

BY-LAWS

Of

STONE WOOD HILLS Homeowners' Association, Inc. (A not for profit corporation)

ARTICLE ONE

The name of the corporation is STONE WOOD HILLS Homeowners' Association, Inc. (hereinafter referred to as the "Association"). The address of the corporation's principal office in the State of Oklahoma is 3445 N. Timber Ridge Road, Coweta, Oklahoma 74429. The name of the corporation's registered agent at such address is Phil Roland.

ARTICLE TWO DEFINITIONS

2.1: "Association" means and refers to STONE WOOD HILLS Homeowners' Association, Inc., an Oklahoma not for profit corporation.

2.2 "Properties" means and refers to that certain real property described in the Deed of Dedication of STONE WOOD HILLS, recorded in the office of the Tulsa County Clerk as Plat No. 5605 in Book 6729 at Page 2280; and such additions thereto as hereafter may be brought within the jurisdiction of the Association.

2.3 "Common Area" means and refers to each of the Reserve Areas designated as Reserve Areas "A", "B", "C", "D", "E", "F", "G", "H", "J", "K", and "L", on the recorded Plat of STONE WOOD HILLS, an Addition in Tulsa County, Oklahoma.

2.4 "Lot" means and refers to any tract of land shown on any recorded subdivision map of the Properties with the exception of the Common Areas.

2.5 "Member" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. For purposes of determining the voting rights of the Members, there shall be two classes of Members as more specifically described in the Declaration of Covenants and Restrictions for STONE WOOD HILLS, at Article Three, Paragraph 3.2.

2.6 "Dedication" means and refers to the Deed of Dedication of STONE WOOD HILLS.

2.7 "Regulations" means and refers to the rules and regulations promulgated by the Board of Directors of the Association from time to time in a manner permitted by the By-Laws of the Association.

2.8 "Board" means and refers to the Board of Directors of the Association.

ARTICLE THREE MEETING OF MEMBERS

3.1 Annual Meeting: The first annual meeting of the members shall be held during the month of October after the date of formation of the Association, and each subsequent regular annual meeting of the Members shall be held on a day of the same month of each year thereafter.

3.2 Special Meetings: Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote 15 percent of the votes of the Members of the Association.

3.3 Notice of Meetings: Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

3.4 Quorum: The presence at any meeting, other than a special meeting, of Twenty (20) Percent the Members entitled to cast votes, either in person or by proxy, shall constitute a quorum for any action. The quorum of a special meeting shall be one-fifth (1/5) of the members entitled to cast votes of the entire Membership. Simple majority of those present shall rule at all meetings. If, however, a quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. All meetings of the Association will be governed by Roberts' Rules of Order.

ARTICLE FOUR BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

4.1 Number: The affairs of the Association shall be managed by a Board of no less than Three nor more than Nine Directors, who must be Members of the Association in good standing. Only one (1) person per household may be a member of the Board of Directors.

4.2 Term of Office: At the first annual meeting, the Members of the Association shall elect three directors. The first director elected shall be elected to a term of three years; the second director elected shall be elected to a term of two years, and the third director elected shall be elected to a term

of one year. At each annual meeting thereafter, the Members of the Association shall elect a director to a term of three years to take the place of the director whose term of office expires at that meeting.

4.3 Removal: Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal of a director, or if a director ceases to be eligible to serve because he is no longer a Member of the Association, his successor shall be selected by the remaining members of the Board, and shall serve for the unexpired term of his predecessor.

4.4 Compensation: No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

4.5 Action Taken Without a Meeting: The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

4.6 Dues and Fees: Dues and fees shall be set by the directors and shall be set at a level to cover the budget presented to the Membership by the Board of Directors at the annual meeting and approved by the Membership. Amended budgets may be presented by the Board of Directors to the Membership for approval at any meetings and dues adjusted accordingly.

