

**BYLAWS
OF
BRUENBURG PROPERTY OWNERS' ASSOCIATION, INC.
(a non-profit corporation)**

ARTICLE I - NAME AND OFFICES

Section 1. The name of this corporation shall be BruenBurg Property Owners' Association, Inc. (hereafter "Association"), or such other corporate name that may be set forth from time to time in the Articles of Incorporation.

Section 2. The principal office of the Association shall be 607 Highland Colony Parkway, Suite 200, Ridgeland, Madison County, Mississippi 39157. The Association may have offices at such other places as the Board of Directors may from time to time appoint or as the business of the Association may require.

ARTICLE II - PURPOSE AND POWERS

In accordance with Section 79-11-149 of the Mississippi Code of 1972, as presently or subsequently amended, the purpose of the Association is to provide for the efficient preservation of the values and amenities in, and the enhancement of the charm and beauty of, the residential community constructed on the Property; to acquire, own, construct, manage, maintain and care for the Common Areas and the Common Facilities; to administer and enforce the provisions of the Declaration; and to determine, collect and disburse the maintenance assessments special assessments, and other charges pursuant to the terms of the Declaration, in accordance with the Governing Documents of the Association, including the Articles of Incorporation (hereafter "ARTICLES"), the Declaration and these Bylaws.

This Association shall have and exercise all powers necessary and convenient to effect any purpose for which it is organized, including, without limitation, those specific powers enumerated in Section 79-11-151 of the Mississippi Code of 1972, as presently or subsequently amended.

ARTICLE III - DEFINITIONS

All definitions of capitalized terms which appear in Article I of the Declaration of Covenants Conditions and Restrictions for BruenBurg ("the Declaration"), as recorded in Book 453 at Page 694 in the office of the Chancery Clerk of Hinds County Mississippi are incorporated herein by reference as though copied in full in this text.

ARTICLE IV - MEMBERSHIP MEETINGS

Section 1. Membership. Members shall include the Declarant so long as it is the record holder of an interest in the Property and all other Owners of Lots; provided, however, that any person or entity

who holds such an interest solely as security for the performance of an obligation or payment of a Debt shall not be a Member. When more than one Person owns a Lot, then all such Persons shall be Members. Membership shall be appurtenant to the Lot giving rise to such membership and shall not be assigned, transferred, pledged, hypothecated, encumbered, conveyed or alienated in any way except as provided in the Governing Documents.

Section 2. Voting Rights. For all purposes, the Association shall have two classes of voting membership, as follows:

(a) Class A Members shall be all owners of Lots, except the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned. Whenever a vote of the Class A Members is required or permitted under the Declaration or these Bylaws, the aggregate voting power of all Class A Members shall be equal to the aggregate number of Lots owned by all Class A Members. When more than one person holds an interest in any Lot, all such persons shall be Members and the vote for such Lot shall be exercised as they may determine among themselves (subject to subparagraph (c) below), but in no event shall more than one vote be cast with respect to any Lot.

(b) The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each Lot it owns in all matters including the election of the Board of Directors.

(c) The vote appurtenant to any Lot which is held by more than one Person may be exercised by any one of them, unless any objection or protest by any holder of such membership is made prior to the completion of a vote, in which case the vote appurtenant to such Lot shall not be counted.

(d) Whenever any provision of the Declaration or these Bylaws requires a vote of a specified percentage of the voting power of each class of Members, then such provision shall require a separate vote by the specified percentage of the voting power of the Class A Member and by the specified percentage of the voting power of the Class B Member. Whenever any provision of the Declaration or these Bylaws requires a vote of a specified percentage of the voting power of the Members, then such provision shall require a vote by the specified percentage of the combined voting power of all Members.

Section 3. Annual Meetings. The first annual meeting of the Members shall be held, when called by the Declarant upon ten (10) days notice, at any time. Each subsequent annual meeting of the Members shall be held on the date and at the time set therefor by the Board of Directors. If the date for the annual meeting is a Saturday, Sunday or a legal holiday, the meeting will be held on the next succeeding business day. The failure to hold an annual meeting at a time stated in or fixed in accordance with these Bylaws does not affect the validity of any Association action.

Section 4. Special Meetings. Special meetings of the Members may be called at any time by the President, the Board or upon written request of five percent (5%) of the total voting power of the Members. Such request shall be dated and delivered to any officer of the Association and shall set forth the purpose for which such meeting is to be held.

Section 5. Notice of Meeting.

