving compensation as an employee of the Association, nor preclude the contracting with a Director or any firm or corporation in which a Director may own an interest, for the management of the Condominium for which such Director or Directors may receive compensation.

SECTION 2.11. MANAGING AGENT. The Board of Directors shall be authorized to employ the services of a management company or managing agent, who may be a firm or corporation in which a Director or Unit Owner owns an interest, to manage the Property and the affairs of the Condominium under the supervision of the Board of Directors. The compensation paid to any such management company or managing agent shall be in the amount established from

time to time by the Board of Directors. Any such management contract shall not exceed a period of two (2) years and shall provide for termination of either party without cause and without payment of a termination fee on thirty (30) days, or less, written notice.

SECTION 2.12. INSURANCE. The Board of Directors shall obtain insurance for the Property which shall include the following:

(1) fire insurance with extended coverage insuring the Buildings containing the Units and covering the interests of the Condominium, the Board of Directors and all Unit Owners and their mortgages, as their interest may appear, in the amount determined by the Board of Directors, and payable to the Association as Trustee for each of the Unit Owners and their mortgages, in accordance with the requirements set forth in the Declaration;

(2) Public liability insurance in such amounts and with such coverage as the Board of Directors may determine; and

(3) Fidelity bond coverage in an amount (based upon the estimated annual budget) not less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond; provided, however, in no event may the aggregate amount of such bonds be less than a sum equal to three months' aggregate assessments on all Units plus reserve funds; and

(4) Such other insurance as the Board of Directors may determine.

The premiums shall be Common Expenses. All such policies shall provide that adjustment of loss shall be made by the Board of Directors and that the net proceeds thereof shall be payable to the Board of Directors. The shares and disposition of the proceeds of insurance shall be as set forth in the Declaration. All policies of physical damage insurance shall contain waivers of subrogation and waivers of any reduction of pro rata liability of the insurer as a result of any insurance carried by Unit Owners or of invalidity arising from any acts of the insured or any Unit

Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the insured, including all mortgages of Units.

It shall be the responsibility of each Unit Owner to provide insurance for his own benefit against loss or damages to his wall coverings, furniture, furnishings and other personal property contained in his Unit and all betterments and improvements to the Unit over and above the plans and specifications, and against injuries sustained as a result of accidents occurring within his Unit, provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

SECTION 2.13. LIABILITY OF THE BOARD OF DIRECTORS. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Directors on behalf of the Condominium unless any such action shall have been done in bad faith or contrary to the provisions of the Declaration or of these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Condominium. It is understood and permissible for the Board of Directors, whether any are associates of or employed by the Developer, to contract with the Developer or affiliated firms or corporations, without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability there under as his interests in the Common Elements bears to the interests of all the Unit Owners in the Common Elements.

ARTICLE III – OFFICERS

SECTION 3.01. ELECTION. At each annual Meeting of the Board of Directors, the following officers of the Association shall be elected:

- (a) A President, who shall be a Director and who shall preside over the meetings of the Board of Directors and of the Members, and who shall be the chief executive officer of Association.
- (b) A Vice-President, who shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. If the Board so determines, there may be more than one vice-president.
- (c) A Secretary, who shall be responsible for the minutes of all meetings of the Board of Directors and of the Members, and the minute book wherein resolutions enacted at such meetings shall be recorded, and who shall, in general, perform all the duties incident to the office of secretary.
- (d) A Treasurer, who shall supervise the financial records and books of account.
- (e) Such additional officers as the Board of Directors shall deem necessary.

SECTION 3.02. POWERS. The respective officers shall have the general powers usually vested in such officer of a not-for-profit corporation; provided that the Board of Directors may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board of Directors may see fit.

SECTION 3.03. TERM. Each officer shall hold office for the term of one (1) year and until his successor shall have been elected and qualified.

SECTION 3.04. REMOVAL. Any officer elected or appointed by the Board may be removed, with or without cause, by the majority vote of the whole Board of Directors at any regular meeting of the Board or at a special meeting of the Board called for such purpose.

