

BY-LAWS
OF
LAKE SERENE PROPERTY OWNER'S ASSOCIATION, INC.

ARTICLE I

Membership

Section 1. There shall be only one class of membership.

Section 2. Membership shall be in accordance with the Charter and By-Laws.

Section 3. Members shall be expelled by the Board of Directors for non-payment of dues, assessments, penalties or other indebtedness, as provided in the Charter of the Association. The Board of Directors also shall be vested with the power to censure, fine, suspend or expel members for conduct within the Association which, in the opinion of the Board, is detrimental to the good order, welfare or reputation of the Association or its membership; provided, that no expulsion shall be pronounced by the Board except upon a vote of at least two-thirds of the entire Board of Directors and after a reasonable opportunity shall have been given to such member to be heard in his own defense. In the case of such expulsion, such member shall have the right of appeal to the membership of the Association, to be exercised by notice in writing to the Secretary within ten (10) days after notification to

to said member of his expulsion by the Board, and upon receipt of such notice of appeal it shall be the duty of the Secretary, or the President, to call a special meeting of the membership as early as practicable to consider such appeal. The action of the Board in expelling such member shall be affirmed unless two-thirds of the members present and voting shall reverse the action.

Section 4.

(a). Assessments may be authorized from time to time at any annual or special meeting, or at any special meeting called for that purpose where notice of such purpose is included in the call for the special meeting, only by the affirmative vote of a majority of the quorum as described in Paragraph I of the Charter, and when so authorized, may be levied by the Board of Directors.

(b). Each assessment shall be equally applicable to and charged against each and every member.

(c). The Board of Directors, in levying any assessment, shall fix the time, or times, when it shall be due, and the method of payment thereof.

Section 5. Termination of membership, by death, resignation or expulsion, shall not affect or discharge any indebtedness owed to the Association by a member.

Section 6. Non-individual owners of each lot or parcel of real property as designated by the Charter of Incorporation of the Lake Serene Property Owners Association, Inc. shall be required to designate an individual representative, in writing, with the Secretary of the Association. This individual representative shall have all of the privileges and responsibilities of membership.

(This By-Law LEGALLY RESOLVED by the membership of Lake Serene Property Owners Association, Inc., the 13th day of March, 1975.)

ARTICLE II

Finance

Section 1. The amount of the dues, initiation fees, late fees, and penalties shall be fixed by the Board of Directors.

Penalties are as follows until amended:

VIOLATION	FINE
_____ Trespassing (CODE NO. 97-17-93)	\$50.00
_____ Launching watercraft from common property	50.00
_____ Watercraft or vehicle without current sticker	25.00
_____ Violation of lake pattern rule	25.00
_____ Water skier not wearing safety belt/vest	25.00
_____ Watercraft pulling skier without observer	25.00
_____ Watercraft or skier entering swimming area	30.00
_____ Vulgar, profane, or abusive language	25.00
_____ Creating a disturbance (noise/music)	25.00
_____ Speeding in fishing lakes (over 5MPH)	25.00
_____ Discharge of firearms in lake area	50.00
_____ Other _____	_____

Violators shall be notified in writing as violations occur.

Penalties assessed shall be due and payable within 30 days of notice.

Members may appear before the Board of Directors to seek relief of penalties.

Section 2. The Board of Directors shall cause to be set up and maintain a special fund to be known as the Improvement Fund for use only in making permanent improvements to the Association properties or in retiring debts incurred for such improvements.

Section 3. The Board of Directors shall cause to be set up and maintain a reserve for depreciation covering all of the depreciable property of the Association, and to establish and maintain a special

fund to be known as the Depreciation Fund, and there shall be included, as a part of the annual dues, an amount to be fixed from time to time by the Board of Directors to cover such depreciation, which shall be paid into the Depreciation Fund. The Depreciation Fund shall be used only toward replacement of the properties of the Association and no part thereof shall be used to pay general operating expenses.

Section 4. The Board of Directors shall fix the amount of dues to include current operating expenses, reserve for cost of taxes and insurance on the Association properties, reserve for major maintenance and repairs of the Association properties, reserve for depreciation, and such other purposes as the Board of Directors shall deem appropriate.

