

LAKE FOREST PROPERTY OWNERS ASSOCIATION, INC.
BY-LAWS

AS AMENDED OCTOBER 20, 2008

ARTICLE I
PURPOSE

Lake Forest Property Owners Association, Inc., an Alabama nonprofit corporation, herein referred to as “the Corporation”, shall conduct affairs for the mutual benefit of the membership hereof and for the civic improvement, operation, maintenance, management, ownership, buying, selling and handling of the common facilities of Lake Forest.

ARTICLE II
MEMBERSHIP

Section 2.1, **Persons Who Shall Be Members:** The membership of the Corporation shall consist of two classes of members: the first class of which shall be called Full Voting Members; the second class of which shall be called Associate Members.

The Full Voting Membership shall be limited to those persons who purchased lots in the Lake Forest development from Lake Forest, Inc., or its successors, on or after July 1, 1971; those persons owning lots in the Lake Forest development who have purchased same either prior to or after July 1, 1971, and who make application to and are approved by the Board of Directors of the Corporation as such members; the transferee of a lot of an eligible former Full Voting Member in good standing and Lake Forest, Inc., or its successors.

For the purpose of Full Voting Membership, “lot” or “lots” are defined to include Condominiums purchased from Lake Forest, Inc., or its successors, as to which an initiation fee, dues, and acquisition assessment have been paid and which is subject to the Declarations and Restrictions, as amended.

The Associate Members of the Corporation shall consist of those persons who were former members of the Lake Forest Country Club and whose names are attached to the Articles of Incorporation of the Lake Forest Property Owners Association, Inc., as Exhibit A., or who have purchased “Old Lake Forest” property, including membership, from such an individual. The Associate Membership of those persons named on said Exhibit A, who did not as of May 1, 1971, own a lot in the Lake Forest development, shall terminate upon death of both member and his spouse. Unless converted to a Full Voting Membership, the Associate Membership of any person named on said Exhibit A who did, as of May 1, 1971, own a lot in the Lake Forest development shall also terminate upon the death of said Associate Member and his spouse; provided however, such Associate Member (who did, as of May 1, 1971, own a lot in the Lake Forest Development) may transfer his Associate Membership to the next purchaser of his lot, but such membership shall then terminate upon the death of said purchaser and his spouse, unless converted to a Full Voting Membership. The Associate Membership of the Associate Member who did, as of May 1, 1971, own a lot in the Lake Forest development may be converted to Full Voting Membership by complying with the rules for such conversion as may from time to time be established by the Board of Directors. Except for such one time transfer by an Associate Member who did, as of May 1, 1971, own a lot in Lake Forest development, Associate Membership shall be non-transferable.

The Board of Directors may from time to time create additional classes of non-voting members.

In the event a lot is purchased by a corporation, the corporation must immediately designate an individual who will be the club member. This individual must go through the process of applying through the membership committee. When approved, this member must then sign a notarized statement that he will be responsible for dues, charges, assessments including interest on such charges, assessments, collection costs and attorney’s fees.

If any affiliation change occurs, both the member and the corporation will immediately notify the club. The corporation will then designate a new member and the same procedure must be followed.

Section 2.2. **Full Voting Membership Inseparable Appurtenant to Lot or Lots Owned or Being Purchased.** Full Voting Memberships shall be inseparable appurtenant to and run with the particular lot or land owned in the Lake Forest development. Upon the transfer by a member of this lot in the Lake Forest development (or upon the death of a member), the membership of the transferor (decedent) shall cease to exist and the transferee (heir or

devise) shall automatically become a Full Voting Member. No Full Voting Membership may be conveyed or transferred in any other manner whatsoever.

Section 2.3. **No Full Voting Member May Withdraw Except by Transfer of Title.** No full Voting Member may withdraw except by transfer of title or upon contracting for the sale of the lot or lots to which such membership is appurtenant or by resignation of membership in accordance with the provisions of the Declarations of Restrictions. Conditions. Easements Covenant Agreements, Liens and Charges of Lake Forest Inc., and Amendments.

Section 2.4. **Dues, Charges and Assessments.** Members of the Association shall be obligated to pay dues, charges and assessments imposed by the Association. Annual increases in dues must be approved by members of the Association at the annual meeting. The Board of Directors has no authority to increase dues. The power of authority of the Board of Directors is limited to one (1) assessment annually, if deemed necessary, for the preservation of the Association. This assessment cannot exceed \$50.00 per member annually.

Section 2.5. **Conduct.** Any member may be denied one or more privileges of membership in the Association including the right to vote, use of facilities and other membership rights, for failure to pay initiation fees, dues or other charges or assessments levied by the Board of Directors, or for misconduct in contravention of the published Lake Forest Yacht and Country Club House and Ground Rules. A member who may have been denied any privileges of membership shall have the right to have such denial reviewed by the Board of Directors upon written request to the President of the Association. During any such period of privilege denial, basic dues shall remain chargeable; however, usage fee, if previously paid on an annual or periodic basis, shall be given during the period of such denial.

Section 2.6. **Transfer of Membership.** It shall be the responsibility of both the buyer and seller to provide the Association the following: copy of deed, date property is to be transferred.

ARTICLE III MEMBERSHIP MEETING

Section 3.1. **Annual Meeting.** The annual meeting of the members of the Corporation shall be held on the third Monday in October of each year, commencing with the year 1988, or, if such day shall be a legal holiday, at such time as shall be stated in the notice of such meeting, for the election of directors (then due to be elected) and for transaction of such other business as may come before the meeting; provided the failure to hold such annual meeting shall not work a dissolution of the Corporation. Any business voted on at the meeting must have been presented to the entire membership at least 30 days prior in the notice of the meeting.

Section 3.15. **Eligible Members Entitled to Vote.** At least thirty (30) days prior to the annual meeting, under the direction of the Secretary, a complete list of eligible members entitled to vote shall be prepared by the office of management accounts. Such list shall be arranged in alphabetical order, with the residence of each member shown by postal mailing address, unit and lot number of each full membership lot(s) owned and members' membership number. Such list shall be accessible and convenient to the membership.

