

EXHIBIT "F"

BY-LAWS
OF

THE POINTE AT BAY COVE HOMEOWNERS' ASSOCIATION, INC.

GENERAL

1.01. Purpose. These are the By-laws of the THE POINTE AT BAY COVE HOMEOWNERS' ASSOCIATION, INC., a non-profit Mississippi Corporation (hereinafter referred to as the "Association") organized pursuant to the Mississippi Condominium Law, Section 89-9-1, et seq. of the Mississippi Code of 1972, as amended, and the Mississippi Non-profit Corporation Act (the "Act"), Sections 79-11-101, et seq. of the Mississippi Code of 1972, as amended, for the purpose of maintaining, repairing, replacing, administering and operating THE POINTE AT BAY COVE, a Condominium Facility, hereinafter referred to as the "Condominium".

1.02. Applicability of By-laws. The provisions of these By-laws are applicable to the Condominium Property and to the use and occupancy thereof. All present and future owners, mortgagees, lessees and owners of Units, and any other persons who may use the facilities of the Property in any manner are subject to these By-laws, the Declaration and the Rules and Regulations made in accordance therewith. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-laws, Declaration, and the Rules and Regulations, as they may be amended from time to time, are accepted, ratified, and will be complied with.

1.03. Principal Office. The principal office of the Association shall be at _____, or at such other place as may be designated subsequently by the Board of Directors or as the business of the Association may require. All books and records of the Association shall be kept at its principal office.

1.04. Terms Defined. "Declaration" shall mean that certain Declaration of Condominium, Restrictive Covenants, and Easements for The Pointe at Bay Cove, a Condominium, filed in the Office of Second Judicial District of Harrison County, Mississippi, in Book _____ at Page _____ as the same may be amended from time to time in accordance with the terms thereof. All other terms used herein shall have the meaning given to them in the Declaration and are hereby incorporated by reference and made a part hereof.

MEMBERSHIP

2.01. Qualification. The qualification for membership shall be ownership of a Residential Unit or Commercial Unit in the Condominium. No membership may be separated from the Unit to which it is appurtenant.

2.02. Members' Rights and Duties. Each Member of the Association shall have the rights, duties, and obligations set forth in the Declaration, these By-laws, and the rules and regulations established by the Association, as the same may time to time be amended.

2.03. No Additional Qualifications. No initiation fees, costs, or dues shall be

assessed against any Unit owner as a condition of the exercise of the rights of membership except such Assessments, levies, and charges as are specifically authorized in the Declaration.

2.04. Succession. The membership of each Unit Owner shall automatically terminate on the conveyance, transfer or other disposition of a Unit Owner's interest in the Unit. The Unit Owner's membership shall automatically be transferred to the new Unit Owner succeeding to such ownership interest. On the conveyance, transfer or other disposition of a portion of a Unit Owner's interest in a Unit, the transferring Unit Owner and the transferee shall each be Members of the Association in accordance with the ownership interest of each following such conveyance or transfer.

2.05. Not for Profit Corporation. The Association is a not for profit corporation organized under the laws of the State of Mississippi and pursuant to the Mississippi Condominium Law and the Mississippi Non-Profit Corporation Act. The Association shall issue no shares of stock of any kind or nature whatsoever.

MEETINGS OF MEMBERS

3.01. Annual Meeting. A meeting of the Association must be held at least once each year. The annual meeting of Members shall be held at the office of the Association, or at such other place as may be designated in the notice of the meeting, at 9:00 a.m., local time, on the first Saturday of October of each year for the purpose of electing Directors and transacting any other business authorized to be transacted by the Members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next day following that is not a legal holiday.

3.02. Change of Annual Meeting. The time of holding the annual meeting of Members may be changed at any time prior to but not less than ten (10) days nor more than sixty (60) days in advance of the regular day for holding such meeting by a resolution duly adopted by the Board of Directors or by the Members, provided that notice of such change be mailed to each Member of record, at such address as appears upon the records of the Association, not less than ten (10) days before the holding of such meeting nor more than sixty (60) days in advance of the regular meeting; and further provided that each annual meeting of Members shall be held within one (1) month of the date on which it should regularly have been held but for such change.

3.03. Special Meeting. Special meetings of the Members of the Association may be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from Members entitled to cast one third (1/3) of the votes of the entire membership.

