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BY-LAWS

OF

THE TRAILS ASSOCIATION, INC.

The name of the organization shall be The Trails Association, Inc.

ARTICLE I

PURPOSE AND PARTIES

1. Governance of Regime. The purpose for which this nonprofit corporation is formed is to govern the planned unit development project known as Trails Third Addition hereinafter referred to as "Project", situated in the County of Oklahoma, State of Oklahoma, which property is described in the Declaration of Covenants, Conditions and Restrictions ("Declaration") of Trails Third Addition and which property has been submitted to the regime created by the Real Estate Development Act of the State of Oklahoma by the recording of the Declaration of Covenants, Conditions and Restrictions in Book \_\_\_\_\_ of Plats at page \_\_\_\_\_ (Declaration). All definitions contained in said Declaration shall apply hereto and are incorporated herein by reference.

2. Owners Subject to These By-Laws: Acceptance of By-Laws. All present or future owners, tenants, future tenants of any lot, or any other person who might use in any manner the facilities of the project are subject to the provisions and any regulations set forth in these By-Laws. The mere acquisition, lease or rental of any lot or the mere act of occupancy of a lot will signify that these By-Laws are accepted, approved, ratified, and will be complied with.

ARTICLE II

MEMBERSHIP, VOTING, MAJORITY OF CO-OWNERS ("OWNERS"), QUORUM, PROXIES

1. Membership. Except as is otherwise provided in the Declaration of Covenants, Conditions and Restrictions and in these By-Laws, ownership of a lot is required in order to qualify for membership in this Association. Any person on becoming an owner of a lot shall mandatorily and automatically become a member of this Association and be subject to the By-Laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a lot, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under or in any way connected with this Association during the period of such ownership and membership in this Association, or impair any rights or remedies which the owners have, either through the Board of Directors of the Association or directly, against such former owner and member arising out of or in any way connected with ownership and membership and the covenants and obligations incident thereto.

2. Voting. Voting shall be on a per lot basis, and the number of votes to which any person is entitled shall be as follows:

- Class A Members - one vote per lot owned;
- Class B Members - one vote per lot owned;
- Class C Members - ten votes per lot owned.

3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of fifty percent (50%) of the owners shall constitute a quorum. In the event a quorum is not present, then the meeting called shall be adjourned, and notice of a new meeting for the same purposes within two (2) to four (4) weeks shall be sent by mail, at which meeting the number of owners represented in person or by proxy shall be sufficient to constitute a quorum. An affirmative vote of a majority of the members either in person or by proxy shall be required to transact the business of the meeting.

4. Proxies. Votes may be cast in person or by written proxy. Proxies must be filed with the Secretary or Assistant Secretary of the Association before the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

1. Association Responsibilities. The Trails Association, Inc., a corporation, hereinafter referred to as "Association", will have the responsibility of administering the project through a Board of Directors.

2. Place of Meeting. Meetings of the Association shall be held at such suitable place, convenient to the owners, as the Board of Directors may determine.

3. Annual Meetings. The first meeting of the Association shall be held not later than sixty (60) days after seventy-five percent (75%) of the lots are sold and closed or the first Monday in May, 1979, whichever first occurs. Thereafter, the annual meetings of the Association shall be held on the first Monday in the month of May of each succeeding year. At such meetings there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Paragraph 5 of Article IV of these By-Laws. The owners may also transact such other business of the Association as may properly come before them.

4. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by a majority in voting interest of the owners and having been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting unless by consent of two-thirds (2/3), in interest, of the owners present, either in person or by proxy. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

5. Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each meeting, stating the purpose thereof as well as the time and place it is to be held, to each owner of record and to first mortgagees of record which shall be

entitled to send a representative to attend such meeting, at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of notice in the manner provided in this paragraph shall be considered notice served.

6. Adjourned Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting, from time to time, until a quorum is obtained, however, the place of the meeting must remain as stated in the notice.