Section 3.2. **Special Meetings.** A special meeting of the members of the Corporation may be called at any time by the Board of Directors, the President, Vice President or by persons holding at least twenty-five percent (25%) of the votes eligible to be cast in any such meeting, except as otherwise provided by statute or in the Articles of Incorporation or any amendment thereto.

Section 3.25. **Listing of Eligible Voting Members.** Any Full Voting Member desiring to call a Special Meeting of the membership shall have the right to obtain a current listing of eligible voting members with current addresses at normal Association charges for copies. Any party obtaining such records agrees that same shall not be used for commercial purposes of any kind, including, but not by way of limitation, mail order businesses.

Section 3.3. **Place or Meeting.** All meetings of the members of the Corporation shall be held in Baldwin County, Alabama, or at such other place, within the State of Alabama, as may be fixed from time to time by the Board of Directors.

Section 3.4. **Notice of Meeting.** Except as otherwise required by statute, notice of each meeting of the members, whether annual or special, shall be given at least thirty (30) days before the day on which the meeting is to be held, to each member of record by delivering a written or printed notice thereof to each member, personally, or by mailing such notice, postage prepaid, addressed to such member at the post office address registered with the Corporation.

Section 3.5. **Waivers, etc.** Anything herein contained to the contrary notwithstanding, notice of any meeting of the members of the Corporation shall not be required as to any member who shall attend such meeting in person or by proxy; and, if any member of the Corporation shall, in person, or by attorney duly authorize, waive notice of any meeting, whether before or after such meeting, notice thereof shall not be required as to him.

Section 3.6. **Quorum.** At all meetings of the members of the Corporation (except as otherwise provided by statute, by the Articles of Incorporation or by the By-laws) the presence, in person or by proxy duly authorized, of persons holding at least twenty-five percent (25%) of the total votes eligible to be cast at such meeting, shall constitute quorum for the transaction of business; but in the absence of a quorum, a majority of such members present in person or by proxy may adjourn, from time to time, but not for a period of more than thirty (30) days in any one time, until quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called. No notice of any adjourned meeting need be given.

Section 3.7. **Voting.** Each Full Voting Member shall be entitled to one vote for each lot owned for which dues, charges, initiation fee and assessment are current, for the election of each member of the Board of Directors and one vote for each and every other action which may require vote of the membership of the Corporation; provided however, Lake Forest, Inc., or its successors, shall be entitled to cast the number of votes equal to one vote for each quarter acre of property which it owns in Lake Forest Development, for the election of each Director of the Board and for each and every other matter which may require a vote of the membership of the Corporation. Each Associate Member in good standing shall be entitled to one vote for each member of the Board of Directors and one vote on any and all matters which may be required and permitted of the membership concerning the Country Club and Golf Course facilities, only.

The vote for any lots owned or being purchased jointly by husband and wife may be cast by either spouse without presentation of authority from the other. The vote for any other lot and lots held or being purchased by more than one person under some form of joint or several ownership may be cast by any one of such persons upon presentation of written authority or by proxy from them in their absence.

Section 3.8. **Proxy.** Each member of the Corporation may vote by proxy duly filed with the Secretary of the Corporation prior to or at any annual or special meeting. No proxy shall be voted after eleven months after its date, unless such proxy provides for a longer period.

Section 3.9. **Delinquent Member — No Vote.** No member shall be eligible to vote or to be elected to the Board of Directors or appointed to any committee who is shown on the books or management accounts of the Corporation, to be delinquent on the billing of the month prior to the meeting. Delinquencies may be cleared in the office of management up to 2:00 p.m. on the day of the meeting. The Secretary shall have a list of eligible voters at any annual or special meeting, based on these billings.

Section 3.10. **Rules of Meetings.** All meetings of the membership and stated meetings of the Board of Directors shall be conducted in accordance with the procedures set out in the current edition of "Roberts Rules of Order", except where such rules are superseded by the Articles of Incorporation, the By-Laws or Federal or State law.

ARTICLE IV OFFICERS

Section 4.1. **Board of Directors Shall Elect Officers of Corporation.** The Board of Directors of the Corporation shall elect from its membership the officers of the Corporation. At any election the person receiving the greatest number of votes for any particular office shall be elected.

Section 4.2. **The Elected Officers.** The elected officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also from time to time appoint such other officers as it shall deem necessary including one or more Assistant Vice Presidents and one or more Assistant Secretaries, who shall hold office for such terms as shall be determined by the Board of Directors and shall exercise such powers and perform such duties as shall be determined from time to time, by the Board of Directors. One or more offices may be held by the same person. Officers shall also be Full Voting Members in good standing; except for the office of Assistant Secretary/Treasurer, which may be held by the Controller, and the office of Assistant Vice President, which may be held by the General Manager, when appointed by the Board of Directors.

Section 4.3. **President.** The president shall be a Director and the general executive and administrative officer of the Corporation, subject to the authority and policy guidance of the Board of Directors. He shall preside, when present, at all meetings of the members and of the Board of Directors. He shall have the authority to execute bonds, deeds and contracts in the name of the Corporation, following specific approval of the Board of Directors, and to affix the Corporate Seal thereto; and to exercise other functions usually appurtenant to the office of President of the Corporation

Section 4.4. **Vice President.** The Vice President shall be a Director and shall perform all such duties and services as shall be assigned to or required by him from time to time by the Board of Directors or the President, respectively, and unless authority be expressly limited, shall act in the place of the President, exercising all his powers and performing his duties, during his absence or disability.

Section 4.5. **Secretary.** The Secretary shall attend to giving of notice of all meetings of the members and of the Board of Directors and shall keep and attest true records of all proceedings thereat. He shall have charge of the Corporate Seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep pan account of all books, documents, papers and records of the Corporation. He shall have authority to sign membership certificates, and shall generally perform all duties usually appertaining to the office of Secretary of the Corporation.