SECTION 3.05. RESIGNATIONS. Any officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Association, unless some time be fixed in the resignation, and then from that date. The acceptance of a resignation shall not be required to make it effective.

SECTION 3.06. VACANCIES. If the office of the President, Vice President, Secretary, Treasurer, or one or more becomes vacant by reason of death, resignation, disqualification or otherwise, the Directors, by a majority vote of the whole Board of Directors may choose a successor or successors who shall hold office for the unexpired term.

SECTION 3.07. COMPENSATION. The officers shall receive no compensation for their services.

ARTICLE IV – RESPONSIBILITY FOR MAINTENANCE AND REPAIRS

The responsibility for maintenance and repairs of the Property shall be as set forth in the Declaration.

ARTICLE V – ASSESSMENTS

SECTION 5.01. ACCOUNTING RECORDS. The Board of Directors shall provide for the maintenance of accounting records for the Association, such records to be maintained in accordance with generally accepted accounting principles, and such records shall include all records provided for in the Alabama Condominium Ownership Act.

SECTION 5.02. BUDGET. The Board of Directors shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated Common Expenses, and cash requirements for the year, including salaries, wages, payroll taxes, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power and other expenses (as distinguished from individual mortgage payments, real estate taxes, and individual expenses for utility services billed or charged to the

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separate Unit Owners on an individual or separate basis rather than a common basis). The Common Expense shall be those expenses designated by the Board of Directors pursuant to these Bylaws and the Declaration. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Board of Directors, on behalf of the Association, of any Unit which is to be sold at a foreclosure or other judicial sale. The annual budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis. To the extent that the assessments and other cash income collected from the Unit Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account.

SECTION 5.03. ASSESSMENTS. The estimated annual budget for each fiscal year shall be approved by the Board of Directors, and copies thereof shall be furnished by the Board to each Unit Owner not later than ten (10) days before the beginning of such year. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Unit Owner shall pay, as his respective monthly Assessment for the Common Expenses, one-twelfth (1/12) of his share of the Common Expenses for such year as shown by the annual budget. The Assessment of the Common Expense shall be as set forth in the Declaration. The failure to send or to receive monthly statements shall not relieve any Unit Owner of his obligation to pay his monthly Assessments on or before the first day of each month. If the Board of Directors shall not approve an estimated annual budget or shall fail to determine new monthly Assessments for any year, or shall be delayed in doing so, each Unit Owner shall continue to pay each month the amount of his monthly Assessment as last determined. Each Unit Owner shall pay his monthly Assessment on or before the first day of each month to the management company or managing

agent or as may be otherwise directed by the Board. No Unit Owner shall be relieved of his obligation to pay his Assessment by abandoning or not using his Unit or the Common Elements.

SECTION 5.04. PRORATION OF ASSESSMENT. For the first fiscal year, the annual budget shall be as approved by the first Board of Directors. If such first year, or any succeeding year, shall be less than a full year, then the monthly Assessment for such unit owner for the Common Expenses shall be proportional to the number of months and days in such period covered by such budget. Commencing with the date of closing of his Unit by each Unit Owner, he shall pay his Assessment for the current month or fraction of a month.

SECTION 5.05 ANNUAL STATEMENTS. Within ninety (90) days after the end of each year covered by an annual budget, or as soon thereafter as shall be practicable, the Board of Directors shall cause to be furnished to each Unit Owner a statement for such year so ended, showing a summary of the receipts and expenditures and such other information as the Board may deem desirable. Any holder of a first mortgage on a Unit shall be entitled, upon written request, to obtain a copy of the financial statement for the immediately preceding fiscal year.

SECTION 5.06. ACCOUNTS. The Board of Directors shall cause to be kept a separate account record for each Unit Owner showing the Assessments charged to and paid by such Unit Owner, and the status of his account from time to time. Upon the fifteen (15) days notice to the Board of Directors any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid Assessments or other charges due and owing from such Unit Owner.