7. Order of Business. The order of business at all meetings of the owners shall be as follows:

- (a) Roll call and certifying proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposal of unapproved minutes;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors, as applicable;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

**ARTICLE IV**

**BOARD OF DIRECTORS**

1. Number, Qualification and Appointment or Election. Until the first annual meeting of the Association, the affairs of the Association shall be governed by a Board of Directors consisting of five (5) or seven (7) persons appointed by Declarant. At such first meeting, there shall be elected any five (5) or seven (7) members of the Association to the Board of Directors, and who shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified.

2. General Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class residential project. The Board of Directors may do all such acts and things except as prohibited by law or by these By-Laws or by the Declaration.

3. Other Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done for and on behalf of the owners of the project:

- (a) Administration. To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration submitting the property to the provisions of the Real Estate Development Act of the State of Oklahoma, the ByLaws of the Association and supplements and amendments thereto.
- (b) Rules. To establish, make and enforce compliance with such reasonable rules as may be necessary for the operation, use and occupancy of the project with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each owner within five (5) days following the adoption thereof.

- (c) Maintenance of Common Areas. To keep in good order condition and repair all of the general common areas and all items of common personal property used by the owners in the enjoyment of the entire premises.
- (d) Insurance. To insure and keep insured all of the insurable common areas of the property in an amount equal to their maximum replacement value as is provided in the Declaration. To insure and keep insured all of the common fixtures, equipment and personal property for the benefit of the owners of the lots and their mortgagees. Further, to obtain and maintain comprehensive liability insurance covering the entire premises in amounts not less than \$100,000.00 per person and \$300,000.00 per accident and \$50,000.00 property damages.
- (e) Budget; Determination of Assessments; Increase or Decrease of Same; Levy of Special Assessments. To prepare a budget for the project, at least annually, determine the amount of common charges payable by the owners to meet the common expenses of the project, and allocate and assess such common charges among the owners and by a majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments, and remit or return any excess of assessments over expenses, working capital, sinking funds, reserve for deferred maintenance and for replacement to the owners at the end of each operating year. To levy and collect special assessments, whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies.
- (f) Enforcement of Assessment Lien Rights. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner who may be in default as is provided for in the Declaration and these ByLaws. To enforce a per diem late charge of Five and No/100 Dollars (\$5.00) and to collect interest at the rate of eighteen percent (18%) per annum in connection with assessments remaining unpaid more than fifteen (15) days from due date for payment thereof, together with all expenses, including attorney's fees incurred.
- (g) Protect and Defend. To protect and defend the entire premises from loss and damage by suit or otherwise.
- (h) Borrow Funds. To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the recorded Declaration and these ByLaws, and to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary.
- (i) Contract. To enter into contracts within the scope of their duties and powers.

- (j) Bank Account. To establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors.
- (k) Manage. To make repairs, additions, alterations and improvements to the general common areas consistent with managing the project in a first class manner and consistent with the best interests of the members.
- (l) Books and Records. To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by each of the owners and each first mortgagee, and to cause a complete audit of the books and accounts by auditors once a year.
- (m) Annual Statement. To prepare and deliver annually to each owner a statement showing receipts, expenses, and disbursements since the last such statements.
- (n) Meetings. To meet at least once each quarter; provided, that any Board of Directors meeting may be attended and conducted by telephone or other device which permits all of the Directors in attendance to participate in such meeting, and provided further that any action required to be taken at any meeting of the Board of Directors, or any action which may be taken at such meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Board.
- (o) Personnel. To designate, employ and dismiss the personnel necessary for the maintenance and operation of the common areas or other administration of the project.
- (p) Administration of Association. In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the governing and the operation of this project.
- (q) Managing Agent. The Board of Directors may employ for the Association a management agent (Managing Agent) who shall have and exercise all of the powers granted to the Board of Directors by the Declaration and By-Laws except for the powers of attorney-in-fact set forth in the Declaration.
- (r) Property Manager Duties; Management Agreement. To employ workmen, and others; to contract for services to be performed, including those of a Manager; to purchase supplies and equipment; to enter into contracts; and generally to have the powers of an apartment house or property manager in connection with the matters herein set forth, except that the Association may not encumber or dispose of the fee title of any Owner except to satisfy a lien, award or judgment against such Owner for violation of the Owner's covenants imposed by this Declaration. The Association shall not enter into any contract or management agreement for the furnishing of