3.04. Notice of Meeting. Notice of all meetings of Members must be given stating the time and place and an identification of agenda items, shall be given by the President or Vice-President or Secretary unless waived in writing. Such notice shall be in writing to each Member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings. Adequate notice of Members' meetings shall also be posted in a conspicuous place on the condominium property at least fourteen (14) continuous days preceding said meeting,

except in emergency. Notice of any meeting where assessments against Unit Owners are to be considered for any reason shall specifically contain the statement that the assessments will be considered and the nature of such assessments.

3.05. Waiver of Notice. Any Member or first Mortgagee may waive the right to receive notice of any meeting, before or after the meeting, by sending a written waiver to the Board of Directors for inclusion in the minutes or filing with the records of the Association. Attendance by a Member at any meeting, either in person or by proxy, shall constitute waiver of notice of such meeting.

3.06. Record Date. The Board of Directors may fix in advance a past or future date as the record date for determining the members entitled to notice of, to vote at a member's meeting and to exercise any rights in respect of any other lawful action not less than ten (10) no more than seventy (70) days before the meeting or action requiring a determination of members occurs. In the absence of a resolution fixing the record date by the Board of Directors, members at the close of business on the business day preceding the day of which notice is given or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held are entitled to notice of the meeting. If no such record date is fixed for determining members entitled to vote, the members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting. If no such record date is fixed for determining members entitled to exercise any other lawful action, the members at the close of the business day on which the Board of Directors adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later, are entitled to exercise such rights. A membership meeting is effective for any adjournment of the meeting unless the Board fixes a new record date, which it must do if the meeting is adjourned to a date more than seventy (70) days after the record date for determining the members entitled to notice of the original meeting. After a record date is fixed for a notice of a meeting, the Secretary of the Association shall prepare an alphabetical list of the names of all members who are entitled to notice of the meeting and those members that are entitled to vote at the meeting but have waived notice, showing the address and number of votes each member is entitled to vote at the meeting. This list shall be available at the meeting and any member, member's agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment thereof.

3.07. Quorum. A quorum of Members for any meeting shall be deemed present throughout such meeting if Members, represented in person or by proxy, holding more than fifty-one percent (51%) of the votes for each of the Residential Unit Owners, entitled to be cast at such meeting are present throughout such meeting, except as otherwise provided by the Declaration or by these By-laws. Until such time as the developer has conveyed all of the Units, a quorum shall require a representative of the developer to be present, in person or by proxy.

3.08. Adjournment for Lack of Quorum. In the absence of a quorum at any meeting of Members, a majority of those Members entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until the requisite number of Members, present in person or by proxy, shall be present.

3.09. Action without Meeting. Any action which may be taken at a meeting of the Members may also be taken without a meeting, if a consent in writing setting forth the action so taken, is signed by the number of Members required to take such action at

a meeting, and is filed with the Secretary of the Association.

3.10. Minutes of Meeting. The minutes of all meetings Members shall be kept in a book available for inspection by Unit Owners or authorized representatives.

VOTING RIGHTS

4.01. Votes. Each Residential Unit shall be entitled to one (1) vote as a Member of the Association. The vote of a Unit shall not be divisible. The designation of the voting Member shall be determined as set out in the Declaration.

4.02. Votes 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 any questions brought before the meeting, unless the question is one upon which, by express provision of the Act, the Declaration, or the By-laws, a different number or manner of voting is required, in which case the express provision shall govern and control the decision in question.

4.03. Voting by Proxy. Votes may be cast in person or by proxy as provided by the Act. All proxies must be in writing, dated, signed by the Member generating the proxy, and filed with the Secretary of the Association before the appointed time of the meeting to which it applies. The appointment of a proxy is valid for eleven (11) months, unless a different period of time is expressly provided in the appointment form. A Member may revoke a proxy at any time by delivering a written notice of revocation to the Association. The death or incapacity of a member appointing a proxy does not affect the right of the Association to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises authority under the appointment.

4.04. Voting by Mortgagee. The execution and delivery of mortgage on a Unit by its Unit Owner shall be construed as conferring upon the Mortgagee a conditional proxy to cast the vote or votes attributable to such Unit at any regular or special meeting of the Association. The condition of such proxy shall be notice by such Mortgagee to the Association, in writing, of its intent to exercise the conditional proxy rights granted to it, as Mortgagee, by the terms of this subparagraph. In the absence of such written notice, the Association shall be entitled to recognize the Unit Owner of the mortgaged Units as fully entitled to cast the vote or votes attributable. However, once such written notice is received by the Association, the Mortgagee's right to cast the vote or votes attributable to that Unit shall be recognized by the Association until the Mortgagee withdraws its intent to cast such votes in writing, or until the mortgage is paid in full and satisfied of record, whichever first occurs.