(a) Written notice of meetings stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose for which the meeting is called and the person calling the meeting, shall be delivered, either personally or by mail, to each Member at his address as it appears on the books of the Association.

(b) Notice of annual meetings, which cover a purpose pertaining to any of the following matters that must be approved by the Members, must include a description of the purpose: specific indemnification of directors, officers, employees or agents of the Association; amendments to the Articles of Incorporation or Bylaws; or sale, lease or exchange of any part of the Common Areas or Common Facilities; approval of transactions by the Association in which a Director of the Association has a direct or indirect interest; approval of a plan of merger for the Association; or approval of a plan of dissolution for the Association.

(c) If mailed first class, all notices shall be delivered no fewer than ten (10) nor more than sixty (60) days before the meeting date, and shall be deemed delivered five (5) days after its deposit in the United States mail, correctly addressed and postage prepaid. If delivered personally, such notice shall be delivered no fewer than ten (10) nor more than sixty (60) days before the date of the meeting and shall be deemed delivered when actually received by the Member.

Section 6. Quorum. The presence at a meeting of Members or their proxies entitled to cast ten percent (10%) of the total number of votes entitled to be cast shall constitute a quorum for any action, except as otherwise provided by the Declaration or these Bylaws. If, however, such quorum shall not be present or represented in any meeting, the Members entitled to vote thereon shall have the power to adjourn the meeting from time to time without notice other than an announcement at that meeting until a quorum shall be present or be represented. Unless one-third (1/3) or more of the votes entitled to be cast is present in person or by proxy, the only matters that may be voted upon at an annual meeting of Members are those matters described in the meeting notice.

Section 7. Proxies. At all meetings of Members, each member may vote in person or by proxy. All proxies shall be executed in writing by the Member or his or her attorney-in-fact, and filed with the Secretary. An appointment is valid for eleven (11) months unless a different period is expressly provided in the appointment form. Each proxy shall be revocable by the Member and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid for more than three (3) years from its date of execution.

ARTICLE V - BOARD OF DIRECTORS

Section 1. General Powers and Number. The affairs of the Association shall be managed and controlled by a Board of Directors consisting of not less than three nor more than nine Directors. From and after the first annual Members' meeting, and for so long as there is a Class B Member, the Board of Directors shall consist of Appointed Directors and Elected Directors. Appointed Directors

need not be Members of the Association. Elected Directors shall be members of the Association. Appointed Directors shall be selected and appointed by the Class B Member, and shall serve at the pleasure of the Class B Member. The initial Board of Directors shall consist of three individuals, all of whom shall be Appointed Directors, and unless earlier replaced, said initial Directors shall serve until the first annual meeting of the Members. The number and term of Directors may be changed at any future meeting of the Association upon majority vote; provided, however, that any Elected Director may complete his or her term of office despite any decrease in the number of Directors, unless removed from office as herein provided. From and after the first annual Members' meeting, and for so long as there is a Class B Member, the number of Appointed Directors at all times shall be equal to two-thirds of the total number of Directors, or if at any time the total number of Directors 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.

Section 2. Nomination and Election of Elected Directors. Beyond the term of the initial Board, nomination for election to the Board of Directors shall be made by a committee consisting of a Chairman, who shall be a member of the Board, and three other Members of the Association. The nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the membership, to serve from such time until the close of the next following annual meeting and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board as desired, but not less than the number of Elected Director vacancies that are to be filled. Nominations may also be made from the floor at each annual meeting.

Election of Elected Directors shall be by written ballot. The Members or their proxies may cast in respect to each vacancy as many votes as they are entitled under the provisions of the Declaration and these Bylaws.

Section 3. Term of Office. Elected Directors shall be elected for one year terms, but may be elected for successive terms.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should a meeting fall upon a Saturday, Sunday or a legal holiday then that meeting shall be held at the same time on the next succeeding business day.

Section 5. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than two (2) days' notice to each Director of the date, time and place of the meeting. A waiver of notice in writing signed by each Director entitled thereto, whether before or after the time of the meeting, shall be sufficient to effect proper notice.

Section 6. Quorum. A majority of Directors shall constitute a quorum, and a majority of those present and voting is deemed to be the action of the Board. Less than a quorum of the Board

members may adjourn any meeting to a subsequent day without further notice until a quorum can be had.

