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**ARTICLES OF INCORPORATION
OF
SAWTOOTH BRANCH CORPORATION**

An Alabama Nonprofit Corporation

TO THE PROBATE JUDGE OF CHILTON COUNTY, ALABAMA:

ARTICLE I

NAME OF CORPORATION

The name of the corporation shall be Sawtooth Branch Corporation (hereinafter referred to as the "Association")

ARTICLE II

PERIOD OF DURATION

The period for the duration of the Association shall be unlimited and perpetual.

ARTICLE III

PURPOSES

The objects and purposes of this Association and the powers which it may exercise are as follows:

- A. The Association is organized for the purpose of providing for the acquisition, construction, management, maintenance and care of "association property," (as that term is defined in Section 528(c)(5) of the "Code" hereinafter defined) and for those purposes which an organization may pursue when qualified as an organization exempt from federal income taxation under Section 528 of the Internal Revenue Code of 1986 and the regulations promulgated thereunder (said Code and regulations now existing or as they may hereafter be amended, or, under the corresponding provision of any subsequent federal tax law being hereinafter referred to together as the "Code"). The Association is further organized to promote and advance such purposes by any activity in which a corporation organized under Section 10-3A-1 *et seq.* of the Code

of Alabama 1975 (the "Alabama Nonprofit Corporation Act") may engage, exclusively.

B. The Association shall possess and exercise all the powers and privileges granted by the Alabama Nonprofit Corporation Act or by any other law of the State of Alabama together with all powers necessary or convenient to the conduct, promotion or attainment of the activities or purposes of the Association (limited only by the restrictions set forth in these Articles of Incorporation), including, but not limited to the following powers:

- (i) to acquire by lease, option, purchase, gift, grant, devise, conveyance, or otherwise, and to hold, enjoy, possess, rent, lease, mortgage, farm, ranch, work, forest, and sell real property or any interest therein, and to construct, maintain and operate improvements thereon;
- (ii) to acquire by option, purchase, gift, grant, bequest, transfer or otherwise and to hold, enjoy, possess, use, run, work, pledge as security, sell, transfer or in any manner dispose of personal property of any class or description whatsoever;
- (iii) to retain any property, investments or securities originally received by the Association or thereafter acquired by the Association so long as the directors of the Association shall consider the retention thereof desirable;
- (iv) to invest any and all funds coming into the hands of the Association on any account whatsoever in such property, investments or securities as the directors of the Association may, in the discretion of the directors, deem advisable, however doubtful or hazardous or limited the description or nature of any property, investments or securities so retained may be, whether or not the same may be currently producing income and whether or not the same are or may be such as are authorized or deemed proper for investment of trust funds under the Constitution or laws of the State of Alabama or of the United States;
- (v) to borrow and lend money to or from any person, persons, firm, business, partnership, or corporation, with or without security, and if with security, with such security as the directors of the Association deem proper or appropriate, and, in connection with any borrowing of money by the Association, to issue evidences of indebtedness of such borrowing and to secure the same by mortgage, pledge or other lien on the Association's property;
- (vi) to convert real property owned by the Association into personal property and personal property into real property;
- (vii) to improve or cause or permit real property to be improved and to abandon any property that the directors of the Association deem to be without substantial value;
- (viii) to manage and control any shares of stock, certificates of interest, bonds or other securities of any corporation, trust or association at any time acquired

in any way by this Association and with respect to the same to concur in any plan, scheme or arrangement for the consolidation, merger, conversion, recapitalization, reorganization or dissolution, or the lease or other disposition of the properties of any such corporation, trust or association the securities of which are held by this Association and as owner thereof to vote any security of any corporation, trust or association held by this Association at any meetings of the holders of the same class of security of the issuing entity and generally in all respects to exercise all of the rights of ownership therein;

- (ix) to guarantee or become surety for the obligations of any other nonprofit corporation or corporation not of a business character;
- (x) to designate those expenses which shall constitute common expenses; to estimate the amount of the annual budget; to make and collect assessments against subdivision lot owners; to use the proceeds of assessments in the exercise of its powers and duties; to make and amend reasonable Rules and Regulations regarding subdivision property; and
- (xi) to do and perform all other acts and things that may be incidental to and come legitimately within the scope of any and all of the objects and purposes of the Association or which may be necessary or appropriate for the carrying out and accomplishment of any and all of the objects and purposes of the Association, and to have and exercise all rights and powers now conferred or which may hereafter be conferred on corporations not of a business character under the laws of the State of Alabama.

- C. Anything herein contained to the contrary notwithstanding, the Association shall not be operated for private profit and no part of the assets or the net earnings of the Association shall at any time inure to the benefit of any member, director, officer or other private person, other than by acquiring, constructing, or providing management, maintenance, and care of Association property, and other than by a rebate of excess membership dues, fees or assessments; provided, however, the Association shall be authorized and empowered to pay reasonable compensation for services rendered, to reimburse expenditures incurred in the performance of their duties by members, directors and officers and to make payments and distributions in furtherance of the objects and purposes set forth in this Article III.
- D. The foregoing clauses of this Article III shall be construed equally as objects, purposes and powers and the foregoing enumeration of specific objects, purposes or powers shall not be construed or held to limit or restrict in any manner the powers of the Association expressly conferred by law, except as expressly stated.
- E. Notwithstanding any other provisions of these Articles of Incorporation, this Association will not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 528 of the Code.

ARTICLE IV

MEMBERS

The Association shall be a membership organization. Membership shall be subject to the qualifications and restrictions as may be fixed in the Bylaws of the Association.

ARTICLE V

REGISTERED OFFICE AND REGISTERED AGENT

The location and mailing address of the initial registered office of the Association in the State of Alabama shall be 2320 Crest Road, Birmingham, Alabama 35223, and the Association's initial registered agent at such address shall be Benjamin K. Miree.