Section 4.6. **Treasurer.** The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation, and shall deposit or cause to be deposited all funds of the Corporation in and with such depositories as the Board of Directors shall, from time to time, direct. He shall have the power to endorse for deposit or collection, or otherwise, all checks, drafts, notes, bills of exchange or other commercial paper payable to the Corporation, and to give proper receipts or discharges therefor. He shall keep all books of account relating to the business of the Corporation, and shall render a statement of the Corporations financial condition whenever required to do so by the Board of Directors or the President.

Section 4.7. **Assistant Vice Presidents, Assistant Treasurers and Assistant Secretaries.** Assistant Vice Presidents. Assistant Treasurers and Assistant Secretaries, in general, shall have such powers and shall perform such duties as shall be assigned by the Board of Directors.

Section 4.8. **Additional Powers and Duties.** In addition to the foregoing especially enumerated duties and powers, the several officers of the Corporation shall perform such duties and exercise such further powers as may be provided in the By-laws or as the Board of Directors may, from time to time, determine or as may be assigned to them by the competent superior officer.

Section 4.9. **Term of Office.** The officers of the Corporation elected at the first annual meeting of members of the Corporation shall hold office for one year or until their respective successors are elected.

Section 4.10. **Removal of Officer.** An officer of the Corporation shall not be removed from office except for cause. In order to remove an officer from office for cause, a special meeting of the Board of Directors must be called for that purpose and at such a meeting a majority of the Board of Directors of the Corporation must vote for such removal.

Section 4.11. **Vacancies.** If any vacancy occurs in any office, the Board of Directors shall elect a successor.

Section 4.12. **Compensation.** The Directors and Officers of the Corporation shall serve without compensation. This does not preclude remuneration for expenses incurred on the Association's behalf after Board of Directors' approval.

ARTICLE V BOARD OF DIRECTORS

Section 5.1. **Composition.** The Board of Directors of the Corporation shall consist of nine members who shall be Full Voting Members of the Corporation, in good standing, and shall be elected by the members of the Corporation at the annual meeting of the membership.

Section 5.2. **Term of Office.** The term of office for Directors shall be for a three year period, commencing with their election at the Annual Meeting of the members. Those directors presently seated who were elected for longer terms will serve until their terms expire. Any Director elected to fill an unexpired term shall serve only until the next Annual Meeting of the Association at which time the remainder of the unexpired term shall be filled as provided for in Section 5.11.

Section 5.25. **Re-Election.** Any Director of the Association who has served a full three (3) year term in office shall not be eligible for re-election to the Board of Directors for one year.

Section 5.3. **Powers.** The powers of the Corporation shall be vested in and exercised by or under the authority of its Board of Directors to the full extent allowed by Law.

Section 5.35. **Borrowing Money.** The Board of Directors shall not have any authority to borrow money, in any amount in excess of \$100,000.00 per fiscal year, secured by Association property or on open account, without the approval of a majority of the membership present or represented by proxy at a duly called membership meeting. This limitation shall not apply to renewal, refinancing or extensions of existing loans.

Section 5.4. **Organization Meeting.** The Board of Directors shall meet as soon as practicable after each annual meeting of the members at the place where such meetings shall be held, for the purpose of organization and transaction of other business. Notice of such meeting will be given as specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof, signed by all Directors. Further as an Order of Business at this meeting the Board shall adopt a code of ethics, Rules of Conduct and Conflict of Interest policies. Policies adopted shall conform to the current edition of "Roberts Rules of Order", except where such rules are superseded by the Articles of Incorporation, the By-Laws or Federal or State Law.

Section 5.5. **Stated Meetings.** The Board of Directors shall hold one scheduled meeting per month on the **Third Thursday** of each month at 7:00 p.m. The Board of Directors may, by resolution adopted by vote of a majority of the whole board, from time to time, appoint the time and place of the holding of these meetings of the Board. Such stated meetings shall be held at the time and place so appointed without giving special notice with regard thereto. In case the day appointed for the stated meeting shall fall on a legal holiday such meeting shall be held on the next following day, not a legal holiday at the regular appointed hour.

Section 5.55. **Stated Meeting Agendas.** Except for valid emergency situations, Agendas shall be prepared and made available to the membership (3) days prior to the meeting date.

Section 5.6. **Special Meetings.** Special meetings of the Board of Directors shall be held whenever called by the President, Vice President or by any two of the directors. Notice of such meeting shall be mailed to each director, addressed to him at his residence or usual place of business, not later than three days before the day on which the meeting is to be held, or shall be sent to him at any such place by telegraph, or be delivered personally, or by telephone, not later than the day before the day on which the meeting is to be held. Notice of any meeting of the Board need not be given, however, to any director, if waived by him in writing (including telegram, cablegram or radiogram); and any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given, if all members shall be present thereat. Any director may waive notice of any meeting of the Board of Directors before or after such meeting. Except as otherwise provided in the By-laws or as may be indicated in the notice thereof, any and all business may be transacted at any special meeting of the Board of Directors,

Section 5.7. **Quorum and Manner of Action** Except as herein otherwise provided, fifty percent (50 %) or more of the whole Board of Directors, present in person, shall constitute a quorum for the transaction of business; and, except as otherwise required by statute, or by the By-laws, an act of a majority of the directors present at any such meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn the meeting, from time to time, until a quorum is present. No notice of any adjourned meeting need be given.

Section 5.8. **Removal of Directors.** A director of the Corporation shall not be removed from office except for cause. In order to remove a director from office for cause, such action must be taken by a majority vote at either the annual meeting of the membership or at a special meeting called for that purpose.

Section 5.9. **Vacancies.** If any vacancy occurs on the Board of Directors, it may be filled by a majority vote of the remaining directors. However, the individual so elected shall serve only until the next Annual Meeting of the Association. See Section 5.11.