services (other than utility services), materials or supplies, the terms of which is in excess of one year; and further provided, that any contract or management agreement entered into (excluding those utilities) by the Association shall be terminable by the Association for cause upon thirty (30) days written notice or without cause or payment of a termination fee upon ninety (90) days written notice.

- (s) Ownership of Lots. To own, convey, encumber, lease or otherwise deal with lots conveyed to it as the result of enforcement of the lien for common expenses or otherwise.
- (t) All Things Necessary and Proper. To do all things necessary and proper for the sound and efficient management of the project.
- (u) Tax Exempt Status. To determine each year the advisability of election of tax exempt status under Section 528 of the Internal Revenue Code of 1954 or as the Section may hereafter be numbered.

4. No Waiver of Rights. The omission or failure of the Association or any owner to enforce the covenants, conditions, restrictions, easements, use limitations, obligations or other provisions of the Declaration, the ByLaws or the regulations and rules adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors or the Managing Agent shall have the right to enforce the same thereafter.

5. Election and Term of Office; Staggered Office. At the first annual meeting of the Association the term of office of two Directors shall be fixed at three (3) years; the term of office of two Directors shall be fixed at two (2) years; and the term of office of the remaining Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided.

6. Vacancies in Board. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

7. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a vote of two-thirds (2/3) of the members entitled to vote, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting. Should any director miss three consecutive regular meetings of the Board of Directors, he shall be automatically removed from the Board and a successor selected and approved by the Board to fill his unexpired term.

8. Directors' Organization Meeting. The first meeting of a newly elected Board of Directors following the annual meeting of the members shall be held within ten (10) days thereafter at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors

in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

9. Directors' Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one such meeting shall be held during each calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

10. Directors' Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special Meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Directors.

11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

12. Board of Directors' Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

13. Fidelity Bonds. The Board of Directors must require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a common expense.

14. Compensation. No member of the Board of Directors shall receive any compensation for acting as such. However, members of the Board of Directors or Association may be reimbursed for expenses incurred by them in the performance of Association business.

ARTICLE V

FISCAL MANAGEMENT

The provision for fiscal management of the association for and on behalf of all of the members as set forth in the Declaration shall be supplemented by the following provisions:

1. Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

2. Accounts. The funds and expenditures of the members by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

- (a) Current expenses, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements.
- (b) Reserves for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually.
- (c) Reserves for replacement (sinking funds), which shall include funds for repair or replacement required because of damage wear or obsolescence.
- (d) Capital improvements, which shall include funds for construction of new improvements for which reserves for replacement have not been established.

ARTICLE VI

OFFICERS

1. Designation. The officers of the Association shall be a President, Vice President, Secretary, Assistant Secretary and Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board shall, from time to time, elect. Such assistant officers need not be members of the Board of Directors, but each shall be an owner of a lot or a member or the Declarant or his representative(s).

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office subject to the continuing approval of the Board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may have his office removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. Members of the Board may only be removed by vote of the owners as provided elsewhere in these ByLaws.

4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors unless he is absent. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the owners from time to time as he may, in his discretion, decide are appropriate to assist in the operation of the Association or as may be established by the Board or by the members of the Association at any regular or special meeting.

5. Vice President. The Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he is directed to perform by the President.

6. Secretary.

- (a) The Secretary shall keep all the minutes of the meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary and as is provided in the Declaration and the ByLaws.
- (b) The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the lot owned by such member. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

7. Assistant Secretary. The Assistant Secretary shall have all the powers and authority and perform all the functions and the duties of the Secretary, in the absence of the Secretary, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he is directed to perform by the Secretary.

8. Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors. In the event a Managing Agent has the responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the Managing Agent within fifteen (15) days after the first day of each month.

## ARTICLE VII

INDEMNIFICATION OF OFFICERS,  
DIRECTORS AND MANAGING AGENT

1. Indemnification. The Association shall indemnify through insurance or other means every Director, Officer, Managing Agent, their respective successors, personal representatives and heirs, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceedings to which he may be made a party by reason of his being or having been a Director, Officer or Managing Agent of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director, Officer or Managing Agent in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director, Officer or Managing Agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article VII shall be deemed to obligate the Association to indemnify any member or owner of a lot who is or has been a director

or officer of the Association with respect to any duties or obligations assumed or liability incurred by him under and by virtue of the Declaration.

2. No Personal Liability. Contracts or other commitments made by the Board of Directors, Officers or the Managing Agent shall be made as agent for the members, and they shall have no personal responsibility on any such contract or commitment (except as members), and the liability of any member on such contract or commitment shall be limited to such proportionate share of the total liability thereof as the common interest of each member bears to the total assets of the Association.

**ARTICLE VIII**

**AMENDMENT TO BY-LAWS**

1. Amendments to By-Laws. These By-Laws may be amended in writing by the Association at a duly constituted meeting called for such purpose or in any regular meeting so long as the notice of such meeting sets forth the complete text of the proposed amendment. No amendment shall be effective unless approved by a seventy-five percent (75%) vote of the members and unless set forth in an amended Declaration.

**ARTICLE IX**

**MORTGAGES**

1. Notice to Association. An owner who mortgages his lot shall notify the Association through the Managing Agent, if any, or the Secretary or Assistant Secretary of the Association, giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Lots".

2. Notice to Mortgagees of Unpaid Common Assessments. The Board of Directors, whenever so requested in writing by a mortgagee of a lot, shall promptly report any then unpaid common assessments due from, or any other default by, the owner thereof.

3. Notice to Mortgagees of Default by Owner. The Board of Directors, when giving notice to an owner of a default in paying common assessments or other default, shall send a copy of such notice to each holder of a mortgage covering such lot whose name and address has theretofore been furnished to the Board of Directors and shall have the right, but not the obligation, to post a copy of such notice in a public place on the common grounds of the project without assuming any liability for such action.

4. Examination of Books by Owners and Mortgagees. Each owner and each mortgagee of a lot shall be permitted to examine the books of account of the lot at reasonable times, on business days, after notice, and shall be permitted to receive, upon request, audited financial statements of the Association.

**ARTICLE X**

**EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE**

1. Proof of Ownership. Except for those owners who initially purchase a lot from Declarant, any person, on becoming an owner of a lot, shall furnish to the Managing Agent or Board of Directors a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or ownership in the

lot, which copy shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of members unless this requirement is first met.

2. Registration of Mailing Address. The owner or several owners of an individual lot shall have one and the same registered mailing address to be used by the Association for mailing of annual statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address of an owner or owners shall be furnished by such owner(s) to the Managing Agent or Board of Directors within fifteen (15) days after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the owners of the lot or by such persons as are authorized by law to represent the interest of the owner(s) thereof.

3. Designation of Voting Representative Proxy.

(a) If a lot is owned by one person, his right to vote shall be established by the record title thereto. If title to a lot is held by more than one person or by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, such owners shall execute a proxy appointing and authorizing one person or alternate persons to attend all annual and special meetings of members and thereat to cast whatever vote the owner himself might cast if he were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that within thirty (30) days after such revocation, amendment or termination, the owners shall reappoint and authorize one person or alternate persons to attend all annual and special meetings as provided by this Paragraph.

(b) The requirements herein contained in this Article shall be first met before an owner of a lot shall be deemed in good standing and entitled to vote at an annual or special meeting of members.