Section 7. Powers and Duties of the Board of Directors. The Board of Directors shall have all powers for the conduct of affairs of the Association that are granted by law, the Declaration, these Bylaws, and other Governing Documents which are not specifically reserved to Members or the Declarant in any of said documents. The Board of Directors shall exercise its powers in accordance with the Governing Documents, and without limitation, the Board shall have the power and obligations to perform the following duties:

- (a) To provide for the maintenance, care, upkeep, surveillance, services and efficient operation of the Common Area and Common Facilities.
- (b) To establish, determine, assess, collect, use and expend the Assessments from the Members, and to file and enforce liens for such Assessments.
- (c) To select, designate, train, hire, supervise and discharge personnel necessary or appropriate for the proper maintenance, care, upkeep, surveillance, services and efficient operation of the Common Area and Common Facilities, and to establish the compensation and other benefits of or for such personnel.
- (d) To adopt, promulgate and enforce such rules, regulations, restrictions and requirements as may be recommended by the Architectural Review Committee or as the Board of Directors may consider to be appropriate with respect to the Property, the Lots, and any improvements on the Lots, including Dwellings, or the use, occupancy and maintenance of the Common Area and Common Facilities, including, but not limited to, rules, restrictions and requirements designed to prevent unreasonable interference with the use, benefit and enjoyment of the Common Area and Common Facilities by the Members and other authorized Persons, or to govern activities which may be environmentally dangerous or hazardous, including the use or application of fertilizers, pesticides and other chemicals in or on the Property.
- (e) To authorize the payment of patronage refunds to the Members if and when the Board of Directors determine that the funds derived from Assessments are more than sufficient to satisfy all reasonably foreseeable financial needs or requirements of the Association during the current fiscal year, including funds for reserves.
- (f) To purchase insurance upon the Common Area and Common Facilities.
- (g) To maintain, repair, restore, reconstruct or demolish all or any portion of the Common Area and Common Facilities after any casualty loss, and to otherwise improve the Common Area and Common Facilities.
- (h) To lease or grant licenses, easements, rights-of-way and other rights of use in or option, sell,

assign, exchange, trade, transfer, quitclaim, surrender, release, abandon, mortgage, or encumber or otherwise convey all or any portion of the Common Area and Common Facilities upon such terms conditions and provisions as the Board of Directors considers to be advisable, appropriate, convenient or advantageous for or to the Association.

(i) To lease as tenant, purchase or otherwise acquire Lots and to option, lease, sell, assign, exchange, trade, transfer, quitclaim, surrender, release, abandon, mortgage or encumber or otherwise convey any of such Lots upon such terms, conditions and provisions as the Board of Directors considers to be advisable, appropriate, convenient or advantageous for or to the Association.

(j) To retain or employ a management agent for such compensation and for the performance of such duties and services as established or prescribed by the Board of Directors from time to time.

(k) To negotiate, prepare, execute, acknowledge and deliver all contracts, agreements, commitments and other documents relating to the Association's affairs.

(l) To prosecute, defend, appeal, settle, compromise or submit to arbitration any suit, action, claim or proceeding at law or in equity or with or before any governmental agency or authority which involves or affects the Association, including the Common Area and the Common Facilities.

(m) To retain or employ and pay the fees, expenses or other compensation of accountants, attorneys, architects, contractors, engineers or consultants necessary or convenient to the conduct of the Association's affairs, whether or not related to or affiliated with any director or officer of the Association or any Member.

(n) Subject to limitations set forth in the Declaration, to borrow any funds required for the Association's affairs from any Person on such terms, conditions and provisions as may be acceptable to the Board of Directors, and to secure the repayment of any such loans by executing deeds of trust or by pledging or otherwise encumbering or subjecting to security interests all or any portion of the assets of the Association, including the Common Area and Common Facilities.

(o) To establish rules, regulations, restrictions and requirements or fees and charges from time to time relating to the use of the recreational areas and amenities now or hereinafter located in or on the Common Area, including the Common Facilities.

Section 8. Combined Special Meetings. Upon notice and call, combined special meetings of the Board of Directors and Members may be held at any time for any purpose other than the election of Directors or Officers.

Section 9. Action Without Meetings. The failure to have a meeting shall not invalidate any action of the Board. All such actions shall be evidenced in writing describing the action taken, signed by the Directors, and included in the records of the Association.

Section 10. Removal and Resignation. Any Elected Director or agent elected by the membership may be removed at any time, with or without cause, by a simple majority vote of the Members whenever in their judgment the best interests of the Association would be served.

Any Director may resign at any time by giving written notice to the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE VI - OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President, a Vice President, a Secretary and a Treasurer, who shall at all times be members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 2. Appointment of Officers. The appointment of officers shall take place initially at the first organizational meeting of the Board of Directors, and thereafter annually at the meeting of the Board following the annual meeting of the Members. The officers of this Association shall be appointed annually by the Board in accordance with Sections 1 and 2 of this Article, and each shall hold office for one (1) year unless they shall sooner resign, be removed, or otherwise be disqualified to serve.