Section 5.10. **Nomination of Directors.** The Board of Directors shall appoint a Nominating Committee consisting of a Chairman, who shall be a member of the Board, and two or more full voting members of the Association in good standing. Members shall serve for a period of one year. There shall be an interval of two years before a member of a previous Nominating Committee may be reappointed. The Nominating Committee shall, through its Chairman, present to the Secretary of the Board of Directors, in writing, its selection of eligible nominees along with their qualifications for the Board of Directors, to fill vacancies occasioned by expiration of terms or resignation. The number of members so nominated shall be twice the number of Directors to be elected. The Board by majority vote may name additional nominees of its choice and endorse nominees otherwise selected.

Section 5.11. **Election of Directors.** When Directors are to be elected at the annual meeting of the Association, the Secretary shall have written ballots prepared. The ballots shall be prepared in such a fashion that the name of each candidate appears an equal number of times in each of the positions on the list. Thus, if there are six candidates, each candidate's name shall appear first on the list on one-sixth of the ballots, second on the list on one-sixth of the ballots and so on. Space shall be provided for write-in Directors to be elected and a ballot shall be furnished to each voting member with the notice of the annual meeting and shall be accompanied by a suitable mailer for return of absentee ballot, with casting member's signature clearly appearing on the ballot. During the election of new Directors at an Annual Meeting, the three candidates being elected for full term, on the Board of Directors shall be those three receiving the largest number of votes. Additionally, in the event that a new Director or Directors are to be elected to fill the remainder of an unexpired term(s), the individual candidate(s) receiving the next highest number of votes shall fill the unexpired term(s). Should one or more candidate tie for this (these) lesser term vacancy (vacancies) the winner(s) shall be determined by lot. At the annual meeting, the existence of a quorum having been established, written ballots will be provided eligible voters present. The Secretary shall verify, in accordance with Section 3.9., the eligibility of each member before providing a ballot.

Section 5.12. **Executive Committee** In furtherance and not in limitation of the powers confirmed by statute, the Board of Directors may establish an Executive Committee of three or more Directors, constituted and appointed by the Board of Directors from their number, who shall meet when deemed necessary. They shall have authority to exercise all the powers of the Board which may be lawfully delegated and not inconsistent with the Articles of Incorporation, or these By-laws at any time and when the Board is not in session.

The committee shall elect a Chairman and a majority of the whole committee shall constitute a quorum, and an act of a majority of members present in person at a meeting at which a quorum is present, shall be the act of the committee, provided all members of the committee have had notice of such meeting or waived such notice. The Secretary shall prepare and maintain minutes of meetings for submission to the Board of Directors.

ARTICLE VI MISCELLANEOUS

Section 6.1. **Indemnification of Officers, Directors, Employees and Agents.** (a) This corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or joint venture against expense (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that this conduct was unlawful. (b) This Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or joint venture against expense (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the

best interests of the Corporation and except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper. (c) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) or in defense of any claim, issue or matter therein, this Corporation shall indemnify such person against expenses (including attorney's fees) actually and reasonably incurred by him in connection herewith, notwithstanding that he has not been successful on any other claim, issue or matter in any such action, suit or proceeding. (d) Any indemnification under subsections (a) and (b) — unless ordered by a court — shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made by (1) the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) if not made in the instance provided for in (1) or (2) above, by the stockholders. (e) Expenses (including attorney's fees) incurred in defending a civil or criminal claim, action, suit or proceeding when authorized in the manner provided in subsection (d) upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amounts if and to the extent that it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this section. (f) The indemnification provided for herein shall not be deemed exclusive of and shall be in addition to any other rights (whether created prior or subsequent to the adoption of the Article of the By-laws) to which those indemnified may be entitled under any statute, rule of law, provision of Articles of Incorporation, By-laws, agreement, vote of stockholders or disinterested directors, or otherwise both as to action in his official capacity and as to action in another capacity while holding such office and shall continue as to a person who had ceased to be a director, officer, employee or agent and shall endure to the benefit of the heirs, executors and administrators of such person.

Section 6.2. **Surety Bonds.** Such officers or agents of the Corporation as the Board of Directors may direct, from time to time shall be bonded for the faithful performance of their duties, in such amounts and by such surety companies as the Board of Directors may determine. The premiums on such bonds shall be paid by the Corporation, and the bonds so furnished shall be in the custody of the President.

Section 6.3. **Seal.** The Corporate Seal shall be circular and in the form affixed hereto. Said Seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 6.4. **Membership Certificates.** The Board of Directors may authorize the issuance of certificates to the members of the Corporation evidencing such membership.

Section 6.5. **Signature of Negotiable Instruments.** All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officers and in such manner as, from time to time, may be prescribed by resolution (whether general or special) of the Board of Directors.

Section 6.6. **Amendments.** Any proposed amendment to the By-laws of the Corporation must be presented to the voters 30 calendar days prior to a vote, after which the By-laws of the Corporation may be altered, amended, or repealed, in any particular, and any new By-laws, not inconsistent with any provision of the Certificate of Incorporation or any provision of law, may be adopted by (1) the affirmation vote of the majority of the membership present or represented by proxy at a duly called membership meeting. The notice of any such meeting shall include the form of the proposed alteration or repeal or the proposed new By-laws, or a summary thereof, or (2) by a vote of a majority of the Board of Directors at any meeting thereof; provided, however, the Board of Directors may not alter, amend, or repeal any By-law establishing the number of directors, the time or place of stockholders' meetings or what constitutes a quorum at such stockholders' meetings