ARTICLE XI

OBLIGATIONS OF THE OWNERS

1. Assessments. All owners shall be obligated to pay the annually assessments imposed by the Association to meet the common expenses. The assessments imposed hereunder shall be due and payable annually in advance. The amount of such assessments may be altered in accordance with Article V of the Declaration. A member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of members, within the meaning of these ByLaws, if, and only if, he shall have fully paid all assessments made or levied against him and the lot or lots owned by him, and is not in violation of any rule or regulation of the Association then in force.

2. Lien. The obligations of each owner to pay assessments shall be secured by a lien on the lot in favor of the Association and such obligation shall survive any sale thereof.

3. General.

BMM 4478 PC 891

- (a) Each owner shall comply strictly with the provisions of the recorded Declaration and these By-Laws and amendments thereto.
- (b) Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which this project was developed.

4. Use of Lots

- (a) All lots shall be utilized only for residential purposes except as is otherwise provided in the Declaration and Plat Map.

5. Use of General Common Areas. Each owner may use the general common areas, sidewalks, pathways, roads and streets located within the entire project in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other owners.

6. Rules and Regulations. The Board of Directors, pursuant to Article IV of these By-Laws, reserves the power to establish, make and enforce compliance with such additional rules as may be necessary for the operation, use and occupancy of this project with the right to amend same from time to time. Copies of such rules and regulations shall be furnished to each owner prior to the date when the same shall become effective.

ARTICLE XII

ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

1. Abatement and Enjoinment. The violations of any rule or regulation accepted by the Board of Directors, or the breach of any By-Laws, or the breach of any provision of the Declaration, shall give the Board of Directors or the Managing Agent the right, in addition to any other rights set forth therein, (i) to enter the lot on which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting lot owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors or Managing Agent shall not be deemed guilty in any manner of trespass, and to expel, remove and put out, using such force as may be necessary in so doing, without being liable to prosecution or any damages therefor; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

2. Denial of use of Amenities. Should any owner be in default in the payment of any dues, assessments, or other sums due under the terms of the Declaration or these ByLaws, or be in violation of any of the terms of the Declaration, these ByLaws, or any rule or regulation then in force, after due notice to correct such violation, then in any of such events, such owner may be denied the use of any of the amenities until such default or violation is appropriately cured.

ARTICLE XIII

COMMITTEES

1. Designation. The Board of Directors may, but shall not be required to, appoint an executive committee,

and it may designate and appoint members to standing committees or special ad hoc committees for any useful or worthwhile purpose to function in an advisory capacity to the Board of Directors. The Board may establish rules for the conduct of these committees, as follows, and may delegate responsibility to said committees.

2. Executive Committee. The executive committee shall consist of two persons who shall be appointed by the Board of Directors from the members of the Board. One member shall be the President. The executive committee shall supervise the affairs of the Association and shall regulate its internal economy, approve expenditures and commitments, act and carry out the established policies of the Association and report to the Directors at each meeting of the Board. The executive committee may hold regular meetings monthly or as it may in its discretion determine. Special meetings may be called at any time by the chairman of the committee or by any of its members, either personally or by mail, telephone or telegraph, and a special meeting may be held by telephone.
3. Nominating Committee. Before each annual meeting, the Board of Directors may appoint a committee of three members who shall nominate candidates for the Board. The names of the candidates shall be submitted on or before thirty (30) days before the election. Members may submit names of candidates other than those submitted by the nominating committee at least thirty (30) days prior to the election. Unless such names are submitted, either by the nominating committee or by the members, no person shall be elected whose name is not so submitted unless no nominations are made, in which event the names of candidates shall be submitted at the election by the members.
4. Welcoming Committee. The welcoming committee, consisting of at least three (3) persons, shall have the responsibility of assisting new residents in settling into their lots and becoming a part of the Association by means of, among other things, a homeowner brochure, a directory of other residents, a shopping guide, information on local facilities, and a school district guide.
5. Social Committee. The Social Committee, consisting of at least two (2) persons, shall have the responsibility of planning programs to make the best possible use of the facilities and amenities of the Association by means of developing an ongoing program of interaction and involvement.
6. Newsletter Committee. The Newsletter Committee, consisting of at least two (2) persons, shall have the responsibility of providing residents with up-to-date information on new residents, association functions, the progress of the development, committee vacancies, rules and regulations changes, and other appropriate information.
7. Finance and Insurance Committee. The Finance and Insurance Committee, consisting of at least two (2) persons, shall have the responsibility of advising the Board on insurance matters and the capital and operating budgets.
8. Maintenance and Management Committee. The Maintenance and Management Committee, consisting of at least two (2) persons, shall have the responsibility of planning programs that conserve, enhance, and protect the common areas.
9. Vacancies. A vacancy in any committee shall be filled by the President until the next meeting of the Board of Directors.