SECTION 5.07. SUPPLEMENTAL BUDGET AND ASSESSMENTS. If during the course of any year, it shall appear to the Board of Directors that the monthly Assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year, copies of

which supplemental budget shall be furnished to each Unit Owner, and thereupon a supplemental Assessment shall be made to each Unit Owner for his proportionate share of such supplemental budget.

SECTION 5.08. PAYMENT OF ASSESSMENTS. It shall be the duty of every Unit Owner to pay his proportionate share of the Common Expresses assessed in the manner herein provided. If any Unit Owner shall fail or refuse to make any such payments when due, the Board of Directors shall have any and all rights and remedies as provided for in the Alabama Condominium Ownership Act, the Declaration or these Bylaws, or otherwise available at law or in equity, for the collection of all unpaid assessments.

SECTION 5.09. RECORDS. The Board of Directors shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Elements specifying and itemizing the expenses incurred. Such records and financial statements together with current copies of the Declaration, Bylaws and other Rules and Regulations concerning the Condominium, and vouchers authorizing the payment of such expenses, shall be available upon reasonable prior notice for examination by the Unit Owners during normal business hours at the office of the Association.

SECTION 5.10. RESERVE FUND. At closing, each Purchaser of a Unit shall be required to deposit an amount equal to two (2) months Assessments. The sums deposited shall be utilized as a resource for operation and maintenance of the Property and shall not be considered an advance payment of the regular monthly Assessment.

ARTICLE VI – DEFAULT

SECTION 6.01. DEFAULT IN PAYMENTS. In the event a Unit Owner does not pay any sums, charges or Assessments required to be paid to the Association within thirty (30) days from the due date, the Association shall foreclose the lien encumbering the Unit created by non-payment of the

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foreclosed. The Association shall be entitled to the appointment of a Receiver if it so requests. The Association shall have the right to bid in the Unit at a foreclosure and to acquire, hold, mortgage and convey the same. In lieu of foreclosing its lien, the Association may, through its Board of Directors, bring suit to recover a money judgment for sums, charges or Assessments required to be paid to the Association without waiving its lien securing same.

If an action of foreclosure is brought against a Unit Owner for the non-payment of money due the Association, and as a result thereof the interest of the said Unit Owner in and to the Unit is sold, then, at the time of such sale, the Unit Owner's membership shall be cancelled and membership shall be issued to the purchaser at the foreclosure sale.

If the Association becomes the owner of a Unit by reason of foreclosure, it shall offer said Unit for sale and at such time as a sale is consummated, it shall deduct from such proceeds all sums of money due it for monthly assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorneys' fees, and all expenses incurred in the resale of the Unit, which shall include, but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the Unit in question. All moneys remaining after deduction the foregoing items of expense shall be returned to the former Unit Owner of the unit in question.

SECTION 6.02. VIOLATION OF DECLARATION OF CONDOMINIUM. In the event of the violation of the provisions of the enabling declaration of Condominium, the Articles of Incorporation, these Bylaws of the Rules and Regulations, as the same are now or may hereafter be constituted, the Association, on its own behalf, may bring appropriate action to enjoin such violation or to enforce the provisions of the documents just hereinabove enumerated, or sue for damages, or take all such courses of action at the same time, or for such other legal remedy it may deem appropriate.

SECTION 6.03. COSTS AND ATTORNEYS' FEES. In any action either to foreclose its lien, to recover a money judgment or for injunctive relief brought by or on behalf of the Association against a Unit Owner, or in any eviction proceedings brought by or on behalf of the Association against any tenant, the Association, in the event it is the prevailing party, shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees, including those incurred on appeal, as may be awarded by the Court.

ARTICLE VII – MORTGAGES

SECTION 7.01. NOTICE TO BOARD OF DIRECTORS. A Unit Owner who mortgages his Unit shall notify the Secretary of the Association who shall maintain a record of such information.