Section 3. Special Appointments. The Board of Directors may appoint such other officers as the affairs of the Association may require upon the creation of such special offices by resolution of the Board, each of whom shall hold office for such period, have such authority and perform such duties as the Board may determine from time to time.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise of an Elected Director may be filled by appointment of the Board of Directors for the unexpired portion of the term. Any such vacancy with respect to an appointed Director may be filled by appointment by the Declarant.

Section 5. Multiple Offices Held. Any one person may hold more than one office except in the case of special offices created pursuant to Section 3 of this Article.

Section 6. President. The President shall preside at all meetings of Members and of Directors, or shall designate some other person to preside at such meetings. The President shall have general supervision and management of the Association and shall have the power and authority to sign, make, execute, and deliver any and all deeds or conveyances, deeds of trust, checks, leases, contracts, assignments, releases and all other documents and instruments on behalf of the Association. The President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 7. Vice President. In the absence of the President or in the event of the President's death,

inability or refusal to act, the Vice-President shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President or any additional or Assistant Vice-President shall perform such other duties as may be from time to time assigned by the President or by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of Members and of the Board of Directors and, upon request, of any committees of the Board of Directors, in one or more books provided for that purpose. The Secretary shall issue notices for all meetings, except notice for special meetings of Directors as provided in Section 5 of Article V of these Bylaws, which notice may be issued by such Directors. The Secretary shall have charge of the seal, if any, and the Association records, shall authenticate records of the Association, shall make such reports and perform such other duties as are incident to the Secretary's office, or which may be required of him or her by the Board of Directors.

Section 9. Treasurer. The Treasurer shall have the custody of all funds and securities of the Association and shall keep regular books of account. The Treasurer shall receive and disburse all funds of the Association and shall render to the Board of Directors from time to time as may be required of the Treasurer an account of all his or her transactions as Treasurer and of the financial condition of the Association. The Treasurer shall perform all duties incident to the office of the Treasurer or which may be required of him or her by the Board of Directors, including any audits of the Association books by an accountant, whether for any fiscal year or otherwise.

ARTICLE VII - ASSOCIATION COMMITTEES

Section 1. The Architectural Review Committee.

(a) Architectural Review Committee. The Developer, pursuant to the Protective Covenants for BruenBurg, shall approve all plans and specifications for all houses built in the subdivision prior to any construction. The Developer can turn the responsibility of the Architectural Review Committee over to the Home Owners' Association at his sole discretion. The Architectural Review Committee shall consist of not less than three or more than five individuals who shall be appointed or designated from time to time by the Board of Directors and may be but are not required to be Members. The members of the Architectural Review Committee shall serve at the pleasure of the Board of Directors, and may be dismissed with or without cause. The affirmative vote of a majority of the members of the Architectural Review Committee shall be required to make any finding, determination, ruling or order or to issue any permit, consent, approval or disapproval under the Declaration or these Bylaws, or to recommend that the Board of Directors adopt any rule or regulation relating to the provisions of this Article VII.

(b) General Requirements. Except for the purposes of proper maintenance and repair, no improvement, including, but not limited to, buildings, fences, walls or other structures, and no exterior additions change or alteration to any improvement, including any change or alteration of color, shall be commenced, erected, constructed, placed, altered, moved, maintained or permitted to

remain on any portion of the Property, including any Lot, until after compliance with the review process of this Article VII and approval of the Plans by the Architectural Review Committee. Any Developer or other builder, including any Owner of a Lot, who remodels or alters existing improvements on any Lot shall be required to submit to the review process of this Article VII with respect to any improvement to be constructed, remodeled or altered on the Lot. The Developer or other builder, at its expense, shall complete and submit to the Architectural Review Committee two complete sets of Plans for review by the Architectural Review Committee. The Plans shall include all matters set forth in Section 10.02 of the Declaration. Until after compliance with the review process and approval of the Plans by the Architectural Review committee, no Developer or other builder shall make any alterations set forth in said Section 10.02 of the Declaration.