ARTICLE VI

DIRECTORS

The number of directors constituting the initial board of directors of the Association shall be three (3) and the names and addresses of the persons who are to serve initially are:

NAME	ADDRESS
Benjamin K. Miree	2320 Crest Road Birmingham, Alabama 35223
Wesley M. Taylor	22 Montcrest Dr. Mountain Brook, Alabama 35213
Craig P. Rogers	2910 Westmoreland Dr. Birmingham, Alabama 35223

ARTICLE VII
INCORPORATOR

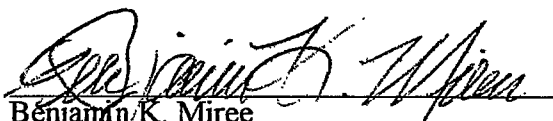
The name and address of the incorporator is as follows:

Benjamin K. Miree
2320 Crest Circle
Birmingham, Alabama 35223

ARTICLE VIII
DISSOLUTION

In the event of dissolution, the residual assets of the organization will be distributed in accordance with § 10-3A-141 of the Act.

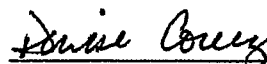
IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation on this 30th day of JUNE, 1999.


Benjamin K. Miree
Incorporator

STATE OF ALABAMA)
Jefferson COUNTY)

I, the undersigned notary public in and for said county in said state, hereby certify that Benjamin K. Miree, whose name is signed to the foregoing Articles of Incorporation, and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 30th day of June, 1999.


Notary Public
My Commission Expires: May 19, 2002

BYLAWS
OF
SAWTOOTH BRANCH CORPORATION

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**BYLAWS
OF
SAWTOOTH BRANCH CORPORATION**

These Bylaws of Sawtooth Branch Corporation, a non-profit corporation (the "Corporation") organized under the provisions of the Alabama Nonprofit Corporation Act, §§10-3A-1, et seq., Code of Alabama 1975, as amended (the "Act") are applicable to the property within the Subdivision (hereinafter defined) owned by the Corporation and the use thereof, and all easements, rights or appurtenances thereto (the "Property"). The membership of the Corporation consists of landowners owning lots in Sawtooth Branch Subdivision as recorded in Slide 89, Pages 1 and 2, as amended from time to time, in the Probate Recording Office of Chilton County, Alabama (the "Members" and the "Subdivision," respectively). All present and future owners of lots in the Subdivision (the "Lots") and their mortgagees, lessees or other occupants of such Lots and any other persons who may use the Property are subject to these Bylaws as well as to the Restrictive Covenants filed by the Corporation with respect to the Property at Book ____, Page ____, et seq., in said Probate Office (the "Restrictive Covenants") and any Rules and Regulations for the use of the Property adopted in accordance with Article VI of these Bylaws (the "Rules"). The acceptance of a deed to a Lot or the lease or other occupancy or use of a Lot or of any of the Property shall constitute an agreement that these Bylaws, the Restrictive Covenants and the Rules (collectively, the "Restrictions," as they may be hereafter amended) are accepted and ratified, and will be complied with, including specifically, but without limitation, the obligation to pay assessments for "Common Expenses" as provided for in Article IV of these Bylaws.

ARTICLE I

Membership and Membership Meetings

Section 1.1 Qualifications. The Articles provide that the Corporation consists of Members owning Lots in the Subdivision, and that each owner of any of the Lots shall become a Member of the Corporation upon assuming ownership of a Lot. Membership in the Corporation shall be established by the recording in the public records of Chilton County, Alabama, of a deed or other instrument (exclusive of a mortgage) establishing record title to a Lot, and the delivery to the Corporation of a certified copy of such instrument, the owner or owners designated by such instrument thereby becoming a Member or Members of the Corporation. Lots may be purchased jointly by individual Members who hold the interest together (the membership interest applicable to a single Lot is hereinafter referred to as a "Membership Unit"). Except with respect to voting rights, each lot owner shall have all the rights and obligations of a Member.

Section 1.2 Designation of Voting Representative. In the event a Lot is owned by one (1) person, his right to vote on behalf of the Membership Unit shall be established by the record title to his Lot. If a Lot is owned by more than one (1) person, the person entitled to cast the vote for the Membership Unit shall be designated by a certificate signed by all of the record owners of the Lot and filed with the secretary of the Corporation. If a Lot is owned by a corporation, partnership, trust, or

other legal entity, the officer or agent thereof entitled to cast the vote for the Membership Unit shall be designated by a certificate of appointment signed by the duly authorized representative of the board of directors or other governing body of such entity and filed with the secretary of the Corporation. (The person named in any such certificate is hereinafter referred to as the "Representative"). If such a certificate is not filed with the secretary of the Corporation for a Lot owned by more than one (1) person, or by a corporation, partnership, trust or other legal entity, in advance of any meeting, the membership or vote of the Membership Unit concerned shall not be considered in determining the requirement for a quorum nor for any purpose requiring the approval of the Membership Unit. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Lot concerned is effected.

Section 1.3 Change of Membership. Upon a transfer of a Lot, the membership of the prior owner or owners shall be thereby terminated.

Section 1.4 Voting Rights. The sole owner or Representative of each Membership Unit shall be vested with the authority to cast one (1) vote on behalf of the Membership Unit. The Representative shall hold the proxy of all non-voting Members of the Membership Unit. There shall be only one (1) vote per Membership Unit.

Section 1.5 Annual Meetings. Annual meetings of Members shall be held at the office of the Corporation, at such time and date in the month of December of each year as the board of the Corporation (the "Board") shall designate. The annual meeting shall be held for the purpose of electing directors and of transacting any other business authorized to be transacted by the Members.