Section 5. All dues shall be due and payable on the first day of February in advance. After such date all property owner members having not paid dues and assessments in full shall be automatically expelled from membership. A late fee, the amount to be set from time to time by the Board of Directors, shall be added to the dues for property owners paying after February first. All other indebtedness shall be due on the first day of each month following that in which such indebtedness was incurred.

Commencing on January 1, 1986, to be eligible for membership, a property owner shall be responsible for an initiation fee, the current year's dues and the previous year's dues if ownership extended to the previous year.

Section 6. Billing for dues will be mailed about November first of each year.

Section 7. New owner members shall be charged an initial fee,

the amount of the fee to be set by the Board of Directors from time to time.

Section 8. Every member shall be liable to the Association for any damage to the Association properties, or otherwise sustained by the Association, occasioned by him or any member of his family or any guest present by his invitation, and all such damage shall constitute an indebtedness of such member to the Association.

Section 9. The Board of Directors may authorize the appropriate officers to execute mortgages and deeds of trust on the Association's real and personal property, only after the same shall have been authorized and approved by the affirmative vote of the members, as described in Paragraph I of the Charter, at any annual meeting, or at any special meeting called for that purpose where notice of such purpose is included in the call for such special meeting. The members, whenever the execution of a mortgage or deed of trust is thus authorized by them, shall also determine the amount of the assessment, if any, which will be levied to retire the indebtedness secured thereby and the time and method of payment.

Section 10. There shall be a Finance Committee composed of three (3) members of the Association to be elected from time to time by the Board of Directors. The Board of Directors shall be empowered and charged with the duty to: (1) audit at least annually all financial books and records of the Association; (2) determine that all funds of the Association are properly expended and properly accounted for;

(3) determine that a budget is adopted by the Board of Directors and that all expenditures are reasonably in accordance with the budget; (4) determine that all special funds and reserve account required by these By-Laws or by the Board of Directors are properly set up and maintained and that all funds required to be credited or placed therein, and all expenditures therefrom, are handled in strict accordance with the By-Laws and further orders of the Board of Directors; (5) determine that the provisions of the By-Laws with reference to payment of dues, assessments, penalties and indebtedness are strictly enforced; (6) investigate and supervise the proper investment of surplus and reserve funds of the Association; (7) to do any and all things deemed by the Board of Directors to be necessary or desirable in order to maintain adequate financial records and sound financial policies; and (8) make written report of its findings at least annually to the membership.

Section 11. It shall be the duty of the Board of Directors to set up and maintain adequate financial records in accordance with accepted accounting procedure, to adopt annual budgets and keep expenditures within such budgets insofar as is practicable. It shall be the duty of the Board of Directors to handle all financial matters in strict accordance with the provisions of these By-Laws.

ARTICLE III

Election

Section 1. The general management of the corporation shall be under the direction of a Board of Directors as provided by the Charter of the Association.

Section 2. The Board of Directors shall be elected by the membership in the following manner:

(a). The President, with the approval of the Board of Directors, shall appoint a Nominating-Election Committee composed of such number of the members of the Association as the President shall decide.

(b). The Nominating-Election Committee shall select as nominees the names of six (6) members of the Association. (One may be a non-member). The Committee will prepare ballots and proxy containing the names of the nominees thus submitted, which ballots shall also contain three blank lines for write-in votes, and shall cause a ballot and proxy to be mailed to each member, with a return envelope for use in returning the ballot to the Committee.

(c). Each member shall vote for three (3) Directors, or shall have the right to write in as many names, not to exceed three (3), as desired. The three nominees receiving the higher number of the votes cast shall be elected; and, if three (3) are not elected on the first ballot the Nominating-Election Committee shall prepare

a list containing the names of twice the number of positions remaining to be filled (which shall be the names of those persons receiving the highest number of votes, but not elected on the first ballot) and distribute ballots to each qualified elector present at the meeting. When ballots are cast, those receiving the highest number of votes therefor shall be elected.

(d). The election shall be held at the annual meeting or on such date as the Election Committee shall fix and determine.

(e). The first year (March 1975).