(c) Review Process. Within 30 business days after receipt of all of the Plans, the Architectural Review Committee shall review the Plans and shall either approve or disapprove all or any portion of the Plans. Written notice of such decision shall be given to the Developer or other builder, and such notice shall specify the reasons for any disapproval. The Architectural Review Committee's right to disapprove the Plans shall be limited to (i) the failure of the Developer or other builder to include information required by, or otherwise satisfy the requirements of, the Declaration, (ii) objections to the design, general massing, color, materials or development of any proposed building or improvement which the Architectural Review Committee determines to be incompatible with the existing or surrounding structures on, or the topography and conformity with the design concept of or for, the Property, (iii) objections that the Plans do not provide for first-class structure, workmanship or materials, (iv) failure to provide a landscape plan which is consistent with the quality, development or design of the Property, or (v) any other reason or reasons which are not arbitrary or capricious, including, but not limited to, aesthetic considerations.

The Architectural Review Committee shall retain one copy of the Plans as approved or disapproved in the Association's permanent records and shall return to the Developer or other builder one copy of the Plans, as approved, marked or stamped with such approval.

If any portion of the Plans are not approved, the Developer or other builder shall amend and modify the Plans to conform to the requirements of, and to cure any objections made by, the Architectural Review Committee for review and approval or disapproval. The Architectural Review Committee's right to disapprove the amended and modified Plans shall be confined to (i) the portion of the Plans not previously approved, (ii) new matters not disclosed by or included in the Plans previously submitted, or (iii) matters which do not satisfy the requirements of the Declaration.

If the Developer or other builder desires to materially modify or change the Plans after approval of the Plans, but not including modifications or changes of or to the interior design, then the Developer or other builder shall submit two complete copies of such proposed changes to the Architectural Review Committee for review and approval or disapproval.

(d) Failure to Act. If the Architectural Review committee fails to approve or disapprove the Plans, amended and modified Plans and/or proposed modifications or changes to the Plans within 30

business days after receipt of the Plans, then such approval shall not be required, and the Plans, amended or modified Plans or proposed modifications or changes to the Plans will be deemed to have been approved by the Architectural Review Committee.

(e) Appeal. The decisions of the Architectural Review Committee shall be final except that any decision may be appealed to the Board of Directors by any Member who is aggrieved by any action or forbearance from action by the Architectural Review Committee or by any policy, standard, or guideline established by the Architectural Review Committee, and upon written request such Member shall be entitled to a hearing before the Board of Directors. The decision of the Board of Directors shall be final.

(f) Review Charges. The Developer or other builder will be responsible for the payment of reasonable charges established by the Board of Directors from time to time for the Architectural Review Committee's review of the Plans or amendments, modifications or changes to Plans, but no charges shall be imposed on any governmental authority using any portion of the Property.

(g) Initial Approval. Until the Common Area is conveyed to the Association, the Declarant rather than the Architectural Review Committee shall have the duties and powers of the Architectural Review Committee, and shall approve or disapprove the Plans of any Developer or other builder. After the Common Area is conveyed, the Board of Directors for and on behalf of the Association shall establish the Architectural Review Committee pursuant to the Declaration and these Bylaws.

(h) Disclaimer. The Board of Directors, the Architectural Review Committee, each director and each officer of the Association, each member of the Architectural Review Committee and the Association and, if applicable, the Declarant shall not be liable to any Owner or to any other Person on account of any claim, liability or expense suffered, incurred or paid by or threatened against such Owner or other Person arising resulting from or in any way relating to the subject matter of any reviews, acceptances, inspections, permissions, consents or required approvals which must be obtained from the Architectural Review Committee or public authorities, whether given, granted or withheld. No approval of Plans and no publication of architectural standards or bulletins shall be construed either to represent, guarantee or imply that such Plans or architectural standards will result in a properly designed Dwelling or other improvement, or to represent, guarantee or imply that any Dwelling or other structure or improvement will be built or constructed in a good, workmanlike manner. Approval of any particular Plans shall not be construed as a waiver of the right of the Architectural Review Committee to approve or disapprove all or any portion of the Plans if such Plans are subsequently submitted for use in any other instance.

(i) Rules and Regulations. Upon the recommendation of the Architectural Review Committee, from time to time the Board of Directors may (i) adopt and promulgate such rules and regulations regarding the construction or alteration of any structure or improvement and the form and content of Plans to be submitted to the Architectural Review Committee for review and approval or disapproval, and (ii) publish and/or file for record such statements of policy, standards, guidelines, and establish such criteria relating to architectural styles or details, colors, sizes, set-backs, material

or other matters including the use and application of fertilizers, pesticides and other chemicals and the preservation of such aesthetic values and characteristics and amenities, as may be considered necessary and appropriate. No such rules, regulations, statements or criteria shall be construed as a waiver of any provision of the Declaration.