Section 1.6 Special Meetings. Special meetings of the Members may be called by the Board, the president of the Corporation, or by Members of the Corporation holding twenty percent (20%) of the votes entitled to be cast at meetings of the Members of the Corporation, for the purpose of considering and acting upon any matters of interest to the Corporation and its Members, and taking any other action not inconsistent with these Bylaws and the Articles.

Section 1.7 Notice of Meetings. Notice of all meetings of the Members stating the date, time, place and object for which the meeting is called shall be mailed to each Member not less than ten (10) nor more than thirty (30) days prior to the date of such meeting. Such notice shall be deemed to be delivered when deposited in the United States Mail and addressed to the Member at his address as it appears on the records of the Corporation, postage prepaid. Notice of meetings may be waived either before or after meetings.

Section 1.8 Voting in Person or by Proxy. The person entitled to vote on behalf of a Membership Unit may vote in person or by proxy executed in writing by such person or his duly authorized attorney-in-fact. No proxy shall be valid except for the particular meeting designated therein, and no proxy shall be honored unless filed with the secretary of the Corporation before the appointed time of the meeting.

Section 1.9 Quorum. At a meeting of the Members, a quorum shall consist of persons entitled to cast a majority of the Membership Units' votes.

Section 1.10 Vote Required to Transact Business. When a quorum is present at any meeting, the holders of a majority of the voting rights present in person or represented by written proxy shall decide the questions brought before the meeting, unless the question is one upon which, by express provision of the Act, a different number is required, in which case the express provision shall govern and control the decision in question.

Section 1.11 Consents. Any action which may be taken by a vote of the Membership Units may also be taken by written consent to such action signed by the Members required to take such action if such Members were present and voting.

Section 1.12 Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

Section 1.13 The Order of Business. The order of business at annual meetings of Members and, as far as practical, at all other meetings shall be:

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

ARTICLE II

Board of Directors

Section 2.1 Initial Board Members. The initial board of directors of the Corporation shall consist of three (3) persons who must be Members. Each person on the board of directors shall hold office until his successor shall be elected and qualified by the Members. The word "director" as sometimes used herein shall mean a person elected to and serving on the Board of the Corporation.

Section 2.2 Removal. Any director may be removed for cause by the vote of the holders of a majority of the voting rights present in person or represented by written proxy at any annual or special meeting of the Members of the Corporation at which a quorum is present.

Section 2.3 Vacancies. Any vacancy occurring in the Board, including vacancies occurring from the removal of a director, may be filled by majority vote of the remaining members of the Board at any annual or special meeting.

Section 2.4 Annual Meeting. The annual meeting of the Board shall be held at the office of the Corporation at such time and date in the month of December of each year as the Board shall designate. Notice of the place and hour of each such meeting shall be given to each director at least five (5) days prior to each such meeting. Such notice may be given either in writing or by telephone.

Section 2.5 Special Meetings. Special meetings of the Board for any purpose may be called by the president, or upon the written request of any two (2) directors, upon at least five (5) days notice to each director, and shall be held at such place or places as may be determined by the directors, or as shall be stated in the call of meeting. Such notice may be given either in writing or by telephone.

Section 2.6 Waiver of Notice. Any director may waive notice of a meeting either before or after the meeting, and such waiver shall be deemed equivalent to the giving of such notice.

Section 2.7 Quorum. A quorum shall consist of the directors entitled to cast a majority of the vote of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

Section 2.8 Powers and Duties. The Board shall have the following powers and duties:

- (a) To elect the officers of the Corporation as hereinafter provided.
- (b) To administer the affairs of the Corporation and the Property.
- (c) To estimate the amount of the annual budget and to make and collect Assessments (hereinafter defined) against Members to defray the costs, expenses, and losses of the Corporation.
- (d) To use the proceeds of Assessments in the exercise of its powers and duties.
- (e) To maintain repair replace, and operate the Property.
- (f) To purchase insurance upon the Property, and insurance for the protection of the Corporation and its Members, and the members of the Board and officers of the Corporation.

(g) To reconstruct improvements after casualty and to further improve the Property.

(h) To make and amend reasonable Rules and Regulations respecting the use of the Property.

(i) To enforce by legal means the provisions of the Articles, these Bylaws, and the Rules and Regulations for the use of the Property and the Restrictive Covenants.

(j) To contract for the management of the Property and to delegate to such managing agent all powers and duties of the Corporation except such as are specifically required to have approval of the Board or the Members.

(k) To retain attorneys and accountants.

(l) To employ personnel to perform the services required for proper operation of the Corporation.

(m) Unless otherwise provided herein, to comply with the instructions of a majority of the Membership Units as expressed by resolution duly adopted at any annual or special meeting of the Members.

(n) To exercise all other powers and duties of the board of directors of a corporation organized under the Act, and all powers and duties of the Board referred to in these Bylaws, and any other powers and duties consistent with Alabama law.

Section 2.9 Compensation. No director shall be compensated for his services as such. This provision shall not prohibit a director from receiving compensation as an employee of the Corporation, nor preclude the contracting with a director for the management of the Corporation for which such director or directors may receive compensation. Each director shall be entitled to reimbursement for all reasonable costs and expenses incurred in the performance of his or her duties as director.

Section 2.10 Managing Agent. The Board shall be authorized to employ the services of a manager or managing agent, who may either be a director, officer or employee of the Corporation, or an independent person or firm qualified to manage the Property under the supervision of the Board. The compensation paid to any such manager or managing agent shall be in the amount established from time to time by the Board.

Section 2.11 Insurance. The Board shall obtain and maintain at all times as a common expense insurance as may be required, in their discretion, in connection with the ownership of the Property and the management of the Corporation.