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

- Call to order
- Calling of the roll and certifying of proxies
- Proof of notice of meeting or waiver of notice
- Reading and disposal of any unapproved minutes
- Reports of officers
- Reports of committees
- Election of directors
- Unfinished business

New business
Adjournment

BOARD OF DIRECTORS

5.01. Number. The affairs of the Association shall be conducted by a Board of Directors which shall consist of not fewer than three (3) persons nor more than nine (9) persons. The number of Directors shall be fixed from time to time by the Association Members.

5.02. Qualification. Except for directors appointed by Developer, each director shall be a Unit Owner. If a Unit Owner is a trust, then the beneficiary of the trust may be a director; and if a Unit Owner is a corporation or partnership, then an officer, partner, or employee of such Unit Owner may be a director. If a director shall cease to meet such qualifications during his term, he/she shall cease to be a director and his/her place on the Board of Directors shall be vacant.

5.03. Appointment by Developer. The initial Board of Directors, as well as successive directors shall be appointed by the Developer, and may be removed by the Developer at any time. The directors appointed by the Developer need not be Unit Owners. Until such time as Members other than the Developer own 40% or more of the Units, Developer shall be entitled to elect all Members of the Board. At such time as Members other than Developer own 40% or more of the Units, Members other than the Developer shall be entitled to elect no less than one-third of the members of the Board. Members other than Developer shall be entitled to elect a majority of the Members of the Board upon the first of the following to occur: (i) three years after 50% of the Units have been conveyed to purchasers; (ii) three months after 90% of the Units have been conveyed to purchasers; (iii) when all of the Units have been completed, some of which have been conveyed to purchasers, and none of the others of which are being offered for sale by Developer in the ordinary course of business; (iv) at such time as some of the Units have been conveyed to purchasers and none of the others are being constructed or offered for sale by Developer in the ordinary course of business; or (v) seven years after recordation of the Declaration of Condominium.

Developer shall be entitled to elect at least one member of the Board for so long as Developer holds for sale in the ordinary course of business at least one (1) of the Units operated by the Association. At such time as the Developer fully relinquishes control of the Board, Developer may exercise the right to vote any Developer owned Units in the same manner as any other Member, except for purposes of re-acquiring control of the Association or selecting the majority members of the Board.

5.04. Nomination for Election. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of Members or at any other meeting of Members called for the purpose of electing directors. Nominations shall also be made by a nominating committee appointed by the Board prior to the annual meeting of the Members or prior to any other meeting of Members called for the purpose of electing directors.

5.05. Election of Directors. Directors shall be elected in accordance with the Act and the provisions of the Declaration. Directors shall be elected at the annual meeting of Members or at a special meeting called for that purpose. The election shall be by secret ballot (unless dispensed with by unanimous consent) and each Member shall be entitled to vote for each vacancy. There shall be no cumulative voting. Those

candidates receiving the greatest number of votes cast either person or by proxy shall be elected.

5.06. Term. Each director elected by the Members shall hold office until the next annual meeting of Members, and until his/her successor shall be elected and qualified or until he/she resigns or is removed in any manner provided elsewhere herein. Each director appointed by the Developer shall hold office until he/she resigns, is removed by the Developer, or his/her term expires as provided for herein and in the Declaration.

5.07. Vacancies. Any vacancy in the position of a director elected by the Members of the Association shall be filled by a majority vote of the remaining directors, and any director so elected shall hold office for a term equal to the unexpired term of the director whom he succeeds. Any vacancy in the position of a director appointed by the Developer shall be filled by the Developer.

5.08. Removal. Any director, other than one appointed by the Developer, may be removed in accordance with the Act. The vacancy in the Board of Directors so created shall be filled by the Members at the same meeting.

5.09. Compensation. A director shall not receive any compensation for any services he/she may render to the Association as a director; provided, however, that any director may be reimbursed for actual out-of-pocket expenses incurred by him/her in performance of his/her duties.

5.10. Proviso. Provided, however, the Developer shall retain control of the Association in accordance with the terms and conditions stated herein.