## ARTICLE XIV

COMPENSATION

This Association is not organized for profit. No member, member of the Board of Directors, Officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors, Officer or member, provided, however, (1) that reasonable compensation may be paid to any member, director or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any member, Director or Officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

## ARTICLE XV

EXECUTION OF DOCUMENTS

The persons who shall be authorized to execute any and all contracts, documents, instruments or conveyances or encumbrances, including promissory notes, shall be the President or Vice President and the Secretary or Assistant Secretary of the Association.

## ARTICLE XVI

MISCELLANEOUS

1. Conflict in Documents. In the event that any inconsistency or conflict exists between the items of the Declaration, these ByLaws, or any rule or regulation then in force, the inconsistency or conflict shall in every instance be controlled by the Declaration.

2. Conflict Between Owners. In the event that any dispute between owners arises involving any of the common areas, amenities or any other matters concerning the project and the conflict cannot be resolved by the Managing Agent, it shall be resolved by the Board of Directors.

3. Due Process. In order to afford due process to each owner before any punitive action may be finally imposed by the Board of Directors, each owner shall have the right after receiving notice of the Board's intended imposition of a fine or other punitive action, of not less than ten (10) days written notice served upon the owner as provided by civil process in the State of Oklahoma, a hearing before the Board of Directors, en banc, shall then be available to any owner to present evidence for the purpose of avoiding or mitigating any penalty or punitive action at which hearing both the Association and the owner may produce evidence and present witnesses. The Board of Directors shall promptly resolve the dispute and announce its decision, which in such instances shall be final as to all matters.

4. Exculpation of Unavoidable Loss. The Association shall not be liable for any loss to any owner or inflicted upon any unit or the property of the owner situated therein, brought about by flooding, water damaged caused by burst pipes, acts of God or other force majeure. It is intended that for losses of these nature, each owner will bear the same or effect his own insurance to cover the same. Each owner may obtain additional insurance at his own expense for

his own benefit. Insurance coverage on all furnishings and decorations and other items of personal property belonging to an owner and casualty and public liability insurance coverage within each individual unit are specifically made the responsibility of the owner thereof.

EXECUTED this 6th day of July, 1978.

*[Signature]*  
DALE E. CASE

*[Signature]*  
BETTYE SWEATT

*[Signature]*  
WILLIAM O. ALEXANDER

*[Signature]*  
RICHARD KERRICK

*[Signature]*  
JOE BLAKE

STATE OF OKLAHOMA )  
                          ) ss.  
COUNTY OF OKLAHOMA )

The foregoing instrument was acknowledged before me on this 6th day of July, 1978, by DALE E. CASE, BETTYE SWEATT, WILLIAM O. ALEXANDER, RICHARD KERRICK, JOE BLAKE, Directors of The Trails Association, Inc., an Oklahoma Corporation, on behalf of the Corporation.

My Commission Expires: August 31, 1980  
(SEAL) *[Signature]*  
NOTARY PUBLIC