(j) **Limitations.** Construction in accordance with approved Plans shall be commenced within six months after approval, whether by affirmative action or by forbearance from action, and shall be substantially completed either within six months after construction commences or within such other period as the Architectural Review Committee shall specify in the approval of the Plans. If construction is not so commenced or completed, then approval of the Plans shall be conclusively deemed to have lapsed and compliance with the review process shall be required again.

Section 2. Other Committees. The Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes, including but not limited to the following:

(a) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvements of the Property, and shall perform such other functions as the Board, in its discretion, determines;

(b) A Social Committee which shall advise the Board of Directors on all matters pertaining to the social program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

ARTICLE VIII - ASSESSMENTS

Each Member is obligated to pay to the Association all assessments, which shall become liens upon the property assessed, as provided in the Protective Covenants, which is incorporated by reference herein as though copied in words and figures in full herein.

ARTICLE IX - INDEMNIFICATION

Section 1. Special Definitions. For purposes of this Article IX of these Bylaws, the following terms shall have the following meanings:

(a) **Director/Officer:** The term "Director/Officer" means an individual who is or was director or officer of the Association.

(b) **Employee/Agent:** The term "Employee/Agent" means an individual who is or was an employee or agent of the Association and who is not or was not, respectively, also a Director/Officer.

(c) Both of the terms "Director/Officer" and Employee/Agent are further defined to include an individual who, while a Director/Officer or Employee/Agent of the Association, is or was serving at the Association's request as a director, officer, partner, trustee, employee benefit plan fiduciary,

employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or a member of the Association's Architectural Review Committee. (An individual is considered to be serving an employee benefit plan at the Association's request if such individual's duties to the Association also impose on, or otherwise involve services by, such individual to the plan or to participants or beneficiaries of the plan.)

(d) Both of the terms Director/Officer and Employee/Agent also are defined to include the estate or personal representative of such an individual. (Any indemnity required for a Director/Officer under this Article IX of these Bylaws shall continue as to an individual who has ceased to be a Director/officer with respect to liabilities and expenses incurred for events occurring while such individual was a Director/officer and shall inure to the benefit of the heirs, executors and administrators thereof. In the discretion of the Board, any indemnity authorized for an Employee/Agent under the Act or this Article IX of these Bylaws may continue with respect to liabilities and expenses incurred for events occurring while such individual was an Employee/Agent as to an individual who has ceased to be an Employee/Agent and may inure to the benefit of the heirs, executors and administrators thereof.)

Other special and limited definitions applicable to this Article IX of these Bylaws are contained in the Mississippi Nonprofit Corporation Act, Miss. Code Ann. §§ 79-11-101 et sea., as amended (the "Act").

Section 2. Statutory Indemnification. Except to the extent otherwise prohibited or limited by the Act, the Articles of Sections 4 and 5 of this Article IX of these Bylaws, and in addition to the mandatory indemnification provisions of the Act (being Sections 79-11-281(4) and 79-11-281(8)(a) specifically), the Association shall indemnify any individual who is made a party to a proceeding because such individual is or was a Director/Officer of the Association against liability incurred in such proceeding and shall pay for or reimburse the reasonable expenses incurred by a Director/Officer of the Association who is made a party to a proceeding in advance of final disposition of the proceeding, both to the fullest extent permitted from time to time by the applicable otherwise permissive indemnification and advancement-of-expenses provisions of the Act, being Sections 79-11-281(2), 79-11-281(5), and 79-11-281(8)(b) specifically. Except to the extent otherwise prohibited or limited by the Act, the Articles or Sections 4 and 5 of this Article IX of these Bylaws, the Association shall also indemnify a Director/Officer of the Association against the expenses incurred by a Director/Officer in connection with an appearance by such Director/Officer as a witness in a proceeding at a time when such Director/Officer has not been made a named defendant or respondent to the proceeding.