Section 2.12 Indemnification. The Corporation and the Members shall indemnify and hold harmless each of the officers of the Corporation and the members of its Board against any and all expenses, including legal fees, reasonably incurred by or imposed upon such officer or director in connection with any action, suit or other proceeding (including settlement of any such action, suit or proceeding if approved by the then Board) to which he may be made a party by reason of being or having been an officer or director, whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors shall not be liable for any mistake of judgment, negligence or otherwise, except for their own individual willful misfeasance or malfeasance. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Corporation and the Corporation shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Corporation shall as a common expense maintain adequate general liability and, if obtainable, officers' and directors' liability insurance to fund this obligation.

ARTICLE III

Officers

Section 3.1 Election. At each annual meeting, the Board shall elect the following officers of the Corporation:

(a) A president, who shall be a director and who shall preside over the meetings of the Board and of the Members, and who shall be the chief executive officer of the Corporation.

(b) A vice-president, who shall, in the absence or disability of the president, perform the duties and exercise the powers of the president.

(c) A secretary, who shall keep the minutes of all meetings of the Board and of the Members, and the minute book wherein resolutions enacted at such meetings shall be recorded, and who shall, in general, perform all the duties incident to the office of secretary.

(d) A treasurer, who shall keep the financial records and books of the account.

(e) Such additional officers as the Board shall see fit to elect.

One person may hold any one or more of the offices set forth above.

Section 3.2 Powers. The respective officers shall have the general powers usually vested in such officer of a nonprofit corporation; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3.3 Term. Each officer shall hold office for the term of one (1) year and until his successor shall have been elected and qualified.

Section 3.4 Vacancies. Vacancies in any office shall be filled by the Board at special meetings thereof. Any officer may be removed at any time by a majority vote of the Board at a special meeting thereof.

Section 3.5 Compensation. The officers shall receive no compensation for their services, unless otherwise expressly provided for in a resolution duly adopted by the Board. Each officer shall be entitled to reimbursement for any costs or expenses incurred in the performance of his or her duties.

ARTICLE IV

Common Expenses, Assessments; Accounting

Section 4.1 Common Expenses Defined. "Common Expenses" means the expenses arising out of the ownership of the Property, including expenses incurred in the maintenance, improvement and repair of the Property, including reserves, if any, whether incurred or estimated by the Board, for which the Members shall be liable in connection with the provisions of these Bylaws. The term "Common Expenses" shall also include all expenses incurred with the authorization of the Board which are reasonably necessary for the operation of the Corporation as more specifically described in this Article IV.

Section 4.2 Assessments. The Corporation shall have the power to fix and determine from time to time the sum or sums necessary and adequate to provide for the Common Expenses ("Assessments"). The making and collection of Assessments against the Membership Units shall be pursuant to the following provisions:

(a) Share of Common Expenses. Benjamin K. Miree has acted as the developer of the Subdivision both in his individual capacity and through School Branch, LLC. (Benjamin K. Miree, School Branch, LLC and their respective successors, heirs and assigns are collectively referred to herein as the "Developer"). Each Membership Unit owned by any person or entity other than Developer shall be liable for a 10% share of the Common Expenses, with the balance of such Common Expenses payable by Developer. Effective upon the closing date of the sale of the eleventh (11th) Lot by Developer, each Member (including the Developer) shall be liable for a proportionate share of the Common Expenses, such proportion being the

ratio that the number of Membership Units allocable to the Member bears to the total number of Membership Units in the Subdivision; provided, however, that solely for purposes of this calculation, any and all Membership Units owned by Developer from time to time shall be collectively treated as one (1) Membership Unit. Common Expenses shall include, but not be limited to, costs and expenses of operation; maintenance and management; property taxes and assessments against the Property; operating expenses of the Property and the Corporation; property repairs and replacement; charges for utilities and water used in common for the benefit of the Members; expenses and liabilities incurred by the Corporation in and about the enforcement of its rights and duties against the Members or others; accounting, legal or other professional fees incurred for services performed on behalf of the Corporation; Corporation expenses and the cost of any agreements between the Association and others for the maintenance and repair of the Property; and the creation of reasonable contingency or reserve requirements for the protection of the Members and the Property (i.e., reserves for replacements, maintenance, repairs, and operating reserves to cover deficiencies in collections).

(b) Interest and Application of Payments. Assessments and installments thereon paid on or before thirty (30) days after the date when due shall not bear interest, but all sums not paid on or before thirty (30) days after the date when due shall bear interest at the rate of fifteen percent (15%) per annum from the date when due until paid, or if said rate of interest is prohibited by law, then at the highest legal rate permitted. All payments shall be applied first to interest, and then to principal in the order the Assessments became due.

(c) Late Charges. At the discretion of the Corporation a late charge penalty of Twenty-Five Dollars (\$25.00) per month may be assessed for each payment which is delinquent for fifteen (15) days or more.

(d) Liens for Assessments. Each Member shall be liable for Assessments and special Assessments authorized under these Bylaws, and for the share of the Common Expenses allocable to his Membership Unit, together with interest and late charges on any unpaid Assessment, for which the Corporation shall have a lien against his Lot, except that such lien shall be subordinate to prior bona fide liens of record. Reasonable attorney's fees incurred by the Corporation incident to the collection of such Assessments or the enforcement of such lien, together with all sums advanced and paid by the Corporation for taxes and payments on account of superior mortgages, liens or encumbrances which may be advanced by the Corporation in order to preserve and protect its lien, shall also be payable by the Membership Unit and secured by such lien. The Corporation may take such action as it deems necessary to collect Assessments either by personal action against the record owner(s) of the Lot against which such Assessment has been made, or by enforcing and foreclosing said lien, or by exercising both of such remedies. The Corporation may settle and

compromise any Assessment if it is deemed to be in its best interest to do so. The Corporation shall be entitled to bid at any sale held in connection with the foreclosure of an Assessment lien, and may apply as a cash credit against its bid all sums secured by the lien enforced.