ARTICLE FIVE NOMINATION AND ELECTION OF DIRECTORS

5.1 Nomination: Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairperson, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting. The Nominated Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations must be made from among the Members of the Association.

ARTICLE SIX MEETINGS OF DIRECTORS

6.1 Regular Meetings: Regular meetings of the Board shall be held no less frequently than once every three months without notice, at such place and hour as may be fixed from time to time by resolution of the Board. The regular meetings shall initially be held on the 1st Tuesday of November, February, May, and August at 7:00 p.m. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day that is not a legal holiday.

6.2 Special Meetings: Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than five (5) days notice to each director.

6.3 Quorum: A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE SEVEN POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 Powers: The Board of Directors shall have power to:

(A) Adopt and publish rules and regulations governing the use of the Common Areas and facilities to be maintained by the Association, and the personal conduct of the Members and their guests thereon, and to establish fines or penalties for the infraction thereof;

(B) Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. The Board shall also have all legal remedies available to it for the collection of unpaid assessments as set forth in Article Ten hereof. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations of the Association;

(C) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these By-laws, or the Dedication;

(D) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board; and

(E) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

7.2 Duties: It shall be the duty of the Board of Directors to:

(A) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;

(B) Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed;

(C) To fix the amount of any assessment or the annual dues to be paid by the Members and to enforce the collection of said assessments and dues in accordance with Article Ten hereof;

(D) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

(E) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(G) Insure that the exterior maintenance of the lots and residences are maintained in an appropriate manner so as not to jeopardize the value of the property; and

(H) To insure, protect, and enforce all restrictive covenants contained in the Deed of Dedication.

ARTICLE EIGHT OFFICERS AND THEIR DUTIES

8.1 Enumeration of Offices: The officers of the Association shall be a President and Vice President who shall at all times be members of the Board, a secretary, and a treasurer and such other officer as the Board may from time to time by resolution create.

8.2 Election of Officers: The initial election of officers of the Association shall take place at the first meeting of the Board of Directors. Thereafter, the election of officers shall take place at the first meeting of Board following each annual meeting of the Members.

8.3 Term: The officers of the Association shall each hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise become disqualified to serve.

8.4 Special Appointments: The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

8.5 Resignation and Removal: Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.6 Vacancies: A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.7 Multiple Offices: The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4.

8.8 Duties: The duties of the officers are as follows:

(A) President: The president shall preside at all meetings of the Board and Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and may co-sign all checks.

(B) Vice President: The vice president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(C) Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(D) Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

**ARTICLE NINE
COMMITTEES**

9.1 The Association shall appoint an Architectural Review Committee, as established by the Deed of Dedication to advise the Board of matters relating to compliance with the Restrictive Covenants. The Association shall further appoint a Nominating Committee to advise the Board and Members of potential candidates for directors in the Association. The committee chairman and members of all committees shall be appointed by the Board and serve at their pleasure. A majority of the Committee shall constitute a quorum for transaction of business. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

**ARTICLE TEN
EFFECT OF NON-PAYMENT OF ASSESSMENTS
REMEDIES OF THE ASSOCIATION**

10.1 Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen (18) percent per annum. The Association may bring an action at law against the Member personally obligated to pay the same, or foreclose its lien against the property. No Member may waive or otherwise escape liability for the assessments provided for

herein by non-use of the Common Areas or abandonment of his Lot. Attorney's fees shall be allowed to the prevailing party in any action to collect the unpaid assessment.

ARTICLE ELEVEN BOOKS AND RECORDS

11.1 The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Dedication and the By-laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE TWELVE AMENDMENTS


12.1 These By-laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

12.2 In the case of any conflict between the Dedication and these By-laws, the Dedication shall control.

ARTICLE THIRTEEN MISCELLANEOUS

13.3 The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of formation of the Corporation.

IN WITNESS WHEREOF, we, being all of the directors of STONE WOOD HILLS Homeowners' Association, Inc. have hereunto set our hands this 23rd day of July, 2002.



Director



Director



Director