5.11 Personal Liability. Except as otherwise provided in the Declaration and by these By-laws, no member of the Board of Directors or any officer of the Association, or the Developer, shall be personally liable to any Unit Owner, or to any other party, including the Association, for the acts, debts, liabilities or obligations of the Association, or for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board of Directors or any other representative or employee of the Association, or any officer of the Association.

MEETINGS OF DIRECTORS

6.01. 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. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegraph, not less than ten (10) nor more than sixty (60) days in advance of any meeting.

6.02. Special Meetings. Special meetings of the directors may be called by the President and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Board. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

6.03. Open Meetings. All meetings of the Board of Directors shall be open to all Members of the Association, and notice of such meetings shall be posted

conspicuously on the Property at least forty-eight (48) hours prior to the meeting, except in the event of an emergency.

6.04. Waiver of Notice. Any director may waive notice of a meeting either before or after the meeting, or may consent to the holding of a meeting without notice. Attendance by any director at a meeting shall constitute waiver of notice of the meeting, except when attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business on the grounds that the meeting was not lawfully called.

6.05. Quorum. A quorum shall consist of the number of directors entitled to cast a majority of the votes of the entire Board of Directors. The acts of the directors approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors. 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 a director for the purpose of determining a quorum. So long as the Developer shall own at least one unit, the presence of the Developer, whether in person or by proxy, shall be required for a quorum.

6.06. Action without Meeting. Any action permitted or required to be taken at a meeting of the directors may be taken without a meeting if written consent setting forth the action so taken shall be signed by all the directors, and filed with the minutes of the proceedings of the Board.

6.07. Minutes of Meetings. The minutes of all meetings of the Board of Directors shall be kept in a minute book available for inspection by Unit Owners, or their authorized representatives, or any directors at any reasonable time.

6.08. Presiding Officer. The presiding officer of directors' meetings shall be the President. In the absence of the President, the directors present shall designate one of their number to preside.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.01. Powers Defined. The Board of Directors shall have the power to exercise all powers, duties, and authority vested in the Association by the Act, the Declaration, or these By-laws, except for such powers and duties reserved thereby to the Members or the Developer. The powers and the duties of the Board shall include, but shall not be limited to the following:

- (1) To elect and remove officers of the Association as hereinafter provided.
- (2) To administer the affairs of the Association and the Condominium Property.
- (3) To maintain bank accounts on behalf of the Association and to designate signatories required therefore.
- (4) To sell, lease, mortgage, or otherwise deal with Units acquired by the Association.

- (5) To pay the cost of all taxes and utilities assessed against the Condominium that are not assessed and billed to the Unit Owners of individual Units.
- (6) To borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Elements; provided, however, that the consent of at least two-thirds (2/3) of the votes of the Members, obtained at a meeting duly called and held for such purpose in accordance with the provision of these By-laws, shall be required for the borrowing of such money.
- (7) To estimate the amount of the annual budget and to make, levy, enforce, and collect Assessments against Unit Owners to defray the costs, expenses, and losses of the Condominium, and to provide adequate remedies for failure to pay such Assessments.
- (8) To use the proceeds of Assessments in the exercise of its powers and duties.
- (9) To maintain, repair, replace, and operate Property, including the reasonable right of entry upon any Unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the project and the right to grant permits, licenses, and easements over the common areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Development.
- (10) To purchase insurance on the Property, and to purchase insurance for the protection of the Association and its Members, and the members of the Board of Directors and officers of the Association.
- (11) To reconstruct improvements after casualty and to further improve the Property.
- (12) To make and amend reasonable Rules and Regulations respecting the use of the Property and the operation of the Condominium, including those specified in the Declaration and these Bylaws.
- (13) To enforce by legal means the provisions of the Mississippi Condominium Law, the Mississippi Nonprofit Corporation Act, the Declaration, the Articles, the By-laws, and the Rules and Regulations for the use of the Property.
- (14) To contract for the management of the Property and to delegate to such managing agent all powers and duties of the Association except such as are specifically required by the Declaration to have approval of the Board of Directors or the membership of the Association.
- (15) To contract for the management or operation of portions of the Common Elements of the Condominium susceptible to separate management or operation, and to lease such portions.
- (16) To retain attorneys and accountants.

(17) To employ personnel to perform the services required for proper operation of the Condominium.

(18) Except as prohibited by the Declaration, to purchase a Unit of the Condominium for the purposes authorized in the Declaration.