(e) Notices to First Mortgagees. The holder of a first mortgage on a Lot, upon request, will be entitled to written notification from the Corporation of any default in the performance by the owner(s) of the Lot subject to such mortgage of any obligation under these Bylaws which shall not have been cured within thirty (30) days.

(f) First Mortgagees. If the holder of a first mortgage or other purchaser of a Lot at foreclosure sale obtains title to a Lot as a result of foreclosure of the first lien, or if such mortgagee accepts a deed to a Lot in lieu of foreclosure, such acquirer of title, its successors and assigns, shall not be liable for any Assessments levied and accrued prior to its acquisition of title and such unpaid Assessment shall be deemed to be a Common Expense collectible from all of the Members, excluding such acquirer, his successors and assigns.

(g) Other Purchasers. Except as provided in Section 4.2(f) above, no person who acquires an interest in a Lot, including persons acquiring title by operation of law and purchasers at judicial sales, shall be entitled to occupy the Lot or use the Property until all unpaid Assessments due and owing by the former owner have been paid. The Corporation shall have the right to assign its claim and lien rights for the recovery of any unpaid Assessments to any party.

(h) Certificate. Any Member, or any purchaser of a Lot prior to the completion of a voluntary sale, or the holder of a mortgage or other lien on any Lot, may obtain from the Corporation a certificate showing the amount of any unpaid Assessment pertaining to such Lot which shall be provided by the Corporation within ten (10) days of the request therefor. Any person other than the Member at the time such certificate is issued who relies upon the same shall be entitled to rely thereon and his liability for such unpaid Assessment shall be limited to the amount set forth in such certificate.

Section 4.3 Accounting Records. The Board shall provide for the maintenance of accounting records for the Corporation, such records to be maintained in accordance with generally accepted accounting principles.

Section 4.4 Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Corporation, which budget shall take into account both the capital budget and the operating budget for the ensuing year, which together shall constitute the common expenses constituting an Assessment against each Membership Unit as herein provided for. The capital and operating budgets shall be established as follows:

(a) Capital Budget. The Board shall cause to be prepared an estimated capital budget for each fiscal year of the Corporation. Such budget shall take into account the number and nature of any replacement assets comprising the Property, the expected life of each such asset, the expected repair and/or replacement cost, and all other information required to establish a capital repair and replacement reserve for such asset for the ensuing year. The Board shall set the required capital contribution, if any, in an amount sufficient to meet the projected capital needs of the Corporation, as shown on the capital budget, with respect to both amount and timing, by equal annual assessments over the period of the budget. The capital contribution required shall be as fixed by the Board and shall constitute a component of the annual Assessment for the Common Expenses of the Corporation. A copy of the capital budget shall be distributed to each Member in the same manner as the operating budget.

(b) Operating Budget. The Board shall cause to be prepared an estimated operating budget for each fiscal year of the Corporation. Such budget shall take into account the estimated expenses and cash requirements for the year, including any salaries, wages, payroll taxes, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, ad valorem and other taxes, and other expenses. The operating budget shall also take into account any estimated net available cash income for the year from the operation or use of the Property, and shall also provide for amounts required to make up for any deficit in any prior year and a general reserve for contingencies for the year. To the extent that the Assessments and other cash income collected from the Members during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account.

Section 4.5 Assessments. The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the board to each Member not later than ninety (90) days after the beginning of such year, together with a statement as to the date(s) on which the Assessment shall be payable (which may be a single, annual payment, or semi-annual, quarterly or monthly installments). Each Membership Unit shall pay, in accordance with Section 4.2, its share of the Assessment for such year as shown by the annual budget. The Board may cause to be sent to each Member on or before any installment payment of an Assessment comes due a statement of such Assessment, but the failure to send or to receive such statement shall not relieve any Member of his obligation to pay his Assessment on behalf of his Membership Unit on or before the date(s) set forth in the annual notice from the Board herein provided for. If the Board shall not approve an estimated annual budget or shall fail to determine new Assessments for any year, or shall be delayed in doing so, each Member shall continue to pay the amount of his Membership Unit's Assessment in the amount and manner as last determined. Each Member shall pay his Membership Unit's Assessment in the manner as may be directed by the Board. No Member shall be relieved of his obligation to pay his Membership Unit's Assessment by abandoning or not using his Lot or the Property. In the event of any failure by a Member to pay his Membership Unit's Assessment in a timely manner as herein

provided for the Board may accelerate all remaining Assessment installments due for the balance of the term covered by the annual budget, and the same shall thereupon become immediately due and payable.

Section 4.6 Proration of Assessments. For the first fiscal year, the annual budget shall be as approved by the first Board. If such first year, or any succeeding year, shall be less than a full year, then the Assessment for each Membership Unit for the Common Expenses shall be proportional to the number of months and days in such period covered by such budget.

Section 4.7 Annual Statements. Within ninety (90) days after the end of each year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Member a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

Section 4.8 Accounts. The Board shall cause to be kept a separate account record for each Member showing the Assessments charged to and paid by such Member, and the status of his account from time to time. Upon ten (10) days notice to the Board any Member shall be furnished a statement of his account setting forth the amount of any unpaid Assessments or other charges due and owing for such Member.

Section 4.9 Supplemental Budget and Assessments. If during the course of any year, it shall appear to the Board that the Assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Member, and thereupon a supplemental Assessment shall be made to each Member for his Membership Unit's share of each supplemental budget.

Section 4.10 Payment of Assessments. It shall be the duty of every Member to pay his Membership Unit's proportionate share of the Common Expenses assessed in the manner herein provided. If any Member shall fail or refuse to make any such payments when due, the Corporation and the Board shall have the authority to exercise and enforce any and all rights and remedies as provided for in these Bylaws for the collection of all unpaid Assessments.