END OF BY-LAWS

DECLARATIONS OF RESTRICTIONS, CONDITIONS, EASEMENTS,
COVENANTS, AGREEMENTS, LIENS AND CHARGES

LAYMAN'S BASIC INTERPRETATION

- I. **TERM:** Covenants binding for 50 years.
- II. **MUTUAL BENEFIT & OBLIGATION:** Benefit to all
- III. **LAND USE:** Only as zoned.
- IV. **USE AND IMPROVEMENT:** A thru H, Required square footage of residence and approval of plans by architectural committee. I thru O. Nuisances - storage -laundry – pets - signs.
- V. **PERMITS TO BUILD:** What must be presented to architectural committee.
- VI. **WATERWAYS—BOATS AND DOCKS:** Various rules.
- VII. **WATERWAYS—BOATS AND DOCKS:** Various rules.
- VIII. **AUTOMOBILE PARKING** Two (2) stalls. One (1) covered and attached to residence.
- IX. **VARIANCES:** Height, size and setbacks.
- X. **FENCES AND BOUNDARY PLANTING:** Limit of height, material, and NONE on golf course lot
- XI. **APPEARANCE OF LOTS, REMOVAL OF TREES:** No exposed trash except at new construction. Woodpiles screened from neighbor. No removal without permit.
- XII. **LAKE FOREST-PROPERTY OWNERS ASSOCIATION, INC.:** and or Lake Forest Yacht & Country Club.
- XIII. **REMEDIES FOR VIOLATIONS:** Right of neighbor to correct a violation without threat of trespass
- XIV. **ACCEPTANCE OF DECLARATION:** When you accept deed to your property, you agree to abide the covenants.
- XV. **NO RIGHTS WAIVED BY DELAY:** Delay in enforcement does not mean consent. Covenants can be enforced any time.
- XVI. **PARTIAL INVALIDITY:** If court null and voids one change, others are still valid.
- XVII. **REMEDIES CUMULATIVE:** You may enforce one or all covenants without voiding any.
- XVIII. **AMENDMENTS:** Takes 85% of property owners to vote change hi covenants,
- XIX. **CAPTIONS:** Captions not part of covenants — for identity only.

DECLARATIONS OF RESTRICTIONS,
CONDITIONS, EASEMENTS COVENANTS,
AGREEMENTS, LIENS AND CHARGES

LAKE FOREST, INC.

THIS DECLARATION made this 18th day of January, 1973 by Lake Forest, Inc., an Alabama Corporation, hereinafter called "Declarant"

WITNESSETH

WHEREAS, the declarant is the owner of that certain real property located in Baldwin County Alabama, as set forth on that certain p which is recorded in Map Book 8, at Page51, in the records in the Office of the Judge of Probate of Baldwin County. Alabama; and **WHEREAS**, it is the desire and intention of Declarant to set the above described real property and to impose upon it mutual, beneficial restrictions, conditions easements, covenants, agreements, liens and charges under a general plan or scheme of improvement for the benefit of all the said lands and the future owners of said lands; **NOW, THEREFORE**, Declarant hereby declares that all of the property described above is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied, and improved subject to the following provisions, restrictions, conditions, easements, covenants, agreements, liens and charges, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement, and sale of the said real property and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of said real property and every part thereof, and all of which shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the described lands or any part thereof.

I
TERMS

All of the provisions, restrictions, conditions, easements, covenants, agreements, liens and charges set forth herein shall affect each and all of the above-described lots delineated on said map, shall run with the land and shall exist and be binding upon all parties and all persons claiming under them for a period of fifty (50) years from the date of recordation hereof, unless sooner annulled, amended or modified pursuant to the provisions of Article XIX hereof.

II
MUTUALITY OF BENEFIT AND OBLIGATION

All of said restrictions, conditions, easements, covenants, provisions, agreements, liens, and charges set forth herein are made for the mutual and reciprocal benefit of each and every lot shown on said map and are intended to create mutual, equitable servitudes upon each of said lots in favor of each and all other lots shown on said map; to create reciprocal rights between the respective owners of all the lots shown on said map; to create a privity of contract and estate between the grantees of said lots, their heirs, successors and assignees and shall as to the owner of each lot in said subdivision, his heirs, successors or assigns, operate as covenants running with the land for the benefit of each and all other lots in said subdivision and their respective owners.

III
LAND USE

All lots, tracts and parcels of the subdivision shall be used only as herein set forth and zoned, and such designated usage can be changed only by the approval of the Architectural Committee as provided for herein. All lots of the subdivision shall be used only for single family residence, except those lots whose use is specifically indicated for purposes other than single family as set forth herein, except that nothing contained in this Declaration shall be construed to prevent Declarant or its successors or assigns from erecting and maintaining, or authorizing the erection and maintenance or structures and signs for the development and sale of the subdivision while the same or any part thereof is owned by the Declarant, its successors or assigns.

IV
USE AND IMPROVEMENT

Each and every one of the lots and tracts of the subdivision described above shall be improved, occupied and used for the respective purposes and permitted uses as designated in the following Zoning Classifications: A. () ZONE R-S-2- Residential - Single Family - Two-Story - Square Feet ZONE R-S-2 defined:

1. Improvements on each lot within this zone shall be used exclusively for the purpose of a single family residence.
2. A residence within this zone shall be limited to a maximum of two stories in height. Wherein a second story shall be defined as any floor level which lies at an elevation of more than five (5) feet, but less than twelve (12) feet, above any other floor level within the same residence.
3. The Architectural Committee has the authority to set up additional regulations as to the height and size requirements for all buildings and structures within this, zone including fences, walls, eaves, trellises, copings and other such surfaces, projections and appendages as will visibly affect the appearance of said buildings and structures.
4. A residence within this zone shall contain not less than the set square feet of fully enclosed floor area devoted to living purposes. Said floor area shall be exclusive of roofed or unroofed porches, terraces, garages, carport and other outbuildings and shall be computed from faces of exterior walls. The ground floor of said residence must contain at least the set square feet of fully enclosed floor area devoted to living purposes.
5. Permits and/or approvals for the construction of improvements on properties shall be issued only as a result of a thorough review of a complete and detailed set of construction plans of the proposed building by the Architectural Committee (construction shall thereafter commence only upon receipt of written approval by the Architectural Committee). Plans submitted to the Architectural Committee for approval shall include the following:

(A) Surveyor certified plat plan showing setbacks, site development plan, including drives (must be either concrete or asphalt), paths, fences, decks, patios and all proposed improvements in connection with such buildings.

(B) Landscaping plan to include all trees, bushes, and various plantings, etc. (C) Complete and detailed construction plans and specifications to include all exterior elevations, materials to be used, and colors.