SECTION 7.02. LENDER'S NOTICES. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor of a Unit will be entitled to timely written notice of:

- a. Any condemnation or casualty loss that affects either a material portion of the Property or the Unit securing its mortgage;
- b. Any sixty (60) day delinquency in the payment of Assessments of charges owed by the Owner of any Unit on which it holds or charges owed by the Owner of any unit on which it holds the mortgage;
- c. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
- d. Any proposed action that requires the consent of a specified percentage of mortgage holders.

SECTION 7.03. EXAMINATION OF BOOKS. The holder, guarantor or insurer of a mortgage on any unit shall have the same right to examine the books and records on the Association afforded a unit owner pursuant to section 5.09 of these Bylaws.

ARTICLE VIII – USE AND OCCUPANCY RESTRICTIONS

SECTION 8.01 USE AND OCCUPANCY RESTRICTIONS. No part of the Property shall be used for other than residential use and the related common purposes for which the Property was designed. The foregoing restrictions as to use shall not, however, be construed in such manner as to prohibit a Unit Owner from:

- (a) Maintaining his personal or professional library therein.
- (b) Keeping his personal business or professional records or accounts therein.
- (c) Handling his personal business or professional telephone calls or correspondence there from.

Such users are expressly declared customarily incident to the principal use and not in violation of said restrictions.

SECTION 8.02. USE OF COMMON ELEMENTS. The Common Elements shall be used only for access, ingress, and egress to and from the respective Units by the persons residing therein and their respective guest, household help and other authorized visitors, and such other purposes which are identical to the residential use of the respective units; provided, however, the parking area, and other special –areas shall be used for such purposes as are approved by the board of directors. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or interfered with by any unit owner.

SECTION 8.03. NUISANCES. No unlawful, immoral, noxious or offensive activities shall be carried on in any unit or elsewhere on the Property, nor shall anything be done

therein or thereon which shall constitute a nuisance or which shall in judgment of board of directors cause unreasonable noise or disturbance to others.

SECTION 8.04 MINIMUM TEMPERATURE AND OUTSIDE USE. Each unit owner shall maintain a minimum temperature in his unit in the winter as set forth by the board of directors, and shall not do or allow anything to be done in his unit which may increase the rate or cause the cancellation of insurance on other units or the common elements. Each unit owner shall not display, store or use any signs or other articles outside his unit, or install outside his unit any canopy or awning, or outside antennas, or other equipment, fixtures or item of any kind, without the prior written permission of the board of directors.

SECTION 8.05. TRASH. Trash, garbage and other waste shall be kept only in sanitary containers, as prescribed from the time to time in the administrative rules and regulations of the board of Directors, and shall be disposed of in a clean and sanitary manner.

SECTION 8.06. RIGHTS OF DEVELOPER. Until all of the Units have been sold by the Developer and occupied by the purchaser, the Developer may from time to time use and show one or more of such unsold or unoccupied Units (s) as a model Units (s) and/or sales office, and may maintain customary signs in connection therewith notwithstanding the provisions of Section 8.04 of this Article.

SECTION 8.07. PERSONAL PROPERTY. Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall not be stored or kept in the entry walks, stairs, including stairs leading to the decks of the respective Units, or other common areas, except in such storage area as may be specifically designated for the respective Unit Owner by the Board of Directors. No clothing, rugs, sheets,

blankets, or other laundry shall be hung or exposed from windows, porches, patios, decks or other common areas of the Property except when specifically approved by the Board of Directors.

SECTION 8.08 RIGHT OF ACCESS. A Unit Owner Shall grant a right of access to his Unit to the management company and/or the managing agent and/or any other person authorized by the Board of Directors, the management company or the managing agent, for the purpose of making inspections or for the purpose or correcting any conditions originating in his Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, additions, alterations or repairs to Common Elements in his Unit or elsewhere in the Building in which the Unit is located, provided that, in non-emergency cases, requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency such right of entry shall be immediate, whether the Unit Owner is present at the time or not. The Unit Owner shall furnish to the Association keys to all doors to facilitate emergency entry.