Section 4.11 Records. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Property, specifying and itemizing the expenses incurred, and such records and the vouchers authorizing the payments of such expenses shall be available for examination by the Members or their authorized representatives at convenient hours of week days. Such payment vouchers may be approved in such manner as the Board shall determine.

Section 4.12 Liens. The Corporation shall have a lien on each Lot for any unpaid Assessment duly made by the Corporation for a share of Common Expenses, together with interest thereon and

reasonable attorney's fees. Such lien shall be effective from and after the time of recording in the public records of Chilton County of a claim of lien stating the description of the Lot, the name of the record owner, the amount due and the date when due. Such claim of lien shall include only sums which are due and payable when the claim of lien is recorded and shall be signed and verified by an officer or agent of the Corporation. Upon full payment of all sums secured by the lien, the party making payment shall be entitled to a recordable satisfaction of lien. All such liens shall be subordinate to any lien for taxes, the lien of any prior mortgage of record and any other lien recorded prior to the time of recording of the claim of the Corporation's lien notice.

(a) Upon any voluntary conveyance of a Lot, the grantor and grantee of such Lot shall be jointly and severally liable for all unpaid Assessments pertaining to such Lot duly made by the Corporation or accrued up to the date of such conveyance without prejudice to the right of the grantee to recover from the grantor any amounts paid by the grantee, but the grantee shall be exclusively liable for those accruing while he is the Lot owner.

(b) Liens for unpaid Assessments may be foreclosed by an action brought in the name of the Corporation in the same manner as a foreclosure of a mortgage on real property. The Corporation shall have the power to bid in the Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

ARTICLE V

Use and Occupancy Restriction

The use of the Lots and the Property shall be in accordance with the terms of the Restrictions from time to time established by the Board for the use of the Property in accordance with Article VI of these Bylaws.

ARTICLE VI

Rules and Regulations

Section 6.1 Authority and Enforcement. The Board shall have the authority to make and to enforce reasonable Rules and Regulations governing the conduct, use, and enjoyment of the Property, and to supplement, amend and terminate the same from time to time, provided that copies of all such Rules and Regulations and amendments thereto shall be furnished to all Members. The Board shall have the power to impose reasonable fines which shall constitute a lien upon the Lot of the Member involved, which fines shall constitute an Assessment enforceable in accordance with the terms of these Bylaws, and to suspend a Member's right to use the Property and to vote for violation of any duty imposed under these Bylaws or any Rules and Regulations duly adopted hereunder.

Section 6.2 Procedure. The Board shall not impose a fine, suspend voting, enforce a protested Assessment or infringe upon any other rights of a Member or other occupant of a Lot for violation of Rules and Regulations unless and until the following procedure is followed:

(a) Demand. Written demand for payment or to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation, and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.

(b) Notice. Within twelve months of such demand, if the violation continues past the period allowed in the demand for abatement, without penalty, or if the same rule is subsequently violated, the Board shall serve the violator with written notice of a hearing to be held by the Board in session. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice; (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf; and (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to this notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

ARTICLE VII

Dissolution

Section 7.1 Dissolution. The Corporation shall be dissolved upon the happening of (a) the recommendation of a vote for dissolution by a two-thirds (2/3) majority of the Board, and (b) following an affirmative vote by the Board for dissolution, by a vote for dissolution by a two-thirds (2/3) majority of the Membership Units at a meeting duly called for such purpose in accordance with these Bylaws. In the event of affirmative votes of dissolution by both the Board and the Membership Units, a plan of distribution shall be adopted in accordance with the Act and all assets of the Corporation shall be distributed in accordance with Section 7.2 of this Article VII.

Section 7.2 Distribution of Assets on Dissolution. If the Corporation is dissolved, all assets of the Corporation shall be applied and distributed as follows: (a) all liabilities and obligations of the Corporation shall be paid, satisfied and discharged, or adequate provisions shall be made therefor; and (b) all remaining assets of the Corporation shall be distributed to Members of the Corporation in the manner specified in a plan of distribution adopted as provided for in the Act.

Section 7.3 Amendment. This Article VII may not be amended by the Board without the concurrence of a vote by a two-thirds (2/3) majority of the Membership Units present at a meeting duly called and held in accordance with these Bylaws.

ARTICLE VIII

Miscellaneous

Section 8.1 Seal. The seal of the Corporation shall be circular in form and shall contain the name of the Corporation and the year of its creation. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 8.2 Fiscal Year. The fiscal year of the Corporation shall be that period of twelve (12) months ending on the last day of December of each year.

Section 8.3 Bank Accounts. The Board may, from time to time, by resolution authorize the maintenance of one or more deposit accounts by the Corporation. All checks, drafts, or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner as shall be determined from time to time by resolution of the board of directors.

Section 8.4 Notice. Whenever any notice or demand is required to be given by these Bylaws the same shall be given in the manner provided for in the Articles.

Section 8.5 Waiver of Notice. Whenever any notice is required to be given under the provisions of any law, or under the provisions of the Articles or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

Section 8.6 Captions. The captions contained herein are for convenience and for reference only and shall not be deemed a part of these Bylaws or construed in any way as limiting or amplifying the terms and provisions of these Bylaws.

Section 8.7 Gender and Grammar. The singular whenever used herein shall be construed to mean the plural where applicable and the necessary grammatical changes required to make the provisions hereof shall apply either to corporations, partnerships or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 8.8 Provisions Severable. If any term or provision of these Bylaws or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of these Bylaws, or the application of such term or provision to persons or circumstances other than those as to which it is held to be invalid or unenforceable, shall not be affected thereby, and each term and provision hereof shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE IX

Amendments

Except as otherwise provided for herein these Bylaws may be amended or modified from time to time by the vote of a majority of the Board, any amendment to be set forth in writing, signed by the Secretary of the Board.