6. The properties shall be improved only in strict conformance with the definitions and restrictions of that zoning classification.

B. APPROVAL TO BUILD

Property owners wishing to construct residences in any classification must submit two (2) sets of plans as set forth above for each classification prior to and well in advance of the time they intend to commence construction, as it is not permissible to proceed with construction until such a time as written authorization and approval of such plans submitted have been received from the Architectural Committee. Plans for approval should be mailed to Architectural Committee, c/o Lake Forest Country Club, 1 Golf Terrace, Daphne, Alabama 36526.

C. BUILDING SETBACK STANDARDS

The attached cover states minimum building setback lines for each zone. In the event of any conflict between these requirements and any other later imposed by any governmental authority, such other shall govern.

D. NUISANCES

No noxious or offensive activity shall be carried on upon any of the development, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

E. REFUSE

No lot shall be used or maintained as a dumping ground for rubbish, refuse or garbage. Garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the disposal or storage of such matter shall be kept in a clean and sanitary condition, and all incinerators shall be approved by the Architectural Committee before installation or use.

F. BOAT AND TRAILER STORAGE

No boat, boat trailer, travel trailer, camp trailer, house trailer, or other similar property shall be stored on any of the development without prior written approval of the Architectural Committee.

G. RADIO AND TELEVISION ANTENNAE

No television or radio antennae or towers may be erected or maintained anywhere upon the development without prior a written consent of the Architectural Committee.

H. LAUNDRY

All drying of wash must be done in an area approved for that purpose by the Architectural Committee, except that a folding drying rack not more than four feet in height may be placed at the rear of any lot, and shall be stored when not in use.

I. PETS AND OTHER ANIMALS

No livestock of any description may be kept or permitted on the property with the exception of dogs, cats, and other animals which are qualified household pets, and which do not make objectionable noise or constitute a nuisance or inconvenience to owners of other lots nearby. No raising, breeding, training or dealing in dogs, cats, or any other animals may be permitted on or from any lot. Horseback riding shall be limited to approved equestrian trails.

J. SIGNS

No signs billboards or advertising structures of any kind shall be allowed on any of the lots except with written permission from the Architectural Committee.

K. OIL DRILLING

Oil drilling, oil development operations, refining, mining operations of any kind, or quarrying, shall not be permitted upon, in or under any of the lots, nor shall oil wells, exposed oil or gas tanks, tunnels, mineral excavations or shafts be permitted upon or in any of the lots. Notwithstanding the restrict set forth in the preceding sentence, Declarant may carry on such restricted activities, in its discretion.

V
ARCHITECTURAL COMMITTEE

A. All plans and specifications for any building, swimming pool, fence, wall or other structures whatsoever to be erected on or moved upon any lot, and the proposed location thereof on any lot or lots, the roofs and exterior color schemes thereof, any later changes or additions thereto after initial approval thereof and any remodeling, reconstruction, alterations, or additions to any building or other structures on any lot shall be subject to and shall require the approval, in writing, of the Architectural Committee, as the same is from time to time composed, before any such work is Commenced.

B. The Architectural Committee is composed of three (3) current members of the Board of Directors of Lake Forest Property Owners Association (LFPOA). Action by any two of the members of the Architectural Committee without objection by the other members shall be an act of the Committee itself.

C. Any vacancy shall be filled by the president of LFPOA Board of Directors. The Architectural Committee may appoint advisory committees from time to time to advise it on matters pertaining to the subdivision. There shall be submitted to the architectural committee two (2) complete sets of plans and specifications of any and all improvements, the erection or alteration of which is desired, placed or maintained upon any lot, unless and until the final plans, elevations and specifications therefore have received such written approval as herein provided. Such plans shall include surveyor's certified plot plans showing the location on the lot of the building, wall, fence, or other structure proposed to be constructed, altered, placed or maintained, together with the proposed color scheme for roofs and exteriors thereof, and driveway material either concrete or asphalt.

D. The Architectural Committee shall approve or disapprove plans, specifications and details within thirty (30) days from the receipt thereof. One (1) set of said plans and specifications and details with the approval or disapproval endorsed thereon shall be returned to the person submitting them and the other copy thereof shall be retained by the Architectural Committee.

E. The Architectural Committee shall have the right to disapprove any plans, specifications or details submitted to it as aforesaid in the event such plans, specifications submitted are incomplete or in the event the Architectural Committee deems the plans, specifications or details, or any part thereof, to be contrary to the interests, welfare, or right, of all or any part of the real property subject hereto, or the owners thereof, all in the sole discretion of the Architectural Committee. The decision of the Architectural Committee shall be final.

F. Neither the Architectural Committee nor any architect or agent thereof or of Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing, nor for any structural or other defects in any work done according to such plans and specifications.

VI
WATERWAYS

A. No boat dock, pilings or bulkhead shall be placed on any residential site without the prior written consent and approval of the Architectural Committee.

1. Any boat dock, pilings or bulkheads constructed shall be constructed in such a manner as to accommodate the mooring of vessels parallel to the shoreline only and such boat dock, pilings or bulkheads shall not extend or lie into the water in such a manner or such a length so as to interfere with navigation on such navigable waterway.

2. All boat docks shall be of permanent finished construction, and no temporary or make-shift type boat dock, shall be erected, placed or maintained on said premises, nor shall any unfinished boat docks be used or permitted to remain in such condition. No automobile or other tires shall be used as bumpers on docks or anywhere in the subdivision, either permanently or temporarily.

3. No substantial repairs, construction or reconstruction of boats beyond those normally and customarily personally performed by the owner of pleasure boats generally shall be carried on or performed on any residential boat dock.

B. No vessel or boat shall be anchored in any of the canals or waters within the development or in waters adjacent to the development so that the same shall in anywise interfere with navigation.