SECTION 8.09. PARKING. Parking Areas are set forth on the survey and plot plan attached to the Declaration as Exhibit A. The parking areas shall not be used for dead storage of vehicles, nor for the parking of trailers, boats, canoes, trucks (except for pickups and vans), campers, motor homes, motorcycles or off the road vehicles without the prior written approval of the Board of Directors. The Board of Directors may, in its discretion, assign specific parking spaces from time to time. The Board of Directors shall also have the authority to limit the number of parking spaces used by a Unit Owner and to remove any unauthorized vehicles.

SECTION 8.10. PETS. No animals shall be raised, bred or kept in any Unit, except those expressly authorized by the Board of Directors, and provided that they shall be kept in strict accordance with the administrative rules and regulations relating to household pets from time to

time adopted or approved by the Board of Directors, and further provided that they shall not in the judgment of the Board constitute a nuisance to others.

SECTION 8.11. RULES OF CONDUCT. In addition to the other provisions of these Bylaws, Rules and Regulations concerning the use of the units and the common elements may be promulgated and amended by the board of directors. Copies of such rules and Regulations shall be furnished by the board of directors to each unite owner prior to the time when the same time when the same shall become effective. Initial rules and regulations, which shall be effective unit amended by the board of directions are annexed hereto and made a part hereof as schedule “A”.

ARTICLE IX –MISCELLANEOUS

SECTION 9.01 SEAL. The seal of the association shall be circular in from and shall contain the name of the association and the year of its creation. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 9.02 FISCAL YEAR. The fiscal year of the association shall be that period of twelve (12) months ending on the last day of December of each year.

SECTION 9.03. BANK ACCOUNTS. The Board of directors may, from time to time, by resolution authorize the maintenance of the one or more deposit accounts by the association. All checks, drafts, or other orders for the payment of money issued in the name of the association shall be signed by such manner as shall be determined from time to time by resolution of the board of directors.

SECTION 9.04. NOTICE. whenever any notice or demand is required to be given by these Bylaws or the Declaration, any notice or demand so required shall be deemed sufficient if given be depositing the same in the United States mail, postage prepaid, addressed to the person

entitled thereto at his last known post office address according to the records of the Association, and such notice shall be deemed given on the day of such mailing.

SECTION 9.5. WAIVER OF NOTICE. Whenever any notice whatever is required to be given under the provisions of any law, or under the provisions of the Articles of Incorporation, these Bylaws or the Declaration, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

SECTION 9.06 CONFLICTS. These Bylaws are set forth to comply with the requirements of the Condominium Ownership Act. In case any of these Bylaws conflict with the provisions of said act, or the Declaration recorded in the Office of the Judge of Probate of Madison County, the provisions of said Act or the Declaration, as the case may be, shall control.

ARTICLE X – AMENDMENTS

These Bylaws may be modified or amended by the vote of sixty-six and two-thirds (66 2/3%) percent of the votes eligible to be cast by Unit Owners in person or by proxy at any regular or special meeting of Unit Owners provided that notice of said meeting has been given in accordance with these Bylaws, and that the notice as aforesaid contained a full statement of the proposed amendment. No modification or amendment to the Bylaws shall be valid unless set forth or annexed to a duly recorded amendment to the Declaration of Condominium.

ARTICLE XI – CONSTRUCTION

Wherever the masculine singular form of the pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, whenever the context so requires. Should any of the covenants herein imposed be void or become unenforceable at law, or in equity, the remaining provisions of this instrument shall, nevertheless, be and remain in full force and effect.

Stepping Stone Condominium Association, Inc.

The foregoing were adopted as the Bylaws of Stepping Stone Condominium Association, Inc., at the first meeting of the Board of Directors on November 5, 1986.