Section 3. Further Indemnification. Subject to the approval and ratification of this Section 3 of this Article IX of these Bylaws by the Members of the Association, either before or after the occurrence of an otherwise indemnifiable event hereunder (unless the Articles expressly contain an authorization for the Board to adopt a provision in these Bylaws providing for further indemnification, in which event ratification and approval of this Section 3 by the Members is not necessary), and except to the extent otherwise prohibited or limited by the Act, the Articles or Sections 4 and 5 of this Article IX

of these Bylaws, the Association, in addition to the requirement of indemnification contained in Section 2 of this Article IX of these Bylaws: (i) shall further indemnify any individual who is made a party to a proceeding because such individual is or was a Director/Officer and may, at the discretion of the Board, further indemnify any individual who is made a party to a proceeding because such individual is or was an Employee/Agent, against liability incurred in such proceeding; (ii) shall pay for or reimburse the reasonable expenses incurred by a Director/Officer of the Association and may, at the discretion of the Board, pay for or reimburse the reasonable expenses incurred by an Employee/Agent of the Association, who is made a party to a proceeding in advance of final disposition of the proceeding; and (iii) may, at the discretion of the Board, enter into contracts of indemnity with any individual who is a Director/Officer or Employee/Agent of the Association, and the disinterested members of the Board or the Members of the Association may adopt general or specific resolutions of indemnification for any Director/Officer or Employee/Agent of the Association--all to the fullest extent, consistent with the public policy of, and as permitted from time to time by the Act and other laws of, the State of Mississippi, as authorized by Sections 79-11-281(11) of the Act; provided, however, that the Association is not authorized, and shall not have the power to indemnify any such Director/officer or Employee/Agent against such individual's gross negligence or willful misconduct.

Section 4. Determinations. Notwithstanding any authorization or requirement of indemnification otherwise contained in and provided by this Article IX of these Bylaws and unless the Articles provide otherwise with respect to the further indemnification, including advancement of expenses, authorized by Section 3 of this Article IX of these Bylaws, the Association may not and shall not so indemnify or advance expenses to or for either any Director/Officer under Section 2 of this Article IX of these Bylaws or any Director/Officer or Employee/Agent under Section 3 of this Article IX of these Bylaws unless and until such indemnification or expense advancement is authorized in each specific case after a determination has been made, in accordance with the applicable provisions of the Act (being Sections 79-11-281(7) and 79-11-281(5), respectively, of the Act), that indemnification of or expense advancement to or for such Director/officer or Employee/Agent is appropriate under the circumstances because such Director/officer has met the standards of conduct prescribed by Section 79-11-281(2) of the Act with respect to the statutory indemnification of Section 2 of this Article IX of these Bylaws and such Director/officer or such Employee/Agent has met the standards of conduct prescribed by Section 79-11-281(11) of the Act with respect to the further indemnification of Section 3 of this Article IX of these Bylaws, as well as any other applicable provisions of the Act, public policy, or other laws of the State of Mississippi required as a condition of and prerequisite to such indemnification or advance reimbursement of expenses otherwise permitted or authorized under the Act or the Articles or required or authorized by these Bylaws. In addition, an authorization of indemnification, and evaluation as to reasonableness, of all expenses, whether being reimbursed in advance or not, shall, except as provided in Section 79-11-281(7)(b) of the Act, be made in the same manner as the determination is made that indemnification is permissible; and, in connection with any advancement of expenses, such individual must furnish to the Association the written affirmations and undertakings required by Section 79-11-281(5) (b) of the Act as a prerequisite to any such advance reimbursement of expenses. Whenever circumstances exist under which indemnification of, or the advancement of expenses to or for, a Director/Officer may be permitted or authorized by the Act or

the Articles and required under these Bylaws, then the Association shall, in accordance with the applicable provisions of the Act, the Articles, and these Bylaws, review each such specific case and shall make an appropriate determination, based upon the facts and circumstances of each such specific case, as to whether or not indemnification or advancement of expenses is authorized under the Act, the Articles and these Bylaws. If the application of such procedures results in a determination that indemnification of, or advancement of expenses to or for, a Director/Officer is permitted, authorized and required under the circumstances of a specific case, then the Association, also in accordance with such applicable provisions of the Act, the Articles, and these Bylaws, shall both evaluate the reasonableness of expenses otherwise indemnifiable or subject to advancement and shall authorize such indemnification of, or advancement of expenses to or for, such Director/Officer in each specific case as required by this Article IX of these Bylaws, with the express intention of this Article IX of these Bylaws being that, if a Director/Officer satisfies such standards of conduct, as required by the Act, for indemnification of, or advancement of incurred expenses to or for, such Director/Officer under either Section 2 or 3 of this Article IX of these Bylaws, then such Director/Officer is, under this Article IX of these Bylaws, mandatorily entitled to indemnification from the Association against liability incurred by such Director/Officer in connection with such proceeding or to advancement by the Association of reasonable expenses incurred in connection with such proceeding by the Director/Officer under either Section 2 or 3 of this Article IX of these Bylaws, as appropriate. Unless the Articles or these Bylaws provide otherwise, any authorization of indemnification in the Articles or these Bylaws shall not be deemed to prevent the Association from providing the indemnity permitted or mandated by 79-11-281 of the Act.