The foregoing were adopted as the Bylaws of Sawtooth Branch Corporation, an Alabama nonprofit corporation, at the first meeting of the Board on JULY 7, 1999, 1999.


Secretary

STATE OF ALABAMA)

COUNTY OF CHILTON)

**RESTRICTIVE COVENANTS
FOR
SAWTOOTH BRANCH SUBDIVISION**

WHEREAS, Benjamin K. Miree ("Miree"), is the owner of certain real estate situated in Chilton County, Alabama, being all of the property set out and described in that certain map of Sawtooth Branch Subdivision recorded in the Office of the Judge of Probate of Chilton County, Alabama, in Slide 89, Pages 1 and 2, as amended from time to time (the "Subdivision"); and

WHEREAS, Sawtooth Branch Corporation, an Alabama nonprofit corporation operating as a homeowners association under Section 528 of the Internal Revenue Code of 1986 (the "Association"), has been formed for the purpose of maintaining and managing the Subdivision; and

WHEREAS, Miree desires to subject the Subdivision to certain restrictions and limitations as to use and ownership.

NOW, THEREFORE, PREMISES CONSIDERED, the undersigned Miree does hereby adopt the following restrictions, conditions and limitations as to the use of the said Subdivision property, which restrictions, conditions and limitations shall inure to the benefit of and shall be binding upon the use and ownership of all the property situated therein.

1. Land Use. No Subdivision lot shall be used except for residential purposes, and no lot may be leased or rented. There may be no commercial or other use of any lots, or the rental of boats, or the granting of any fishing licenses, rights or privileges for any lots. No farming shall be allowed nor shall any stables or kennels be permitted on any lot.

2. Building Type. No building shall be erected, altered, placed or permitted to remain on any Subdivision lot other than one (1) detached single-family dwelling, a private garage for not more than two cars, a boat house and a pier (which must be as far from the center line of the lake as is the furthestmost projection of the point of the lot), all subject to the approval of the Architectural Control Committee as hereinafter provided. No mobile homes, trailers or manufactured housing shall be permitted on any lot. No shacks, barns or other out buildings, whether temporary or permanent, shall be permitted on a lot at any time.

3. Architectural Control. No building or structure of any kind shall be erected, placed or altered on any Subdivision lot until the construction plans and specifications and plan showing the location of the structure have been approved by the Architectural Control Committee (the

"Committee") as to quality of workmanship and materials, harmony of external design with respect to topography and finish grade elevation. A copy of said plans shall be left on permanent file with said Committee and said building or structure shall be built in conformity therewith. The Committee is composed of the Board of Directors of the Association (the "Board"). A majority of the Board may designate one or more representatives to act for it. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed in connection with architectural review. The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee or its designated representatives fail to approve or disapprove within thirty (30) days after the plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with.

4. **Quality and Size.** It being the intention and purpose of these covenants to assure that the requirements as to size of Subdivision dwellings are maintained, the minimum ground floor area of the main structure exclusive of one story open porches and garages shall be no less than 1,800 square feet on all one level buildings and on two level buildings, no less than 1,200 square feet on the main level and no less than 800 square feet on the upper or lower levels. Each dwelling shall have a suitable septic tank which must be approved by the Chilton County Health Department as to size and location. No pollutants shall be allowed to flow into the lakes.

5. **Sawtooth Branch Corporation.** All of the roads within or serving the Sawtooth Branch Subdivision designated as private roads are reserved to the Association, which has exclusive control and authority over the use of such roads and the lakes, dams, common areas and easements. The Association shall also have a non-exclusive easement for access to the Subdivision, the docks and any boat houses on the lakes and for boating, fishing, swimming and any other uses regarding the lakes. All Subdivision lots are subject to the covenants contained herein and the Articles of Incorporation, Bylaws and Rules and Regulations of the Association as they presently exist and as they may from time to time be modified, altered or changed in any way (collectively, the "Restrictions").

Each and every owner of any lot located in the Subdivision, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree, for each lot owned, to pay to the Association annual assessments and special assessments, such assessments to be established, made and collected as provide for in the Bylaws of the Association. The annual and special assessments, together with interest thereon, costs of collection thereof, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the lot against which each such assessment is made. Each such assessment, interest, costs and fees, shall also be the joint and severable obligation of each lot owner at the time when such assessments became due and payable.

Each lot owner shall pay any and all utility fees. The cost of the well system servicing a particular lot shall be paid by the lot owner.

6. **Nuisances.** No noxious or offensive activity shall be carried on upon any Subdivision lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

7. **Building Location.** No building shall be located on any Subdivision lot nearer than seventy five (75) feet to the water or to the lot lines without the express written consent of the Committee and the owners of at least two-thirds (2/3) of the lots in the Subdivision. For the purpose of this covenant, eaves, steps and open porches shall not be considered as part of a building, provided, however that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot.

8. **Temporary Structures.** No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any lot at any time as a residence either temporarily or permanently. When construction of any building on any lot or tract is once begun, work thereon must be prosecuted diligently and must be completed within one (1) year. No building shall be occupied during construction.

9. **Fishing.** The privilege of fishing and use of Sawtooth Branch lakes shall be for the exclusive use of lot owners in the Subdivision, and their guests only.

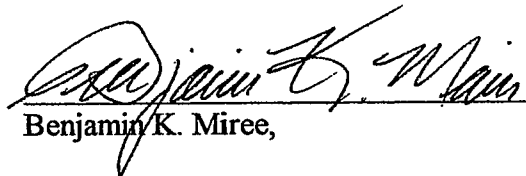
10. **Term.** These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the members of the Association has been recorded evidencing the members' desire to change said covenants in whole or in part.