No vessel, boat or person shall use any of the canals or other waters of the development in any manner which would be in violation of reasonable rules and regulations with respect to the use thereof promulgated as hereinafter provided. Such rules and regulations may place reasonable restrictions upon the speed of boats and vessels in all or any part of such waters and upon the size and types of boats and vessels permitted to navigate in such waters or any part thereof by aircraft, and may impose such other rules and regulations for the safety, protection and enjoyment of said waters as may from time to time be deemed necessary or desirable. The aforementioned reasonable rules and regulations may be, at the option of Declarant, promulgated and enforced by Declarant. Such rule and regulation making power and the enforcement of such rules and regulations may be assigned by Declarant to the Lake Forest Property Owners Association. Inc. and/or any appropriate governmental authorities.

C. No cut or change in the shoreline of the canals in the development shall be made, nor shall any boat canal be dug or excavated, nor shall any fill be made in any canal or other waters in the subdivision, without the prior written approval of the Architectural Committee.

VII BOAT DOCKS AND PIERS

All boat docks and piers will be kept in a clean, sightly and wholesome condition. It is required that the Architectural Committee approve all docks and piers in regard to size, design and type to be used and placement on lot in regard to location on lot and proximity to the water. Permits and/or approvals for the construction of boat docks and piers shall be issued only as the result of a thorough review of complete and detailed construction plans of the proposed structure (facility) by the Architectural Committee. Construction shall thereafter commence only upon written approval by the Architectural Committee.

VIII PARKING REQUIREMENTS

A. There shall be a minimum of two (2) automobile parkway stalls of at least eight 8 feet by eighteen feet each for each single family residence or dwelling unit constructed on any lot or tract.

B. Said two (2) parking stalls shall be constructed entirely within the building setback area as defined herein, and at least one stall of same shall be sheltered.

C. Enclosures, shelters, screens and other improvements constructed for the purpose of automobile parking and other vehicles shall be attached to and a part of the structure of the house constructed on any lot.

IX VARIANCES

A. The Architectural Committee may allow reasonable variances and adjustments of these conditions and restrictions in order to overcome practical difficulties and prevent unnecessary hardships in the application of the regulations contained herein: provided, however, that such is done in conformity to the intent and purposes hereof: and, provided, also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the neighborhood. Variances and adjustments of height, size and setback requirements may be granted hereunder.

B. The Architectural Committee may also determine and allow in the respective classifications of lots, additional uses which are of the same character.

C. In the event there shall be governmental regulations which conflict with or prevent works of construction or improvements in the manner as required by the within regulations, these circumstances shall be deemed to constitute practical difficulties justifying allowances of variances and adjustments of said regulations in order to prevent unnecessary hardship; provided, however, that in every instance the variance or adjustment shall not be materially detrimental or injurious to property or improvements in the neighborhood.

X FENCES AND BOUNDARY PLANTING

A. No wall, coping or fence exceeding six (6) feet in height, measured from the adjoining ground surface inside the wall, may be erected or maintained on any lot except as hereinbefore provided. Boundary planting along side and rear lot lines, except trees with single trunks, shall not be permitted to grow higher than eight (8) feet.

B. No wall, coping or fence may be constructed on any lot which adjoins the golf course.

C. No wall, coping, fence or boundary planting on any lot may be constructed, grown or maintained in such a manner as to interfere with vision of drivers at any intersection of streets or roads.

XI

UTILITY AND DRAINAGE EASEMENTS

A. The right is reserved to construct and maintain public utilities on the streets and roads of the subdivision either above or below ground and to make all necessary slopes for cuts or fills upon the lots shown on the herein referred to survey map in the original grading of said streets and roads: and Declarant reserves perpetual utility easements under, over and across a strip five (5) feet unless otherwise noted on the plot herein referred to in which case said plot shall govern in width adjacent to and along the side yard lines of each lot for the purpose of placing, laying, erecting, constructing, maintaining and operating, or of authorizing the placement, laying, erection, construction, maintenance and operation of utilities (including, without limitation, sewage, water, electricity, gas, telephone and telegraph); and Declarant reserves perpetual easements under, over and across a strip ten (10) feet (unless otherwise noted on the plat herein referred to, in which case said plat shall govern) in width adjacent to and along the front and back yard lines of each lot for the purpose of placing, laying, erecting, constructing, maintaining, or operating or of authorizing the placement, laying, erection, construction, maintenance and operation of utilities and drainage systems. No change in the natural drainage shall be made by any lot owner without prior written approval from the Architectural Committee.

B. The interest conveyed by Declarant to any of said lots by contract, deed or other conveyance, shall not in any event be held or construed to include the title to the water, gas, sewer, storm sewer, electric light, power, telegraph and telephone lines, poles or conduits, or any other utility or appurtenances thereto constructed by Declarant or its agents, or by any utility company along or upon said lots, or any part thereof, to serve said property. The right to sell, convey or lease water and sewer lines and their appurtenances erected by or on behalf of Declarant is hereby expressly reserved in Declarant.

XII

APPEARANCE OF LOTS, REMOVAL OF TREES

A. Each lot, at all times, shall be kept in a clean, sightly and wholesome condition. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any lot so they are visible from any neighboring lot or road, except as necessary during a period of construction.

B. All service yards, woodpiles and storage piles shall be walled in or kept screened by adequate solid fencing or walls in such manner as to conceal them from neighboring lots and roadways.

C. No lot shall be used in whole or in part for the storage of any property or thing that will cause such lot to appear in an unclean, disorderly or untidy condition or that will be otherwise obnoxious. No obnoxious or offensive activity shall be carried on upon any lot nor shall anything be done, placed or stored thereon which may be or become an annoyance or nuisance to the neighborhood or occasion any noise or odor which will, or might, disturb the peace, quiet, comfort or serenity of the occupants of nearby lots.

D. No trees shall be removed without first obtaining written consent of the Architectural Committee.

XIII

LAKE FOREST YACHT & COUNTRY CLUB, INC. and/or LAKE FOREST PROPERTY OWNERS ASSOCIATION, INC.