(19) To procure such fidelity bonds, as the Board deems advisable, covering officers and employees of the Association handling and responsible for the Association's funds and personal property, and to procure directors' and officers' liability insurance, if the Board deems it advisable, and the premiums of such bonds and insurance shall be paid by the Association as Common Expense.

7.02. Committees. The Board of Directors may, by resolution, appoint such committees as deemed appropriate in carrying out its purpose, and such committees shall have the powers of the Board of Directors for the management of the affairs and business of the Association to the extent provided in the resolution designating such a committee. Any such committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors.

7.03. Managing Agent. The Board of Directors shall be authorized to employ the services of a manager or managing agent who may either be a director, officer, or employee of the Association, or an independent Person or firm qualified to manage the Property and affairs of the Condominium 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.

7.04. Order of Business. The order of business at directors' meetings shall be:

- Call of Roll
- Proof of due notice of meeting
- Reading and disposal of unapproved minutes
- Reports of officers and committees
- Election of Officers
- Unfinished business
- New business
- Adjournment

OFFICERS

8.01. Executive Officers. The executive officers of the Association shall be a President, who shall be a director; a Vice President, who shall be a director; and a Secretary-Treasurer, who shall be a director, all of whom shall be elected annually by the Board of Directors and shall perform the duties set forth in these By-laws, and, to the extent consistent with these By-laws, the duties prescribed by the Board. The executive officers of the Association may be peremptorily removed by vote of the directors at any meeting in accordance with the Act. Any Person may hold two (2) or more offices, except that the President shall not also be the Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

8.02. Term. Each officer shall hold office for the term of one (1) year and until his successor shall have been appointed or elected and qualified, provided that any

officer may succeed himself.

8.03. Resignation and Removal. Any officer may be removed from office either with or without cause by concurrence of a majority of the votes of the entire membership at a special meeting of the Members called for that purpose. Any officer may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt 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.

8.04. Vacancies. A vacancy in any office shall be filled by a majority vote of the directors at any meeting. An officer elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds.

8.05. Compensation. An officer shall not receive any compensation for any service he/she may render to the Association as an officer; provided, however, that any officer may be reimbursed for actual out-of-pocket expenses incurred by him/her in the performance of his/her duties.

8.06. President. The President, who shall be a director, is the chief executive officer of the Association, and shall have all the powers and duties that are vested in the office of President by the Board of Directors, including, but not limited to the following powers:

- (1) To preside over all meetings of the Members and of the Board.
- (2) To sign as President all deeds, contracts, and other instruments that have been duly approved by the Board.
- (3) To call meetings of the Board whenever he deems it necessary in accordance with the rules.
- (4) To have the general supervision, direction and control of the affairs of the Association.

8.07. Vice President. The Vice President, who shall be a director, shall have all the powers and duties that are vested in the office of the Vice-President as established by the Board of Directors and these By-laws. The Vice President shall, in the absence of or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board.

8.08. Secretary. The Secretary, who shall be a director, shall have all the powers and duties that are vested in the Secretary as established by the Board of Directors and these By-laws. The Secretary shall keep the minutes of all proceedings of the Board and the Members. He shall attend to the giving and serving of all notices to the Members and directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to the instruments requiring a seal when duly signed. To sign as Secretary all deeds, contracts, all other instruments which have been duly approved by the Board, if said instrument requires the signature or attestation of the Secretary. He shall keep the records of the Association, except those of the

Treasurer, and shall perform all other duties incident to the office of the Secretary of an Association as may be required by the directors or the President.

8.09. Treasurer. The Treasurer, who shall be a director, shall be the financial officer of the Association, and shall have all the powers and duties that are usually in the Treasurer of an Association by the Board of Directors and these By-laws. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the financial records and books of account of the Association in accordance with good accounting practices; shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements and facilities, specifying and itemizing the maintenance and repair expenses of the Common Elements and facilities and any other expenses incurred; and he shall perform all other, duties incident to the office of the Treasurer. The records, books of account, and the vouchers authorizing payments, shall be available for examination by a Member of the Association at convenient hours of weekdays.

FISCAL MANAGEMENT

9.01. The Fiscal Year. The fiscal year of the Association shall be such as shall from time to time be established by the Association.