The Nominating-Election Committee shall select as nominees the names of twelve (12) members to be placed on the ballot, one of these may be a non-member. The Committee shall prepare ballots and proxy containing the names of the nominees thus submitted, which ballots shall also contain nine (9) blank lines for write-in votes, and shall cause a ballot and proxy to be mailed to each member, with a return envelope for use in returning the ballot to the Committee.

(f). Each member shall vote for nine (9) Directors or shall have the right to write in as many names, not to exceed nine (9), as desired. Directors shall be declared elected as follows:

The three (3) nominees polling the higher number of votes will serve for three (3) years. The three (3) nominees polling the next higher number of votes will serve for two (2) years. The three (3) nominees polling the next higher number of votes will serve for one (1) year.

NOTE: Only one non-member may serve on the Board at any time.

Section 3. The Board of Directors shall act and function only as a board and individual directors shall have no authority except as may be expressly delegated by the Board of Directors.

Section 4. The Board of Directors shall cause copies of these by-laws, and any amendments adopted from time to time, to be reproduced and distributed to the membership and all new members.

ARTICLE IV

Member Meetings

Section 1. There shall be a regular annual meeting of the members on the second (2nd) Thursday of March of each year, at such time and place as may be fixed by the Board of Directors.

Section 2. Special meetings of the members may be called at any time by the President; or by the Vice-President; or by any four (4) directors; and also, special meetings of members shall be called by any officer when requested to do so in writing by twenty-five percent (25%) of the members. All members shall be given ten (10) days notice of the time and place of any such special meeting by posting notice thereof on the bulletin board at the Association office and also by:

(a). Mailing notice to the last known post office address of the member.

(b). By publishing notice thereof one time in a newspaper of general circulation in the area of location of the Association.

The members may waive any and all notice of any such special meeting and the attendance by a member at a special meeting, either in person or by proxy, shall be a waiver of any and all notice, unless such member appears solely for the purpose of objecting to such meeting.

Section 3. Any regular or special meeting of the members may be adjourned or recessed from time to time and place to place, and the order of adjournment or recess shall be sufficient notice to all members of the time and place of such adjourned or recessed meeting, whether or not all members be present, either in person, or by proxy, at the meeting from which the adjournment is taken.

Section 4. All meetings of members shall be held in a place stated in the notice of such meeting or in the order of adjournment or recess of any adjourned or recessed meeting.

Section 5. Any business which could be transacted at a regular meeting may be transacted at a special, adjourned or recessed meeting.

Section 6. At any member meeting, less than a quorum may adjourn or recess any meeting to a subsequent date without further notice. (Quorum is defined in the Charter).

ARTICLE V

Directors' Meetings

Section 1. The Directors shall hold regular monthly meetings at such time and place as the Directors themselves shall determine.

Section 2. Special meetings of the Directors may be called by the President or by any three (3) of the Directors to be held at such place and time as may be designated by those calling such special meeting. Notice of such special meeting may be given by the person calling the same or by the Secretary-Treasurer, and all Directors shall be given at least three (3) days notice of the time and place of any special meeting, such notice to be given as follows:

(a). By mailing to the last known post office address of such Directors; or

(b). By verbally, or by telephone, notifying the Directors;
or

(c). Either, or both, of the above methods.

Any and all notice of such special meetings may be waived by the Directors and the attendance by a Director at such meeting shall be a waiver of any and all notice, unless such Director attends solely for the purpose of objecting to the holding of such meeting.

Section 3. Any regular or special meeting of the Directors may be adjourned or recessed from time to time and place to place and the order of adjournment or recess shall be sufficient notice to all Directors of the time and place of such adjourned or recessed meeting, whether or not all Directors be present at the meeting from which the adjournment or recess is taken.

Section 4. Any business which could be legally transacted at a regular meeting of Directors may be transacted at any special,

adjourned or recessed meeting.

Section 5. At any Directors' Meeting, a majority of the Directors shall be a quorum for the transaction of business, but less than a quorum may adjourn or recess any meeting to a subsequent date without notice.

Section 6. The action of a majority of the Directors present at a meeting in person shall be sufficient to bind the entire Board of Directors.

Section 7. There shall be no voting by proxy at any Directors' Meeting.