Secretary

**SCHEDULE "A" TO BYLAWS
RULES AND REGULATIONS
FOR STEPPING STONE CONDOMINIUM ASSOCIATION, INC.**

1. **Insurability.** Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance of any of the buildings, or contents thereof, without the prior written consent of the Board of Directions. No Unit Owner shall permit anything to be done, or kept in his Unit, or in the Common Elements which will result in the cancellation of insurance on any of the Buildings, or contents thereof, or which would be in violation of any law.
2. **Outside of Buildings.** Unit Owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls or doors of a Building and no sign, awning, canopy, shutter or antenna of any kind shall be affixed to or placed upon the exterior walls or doors, roof or any part thereof or exposed on or at any window, without the prior consent of the Board of Directors.
3. **Electric Wiring.** No Unit Owner or Occupant shall overload the electric wiring in the building, or operate any machines, appliances, accessories or equipment to the heating or air conditioning system or plumbing system, other than those systems originally installed, without the prior written consent of the Board of Directors.
4. **Plumbing Fixtures.** The water closets, lavatories, sinks, and other apparatus shall not be used for any other purpose than those for which they were constructed, and no sweeping, rubbish, or other substance shall be thrown therein.
5. **Nuisances.** No immoral, noxious or offensive activity shall be carried on in any Unit, or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants. No Unit Owner shall make or permit any disturbing noises in the Building by himself, his tenants, his servants, employees, agents, or visitors, nor do or permit anything by such persons that will interfere with the rights, comforts or convenience of other Unit Owners. No Unit Owner shall play upon, or suffer to be operated a phonograph, television set, radio or other sound system in the premises if the same shall disturb or annoy occupants of the Buildings.

6. **Structures.** Safes, furniture, boxes or other bulky articles shall be carried up into the Unit only with the consent of the Board of Directors first obtained, and then only by the stairways or through windows of the Building as the Board may direct, and at such times and in such manner and by such persons as the Board of Directors may direct. No water beds will be allowed without the express approval of the Board of Directors. Safes and other heavy articles shall be placed by the Unit owner in such places only as may be first specified in writing by the Board of Directors, and any damage done to the Building or to occupants or to other persons taking a safe or other heavy objects in or out of the Unit, from overloading a floor, or in any other manner shall be paid for by the unit owner or his lessee causing such damage.
7. **Laundry.** No clothes, sheets, blankets, laundry or any kind of other articles shall be hung out of a Unit or exposed on any part of the Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials.
8. **Trash.** Trash, garbage, and other waste shall be kept only in black sanitary two mil poly bags, and shall be disposed on in a clean and sanitary manner as prescribed from time to time within the administrative Rules and Regulations of the board or Directors. Nothing shall be hung from the windows, porches, or balconies or placed upon the window sills. Nor shall any rugs or mops be shaken or hung from or on any of the windows, doors, decks, porches or patios.
9. **Window Coverings.** Draperies, blinds or curtains may be installed by each Unit Owner on the windows of his or her Unit, provided that the color of the proportion of said draperies, blinds or curtains visible from the exterior shall be off-white or conform to those other standards specified by the Board of Directors.
10. **Signs.** No "For Sale," "For Rent," "Garage Sale," or "For Lease" signs or other window displays or advertising shall be maintained or permitted on any part of the Property or in any Unit. The right is reserved by the Developer and/or the Board of Directors, or its agent, to place "For Sale," "For Rent," or "For Lease" signs on any unsold or unoccupied Units and "Sold" signs on sold Units.
11. **Soliciting.** Canvassing, soliciting and peddling on the Property is prohibited and each Unit Owner shall cooperate to prevent the same.

12. **Outside Lighting.** Only clear or white light bulbs shall be used in outdoor lighting fixtures.
13. **Pets.** No pets will be allowed other than those approved by the Board of Directors, and which comply with any requirements for safety and health as specified within the Condominium documents.
14. **Boats, Trailers, and Off-the-Road Vehicles.** All vehicles, other than passenger cars, pickups, and vans are required to obtain the written permission of the Board of Directors prior to being parked within the Condominium. The Board of Directors shall, at their discretion, have the right to designate parking areas for boats, trailers, etc., and furthermore, have the right to change that location from time to time. No vehicle shall be allowed within the Condominium property if, within the judgment of the Board of Directors, said vehicle constitutes a hazard, is a nuisance, is objectable, or is left in inoperable condition.

Stepping Stone Condominium Association, Inc.

EXHIBIT "A"