9.02. Budget. The Board shall adopt a budget for each calendar year, which shall include estimated Common Expenses, including a reasonable allowance for contingencies and reserves less the unneeded fund balances on hand. The budget shall also include reserve accounts for working capital expenditures, deferred maintenance, reserves and contingencies. The amount reserved shall be computed by means of a formula that is based on the estimated life and estimated replacement cost of each reserve item. The budget shall also set forth each Unit Owners proposed Assessments for Common Expenses. Copies of the budget and proposed Assessments shall be transmitted to each Member in accordance with the Act.

9.03. Adoption of the Annual Budget. The Board shall prepare or cause to be prepared a proposed annual budget for each fiscal year of the Association in accordance with the Act.

9.04. Assessments. Assessments for Common Expenses shall be made in accordance with the Declaration, and these By-laws. Assessments shall be collected by the Association on a monthly basis as follows: On or before the first day of each month of the fiscal year for which the Assessments are made, each Unit Owner shall pay their portion of the Common Expenses for such year as shown by the annual budget. The Residential Unit owners shall pay three-fourths (3/4) of the total assessment for the common elements, and Commercial Unit owners shall pay one-fourth (1/4) of the total assessment for the common elements. The Board may cause to be sent to each Unit Owner, on or before the first day of each month, a statement of the monthly Assessments. However, the failure to send or receive such monthly statement shall not relieve the Unit Owner of his obligation to make timely payment of the monthly Assessments. If the Board shall not approve an annual budget or shall fail to determine new monthly Assessments for any year, or shall be delayed in doing so, each Unit Owner shall continue to pay the amount of his monthly Assessment as last determined. No Unit Owner shall be relieved of his obligation to pay his Assessment by abandonment of his Unit or lack of use of the Common Elements.

9.05. Reserves for Replacements. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements. At closing, each Unit shall pay one month of their monthly assessment into said capital reserve fund as provided for in the Declaration of Condominium, Restrictive Covenants and Easements in Item 17.4 thereof. At closing, each Unit shall also pay two months of their monthly assessment into a operating reserve fund as provided for in said Declaration in Item 17.5 thereof.

9.06. Lien for Expenses. If any Unit Owner shall fail or refuse to make any payment of the Common Expenses or other Assessments when due, the amount due, together with costs, reasonable attorney's fees, and interest thereon at a rate to be set by the Board but in no event greater than eighteen percent (18%), or the maximum allowable by law, from and after the date said Common Expenses or other Assessments became due and payable in accordance with the Declaration and the Act, shall constitute a lien on the interest of the Unit Owner in the property.

9.07. Acceleration of Assessment Installments Upon Default. If a Unit Owner shall be in default in the payment of an installment upon any Assessment for a period of more than thirty (30) days, the Board may accelerate the remaining installments of such Assessments upon notice thereof to the Unit Owner, and thereupon the unpaid balance of the Assessment shall come due upon the date stated in the notice, but not less than ten (10) days after delivery thereof to the Unit Owner, or not less than twenty (20) days' after the mailing of such notice to him by registered or certified mail, whichever shall first occur. Upon default in the payment of an installment upon any Assessment, the Board shall be entitled to charge interest and service charges at the highest available rate allowable under the Act.

9.08. Default. In the event a Unit Owner does not pay any sums, charges or Assessments required to be paid to the Association within ninety (90) days from the due date, the Association may foreclose the lien encumbering the Unit created by non-payment of the required moneys in accordance with the Act; provided that thirty (30) days prior notice of the intention to foreclose shall be mailed, postage prepaid, to the Unit Owner and to all Persons having a mortgage lien or other interest of record in such Unit as shown in the Association record of ownership. The Association shall be entitled to the appointment of a receiver, if it so requests. The Association shall have the right to bid on the Unit at a foreclosure sale and to acquire, hold, mortgage and convey the same. In any such foreclosure action, the lien of the Association shall be as stated in the Declaration. In lieu of foreclosing its lien, the Association may bring suit to recover a money judgment for any sums, charges or Assessments required to be paid to the Association without waiving its lien securing same. In any action either to foreclose its lien or to recover a money judgment, brought by or on behalf of the Association against a Unit Owner, the losing defendants shall pay the cost thereof together with a reasonable attorney's fee. If the Association becomes the Unit Owner by reason of foreclosure, it shall offer said Unit and properties for sale and at such time as a sale is consummated it shall deduct from such proceeds all sums of money due it for monthly Assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the Unit, which shall include but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the Unit in question. All moneys remaining after deducting the foregoing items of expense shall be returned to the former Unit Owner in question.