Section 5. Insurance. The Association may purchase and maintain insurance on behalf of a Director/Officer or Employee/Agent against liability asserted against or incurred by such individual in that capacity or arising from such individual's status as a Director/Officer or Employee/Agent, whether or not the Association would have the power to indemnify such individual against the same liability under the Act or this Article IX of these Bylaws, to the fullest extent consistent with the public policy of the State of Mississippi. If the Association, on behalf of such a Director/Officer or Employee/Agent, does purchase and maintain insurance against liability asserted against or incurred by such individual in such capacity or arising from such individual's status as a Director/officer or Employee/Agent, or if another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, on behalf of such a Director/Officer or Employee/Agent, purchases and maintains insurance against liability asserted against or incurred by such individual serving in such capacity, for which liability the Association would otherwise, from time to time, be permitted under the Act, authorized by the Articles, or required or authorized under this Article IX of these Bylaws to indemnify such a Director/Officer or Employee/Agent against such liability or to advance expenses to or for such a Director/Officer or Employee/Agent, then, notwithstanding any such permission for indemnification contained in the Act, authorization for indemnification contained in the Articles, or authorization or requirement of indemnification contained in or provided by this Article IX of these Bylaws, the Association shall neither indemnify such a Director/Officer or Employee/Agent for any such liability for which indemnification would otherwise be so permitted under the Act, authorized by the Articles, or authorized or required under this Article IX of these Bylaws, nor make any advancements to or for such a Director/Officer or Employee/Agent for any

such expenses, for which payment would otherwise be so permitted under the Act, authorized by the Articles, or authorized or required under this Article IX of these Bylaws, to the extent that any such insurance policy would provide coverage for such liability and expenses absent such indemnification or advancement by the Association under the Act or this Article IX of these Bylaws but would exclude from its coverage any such liability or expenses in connection with any claim or claims made against such Director/officer or Employee/Agent for which such Director/Officer or Employee/Agent is indemnified by, or is entitled to indemnification from, the Association either under the permissive indemnification provisions of the Act or under the required or authorized indemnification provisions of this Article IX of these Bylaws. Provided, however, that the Association may indemnify such a Director/Officer or Employee/Agent against such liability incurred by such individual, and make payment of expense advances to or for such a Director/Officer or Employee/Agent, to the extent that such liability and expenses are not payable under any such insurance policy for any reason, such as, by way of amplification but not limitation, such liability or expenses either being within the retention/deductible amount or the co-insurance provisions of the policy, or in amounts in excess of the aggregate dollar limits of coverage stated on the face of the policy, or in amounts in excess of the aggregate dollar limits of coverage stated on the face of the policy.

Section 6. Reporting. If the Association indemnifies or advances expenses to a Director/Officer or Employee/Agent under this Article IX of these Bylaws or under the Act in connection with a proceeding by or in the right of the Association, the Association shall report such indemnification or advance in writing to the Members with or before the notice of the next Members' meeting.

ARTICLE X - WAIVER OF NOTICE

Whenever any notice is required to be given to any Member or Director of the Association, a waiver thereof in writing signed by the person entitled to such notice, whether before or after the time stated therein, shall be equivalent to giving or receiving of such notice. The waiver shall be delivered to the Association for inclusion in the minutes of the Association records.

ARTICLE XI - AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted upon approval of both (1) the Board of Directors at any annual, regular or special meeting of the Board, unless the amendment relates to the number of directors, the composition of the Board of Directors, the term of office of directors, or the method in which directors are elected or selected; and (2) the Members at any annual or special meeting of the Members by the affirmative vote of two-thirds of the total votes cast by the Members in person or by proxy, or by the affirmative vote of a majority of the votes of all Class A and Class B Members, combined, whichever is less; provided, however, that any matter stated herein to be, or which in fact is, governed by the Declaration may not be amended by means of vote except as provided in the Declaration itself.

ARTICLE XII - FISCAL YEAR

The annual accounting period and taxable year of the Association shall end on the last day of the month of December of each year, unless changed by appropriate resolution of the Board of Directors.

ARTICLE XIII - SEAL

The Association may use a seal in circular form, having within its circumference the words "BRUENBURG PROPERTY OWNERS' ASSOCIATION, INC."

IN WITNESS WHEREOF, the undersigned initial members of the Board of Directors of BruenBurg Property Owners' Association, Inc., have signed these Bylaws as of the 6th day of June 1999.

Mark S. Jordan
Director