Each purchase of a lot or lots in the subdivision shall by acceptance of a deed thereto or the signing of a contract or agreement to purchase the same, whether from Declarant or a subsequent owner of such lot or lots, binds himself, his heirs, personal representatives and assigns to pay all charges and assessments as shall be determined and levied upon such a lot and/or purchaser by Lake Forest Yacht & Country Club, inc. and/or Lake Forest Property Owners Association. Inc., including interest on such charges and assessments and collection costs thereof, if any, including attorneys' fees; and the obligation to pay such charges, assessments, interest and costs thereby constitute a lien and an obligation running with the land.

All liens herein provided by shall be enforced by appropriate legal proceedings, in the manner provided by law. No proceedings for enforcement of any such lien or liens shall be commenced except upon the expiration of four (4) months from and after the date the charge or Assessment giving rise to such lien becomes due and payable Liens of first mortgages placed upon any of said lots for the purpose of construction a residence or other improvement thereon and recorded in accordance with the laws of the State of Alabama, shall be, from the date of such recordation, superior to any and all liens provided for herein. Declarant may, if requested, execute instruments to subordinate any and all liens provided for herein to such liens of first mortgages. Declarant may, at its option, by appropriate written instrument recorded in accordance with the laws of the State of Alabama, subordinate any and all liens provided for herein to the liens of other mortgages and/or other encumbrances.

X REMEDIES FOR VIOLATIONS

A. All provisions, restrictions, conditions, easements, covenants, agreements, liens, and charges herein shall be binding on all of the lots in the subdivision and the owners thereof, regardless of the source of title of such owners, and any breach thereof, if continued for a period of thirty (30) days from and after the date that Declarant, or it's successors or assigns, or any other property owners, shall have notified in writing the owner or resident in possession of the lot upon which or as to which such breach has been committed, to refrain from a continuance of such action and to correct such breach, shall warrant the Declarant, its successors or assigns, or other lot owner, to apply to any court of law or equity having jurisdiction thereof, for an injunction or other proper relief, and if such relief be granted the court may, in its discretion, award to the plaintiff in such action reasonable expense in prosecuting such suit, including attorney's fees.

B. Violation of any of the foregoing provisions, restrictions. conditions, easements, covenants, agreements, liens and charges shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith for value as to any lot or portion thereof in the subdivision, but such provisions, restrictions, conditions, easements, covenants, agreements, liens and charges shall be enforceable against any portion thereof acquired by any person through foreclosure or by deed in lieu of foreclosure for any violation of the provisions, restrictions, conditions, easements, covenants, agreements, liens and charges herein contained occurring after the acquisition of said property through foreclosure, or deed in lieu of foreclosure.

C. In the event of violation or breach of any of said provisions, restrictions, conditions, easements, covenants, agreements, liens and charges herein contained. Declarant and also the owners of each of the other lots shall have the right to enter upon the lot or lots on which, or as to which such violation or breach exists, and summarily to abate or remove, at the expense of the owner thereof, any structure, thing or condition that may exist therein contrary to the intent and meaning hereof, and, Declarant, and its successors and assigns, shall not nor shall any other of the lot owned be deemed guilty of any manner of trespass for or by reason of such entry, abatement or removal.

XV ACCEPTANCE OF DECLARATION

Each purchaser and grantee of any of the properties included within this Declaration, by acceptance of a deed conveying title thereto, shall accept such title upon and subject to each and all of the provisions, restrictions, conditions, easements, covenants, agreements, liens and charges herein contained, and also the jurisdiction, rights and power of this Declarant, and by such acceptance, shall for themselves, their heirs, personal representatives, successors and assigns, covenant, consent and agree to and with the Declarant, and to and with the grantees and subsequent owners of each of said lots within the subdivision to keep, observe, comply with and perform said provisions, restrictions, condition, easements, covenants agreements, liens and charges and each thereof.

XVI
NO RIGHTS WAIVED BY DELAY

No delay or omission on the part of the Declarant, or its successors or assigns in interest or the owner or owners of any lot or lots on said property, in exercising any right, power or remedy herein provided for in the event of any breach of any of the provisions, restrictions, conditions, easements, covenants, agreements, liens and charges herein contained shall be construed as a waiver thereof or acquiescence therein, and no right of action shall accrue, nor shall any action be brought or maintained by anyone whomsoever against Declarant, its successors or assigns, for or on account of its failure or neglect to exercise any right, power or remedy herein provided for in the event of any such breach, or for imposing herein provisions, restrictions, conditions, easements, covenants, agreements, liens and charges which may be unenforceable.

XVII
PARTIAL INVALIDITY

In the event that any one or more of the provisions, restrictions, conditions, easements, covenants, agreements, liens and charges herein set forth shall be held by any court of competent jurisdiction to be null and void, all remaining provisions, restrictions, conditions, easements, covenants, agreements, liens and charges herein set forth shall continue unimpaired and in full force and effect.

XVIII
REMEDIES CUMULATIVE

The various rights and remedies of Declarant and the owners of lots as heretofore set out are and shall be cumulative. All of them may be used, relied upon, resorted to and enforced without in any way affecting the ability of Declarant or the said property owners to use, rely upon, resort to or enforce the others, or any of them.

XIX
AMENDMENTS

Any or all of the provisions of these restrictions, conditions, easements, covenants, liens and charges may be annulled, amended or modified at any time by the consent of the owner or owners of record of eighty-five percent (85%) of the property (computed by acreage) encompassed within the Lake Forest Development. The property encompassed within the Lake Forest Development is defined, for the purpose of this paragraph only, as the lots described in the aforesaid plat and all property adjacent thereto or within, two miles thereof which was in the past, is now, or may at the time of such amendment be owned by Lake Forest, Inc., or its assigns.

XX
CAPTIONS

The captions of the various paragraphs of this Declaration are for the convenience only and are not a part of the terms or provisions thereof. IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed the day and year first above written.

LAKE FOREST, INC.

By: /S/ P. Holcomb Hector, Vice President

ATTEST:

/S/ Jack A. Furman, Assistant Secretary