11. **Amendment.** The Association reserves the right to amend or alter these covenants at such times as it is deemed in the best interest of the Subdivision property owners.

12. **Enforcement.** The Association and the Subdivision lot owners shall settle by binding arbitration all claims, demands, disputes or controversies of every kind or nature concerning or relating to ownership of the Subdivision lots or to the Restrictions. The arbitration will be conducted under the rules of the American Arbitration Association ("AAA") that are in effect at the time the arbitration is commenced. The arbitrator shall apply the laws of the State of Alabama and the federal laws of the United States of America as applied in Alabama. In entering an arbitration award, the arbitrator shall have all powers provided by law and shall be authorized to enter all legal and equitable remedies including, but not limited to, money damages, declaratory relief and injunctive relief. A party may take any legal action, including filing a lawsuit, to enforce the arbitrator's decision in any federal or state court that has jurisdiction. A party may commence arbitration at any time by filing with the AAA a written demand for arbitration along with a statement of the matter in controversy. A copy of the demand for arbitration shall simultaneously be served upon the other party or parties. The arbitration shall be conducted in Birmingham, Alabama. This agreement to arbitrate between the Association and the Subdivision lot owners is binding on all future purchasers and transferees of Subdivision lots.

13. Severability. Invalidation of any one of these covenants by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

IN WITNESS WHEREOF, Benjamin K. Miree has caused these presents to be executed on this the 7th day of July, 1999.


Benjamin K. Miree,

STATE OF ALABAMA)

COUNTY OF Jefferson

I, Denise Cooney, the undersigned Notary Public in and for said County and State, hereby certify that Benjamin K. Miree, whose name is signed to the foregoing document, and who is known to me, acknowledged before me on this day that, being informed of the contents of the same, he executed the same voluntarily on the day the same bears date.

Given under my hand this 7th day of July, 1999.


Notary Public

My Commission Expires: May 19, 2002

SAWTOOTH BRANCH Rules

GENERAL

Each Shareholder should post a copy of these rules in a permanent place at their residence. Each Shareholder should take the initiative to mitigate obviously dangerous violations of rules where the safety of skiers, swimmers, fisherman or others are involved.

Loud disturbances from music to outdoor telephone bells should be minimized.

It is not necessary to advise the caretaker when having invited guest. However, guest should stop at caretaker's house and identify themselves if the caretaker is present. Shareholders are responsible for furnishing gate keys to guest entering or leaving the property. The caretaker must be advised, however, of all other persons to be admitted such as people to do maintenance work, etc.

The entrance road that comes by the caretaker's house is restricted to automobile and pickup truck traffic. All heavy trucks and construction equipment shall use the rear property entrance.

Each lot holder is responsible for the disposing of his or her own garbage. No garbage shall be placed outside of a lot owner's house or set outside of a lot owner's premises.

All trees that are cut down or fall in the lake should be removed by the lot owner at the lot owner's cost if the Board determines that the tree should be removed.

The maximum speed limit on the private roads around the lake is 25 mph.

FISHING

No fishing by anyone but the lot owners, their immediate family and their guest. Overnight guest of shareholders may fish during the absence of the shareholder. At all other times, shareholders or member of their family must be present while the guest is fishing.

No trot lines, fish baskets, jug fishing, or any commercial fishing apparatus is allowed.

No game fish are to be taken by any method other than pole or rod and reel.

BOATING

The following watercraft will not be allowed:

- Jet Skis
- Pontoon Boats
- Watercraft with engines larger than 90 hp.
- Boats greater than 18 feet in length.
- Boats designed primarily for speed.
- Boats with inboard engines.

SKIING

Skiing will be regulated as follows:

- One person must be in the boat besides the operator at all times while skiing.
- No ski boat shall be operated by an individual under fourteen years of age.
- No skiing will be allowed behind a boat unless a lot owner or member of the lot owner's immediate family is in the boat.
- Each lot owner will be limited to two motor boats per lot excluding rubber rafts, etc.
- All boating and water skiing shall be counter-clockwise.

Only one boat shall engage in water skiing at any time. In the event a second boat should want to ski, he must wait until the boat who is already skiing is through.

Water skiing and boating will be conducted so as not to interfere with anyone fishing.

Water skiing will be permitted between the hours of 9:00 a.m. and 5:00 p.m.

Any boat pulling a pull behind object for the purpose of someone riding on it or attached to it will be subject to the same rules as skiing.

SWIMMING

Swimming should be confined to the limits allowed for the boat houses and piers.

Swimming may be prohibited for good cause such as heavy fertilization of the lake.

HUNTING

All laws or regulations of the State of Alabama or the Federal Law relative to hunting shall be adhered to. Hunting will be with shotgun only, no rifle or pistol shall be permitted to be fired on or around the lake property. Dove and duck hunting shall be allowed during their respective seasons on days and at times established by the Board. All members shall be notified and invited. Hunting shall have priority over fishing, and no fishing shall be allowed in the duck hunting area on such designated days.

All hunters desiring to duck hunt shall first build a blind in an assigned location. Guests of members shall shoot in the same blind with the member unless there are vacant blinds available for the shoot that day. In the event the member does not hunt duck on any day as provided above then one member of his immediate family may have the privilege of hunting and to invite a guest to shoot with him. Duck hunters shall meet at the dam on the designated days not later than one hour before sunup, and will be assigned blinds by lot. No one arriving after that time may interfere with the duck hunters.

FINES

The Lake Committee of the Association may, by a vote of at least 60 percent of the membership thereof, levy a fine not to exceed \$100 against the Shareholder who violates, or allows a member of his family or any guest to violate any of the rules previously described.