Section 8. The Board of Directors shall keep adequate minutes and other records of all of their proceedings, which shall, at any and all times, be subject to the inspection of any member of the Association.

ARTICLE VI

Officers

Section 1. The Officers of the Association shall be a President, a Vice-President, a Secretary and Treasurer and such other officers as the Board of Directors may from time to time decide to elect. All officers shall be elected by the Board of Directors, their term commencing on the first day of the month following meeting of members, and all officers shall serve until their successors are elected and qualified.

Section 2. The President and Vice-President must be regularly elected directors, but the Secretary and/or Treasurer need not necessarily be a regularly elected director.

Section 3. The President shall be the executive head of the corporation, and shall have the powers and perform the duties which are ordinarily possessed and performed by presidents of corporations. He shall be the chairman and presiding officer of all member and directors' meetings. In addition, he shall possess such additional powers and perform such additional duties as may be conferred upon him from time to time by the Board of Directors.

Section 4. The Vice-President shall perform the duties of the President in his absence, or in the event of his inability for any reason, to perform the duties of his office. He shall be the assistant to the President and shall possess such powers and perform such

duties as are ordinarily possessed and performed by Vice-Presidents of corporations and such other duties and powers as may be conferred upon him from time to time by the Board of Directors.

Section 5. The Secretary shall be the secretary of all meetings of members and directors and shall keep the minutes thereof. He shall have custody of the corporate seal, charter, by-laws, minute book, and all other records, all of which shall be open for inspection by any member at all reasonable times. The Treasurer shall keep financial records and books of account and make monthly financial reports in writing to the Board, the Finance Committee, and annual financial reports in writing to the members. He shall possess such powers and perform such duties as are ordinarily possessed and performed by secretaries and/or treasurers of corporations; and, in addition thereto, such other powers and duties as may be conferred upon him by the Board of Directors from time to time. The Secretary and Treasurer may, in the discretion of the Board of Directors, receive compensation for his services to be fixed by the Board. The Treasurer shall be bonded.

ARTICLE VII

Committees

Section 1. There may be a finance committee, a membership committee, and such other standing or special committees as may be designated by the President with the consent of the Board of Directors.

Section 2. Exept for the finance committee, whose composition and method of appointment is provided in Section 10 of Article II of these by-laws, all committees shall be composed of such number of members as the President shall designate; and, the President, with the approval of the Board of Directors, shall appoint the chairman and membership of all committees.

ARTICLE VIII

Guests

Section 1. The facilities of the Association are intended primarily for the use and enjoyment of members and the dependent members of their immediate families. (See definition in Article X, Section 3). However, guest of members will be permitted to use and enjoy the facilities of the Association, pursuant to rules and regulations established by the membership.

Section 2. The membership shall establish and the Board of Directors shall enforce rules for the use and enjoyment of the Association's facilities by the members and their guests. (See Article II, Section 8 for responsibility of member for their guests). Number of guests may be limited.

ARTICLE IX

Rules

Section 1. The membership shall establish and the Board of

Directors shall enforce rules governing members of the Association and of the use of the Association's facilities.

Section 2. Copies of all rules may be posted on the bulletin board at the Association office and copies of the rules shall be distributed to the membership.

Section 3. The interpretation of the Board of Directors of the rules and of these by-laws shall be final and conclusive.

ARTICLE X

Definitions

Section 1. As used in these by-laws, "Association and Corporation" shall mean Lake Serene Property Owner's Association, Inc., a Mississippi Non-Profit Corporation.

Section 2. As used in these by-laws, "member" shall mean any natural person qualifying for membership under the Charter and By-Laws. "The membership" shall mean all of the property owners who have not been expelled from membership for non-payment of dues and/or other indebtedness.

Section 3. "Immediate Family" shall mean the dependent members of the property owner member's family as defined by the U. S. Internal Revenue Service.

ARTICLE XI

Amendments

These by-laws may be repealed, changed, modified or amended and additional by-laws enacted by the Board of Directors at any regular meeting, or at any special meeting called for that purpose, where such purpose is stated in the call for such special meeting; but, in order to do so, it shall require the affirmative vote of two-thirds (2/3) of all the members of the Board of Directors.