9.09. Supplemental Assessments. If during the course of any fiscal year, it shall appear to the Board that the monthly Assessments, as determined in the annual budget, 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. Copies of the supplemental budget shall be delivered to each Unit Owner, and thereupon a supplemental Assessment shall be made to each Unit Owner for his proportionate share of the supplemental budget.

9.10. Annual Statement. Within sixty (60) days after the end of each fiscal year, the Board shall cause to be furnished to each Unit Owner, a statement for the year so ended showing the receipts and expenditures of the Association, and such other information as the Board may deem desirable.

9.11. Accounting Records. The Board shall cause to be kept, in accordance with generally accepted accounting principles, a record of all receipts and expenditures; and a separate account for each Unit showing the Assessments or other charges due, the due dates thereof, the present balance due, and any interest in Common Surplus. Such records shall be open to inspection by Unit Owners at reasonable times.

9.12. Depository. The depository of the Association shall be such bank or banks and/or savings and loan associations as shall be designated from time to time by the directors and in which moneys of the Association shall be deposited. Withdrawal of moneys from such account shall be only by checks signed by such persons as are authorized by the directors.

9.13. Fidelity Bonds. Fidelity bonds shall be required by the Board from all officers and employees of the Association from any manager handling or responsible for Association funds and from any employee, agent or subcontractor of a manager handling or responsible for Association funds. The amount of such bonds shall be determined by the Board, but shall be at least the amount of one hundred and fifty percent (150%) of the total annual Assessments against Members for recurring expenses. The premiums on such bonds shall be paid by the Association.

OBLIGATIONS OF THE OWNERS

10.01. Assessments. Every Unit Owner in the Condominium shall contribute toward the expense of administration of the Condominium, as provided in the Declaration and in these By-laws. Each Assessment against a Unit shall also be the personal obligation of the Unit Owner at the time the Assessment fell due. Such personal obligation shall not pass to successors in title unless assumed by such successors, or required by applicable law.

10.02. Maintenance and Repair. Every Unit Owner shall promptly perform all maintenance and repair work, as provided in the Articles, the Declaration or these By-laws. A Unit Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Elements or facilities damaged through the Unit Owner's fault.

10.03. Use of Units. All Units shall be utilized in accordance with the provisions of the Declaration, these By-laws and the Rules and Regulations of the Association.

RULES AND REGULATIONS

11.01. House Rules. The Board may from time to time, and subject to the provisions hereof providing for Developer control, adopt, modify, amend, or add to Rules and Regulation concerning the use of the Property. The Rules and Regulations shall not discriminate against Unit Owners and shall not be inconsistent with the Declaration or these By-laws. Copies of such Rules and Regulations, or any amendments, additions, or modifications, shall be delivered to each Unit Owner not less than fourteen (14) days prior to the effective date thereof. No rule or regulation that is in conflict with the Declaration shall be adopted.

AMENDMENTS TO THE BY-LAWS

12.01. Adoption. So long as the Developer owns at least one Unit, it shall have the discretion to make, amend or repeal these By-laws. After the Developer has conveyed all of its Units, the Members may make, amend, and repeal these By-laws at any regular meeting or at any special meeting called for that purpose by a vote of two-thirds (2/3) of the votes cast at the meeting called for such purpose, or a majority of the voting power of the membership, whichever is less, and all By-laws may be altered or repealed by the Members in like manner. Additionally, material changes to these By-laws shall require the approval of Registered Mortgagees who represent at least fifty-one percent (51%) of the Units subject to mortgages held by Registered Mortgagees.

12.02. Prohibited Amendments. No amendment may be adopted that would eliminate, modify, prejudice, abridge, or otherwise adversely affect any rights, benefits, privileges, or priorities granted to the Developer or Eligible Mortgagee without the consent of the Developer or such Mortgagee, as the case may be. No amendment that is in conflict with the Articles, the Declaration, or the Act shall be adopted.

12.03. Recording. Any amendment shall become effective when recorded in the office of the Chancery Court, Second Judicial District of Harrison County, Mississippi, with these By-laws in accordance with the Act.

MISCELLANEOUS

13.01 Construction. Wherever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of gender shall be deemed to include all genders.

13.02. Captions. The captions herein are inserted only as a matter of convenience for all reference, and in no way define, limit, or describe the scope of these By-laws or the intent of any provision hereof.

13.03. Conflicts. In the event of any conflict between the provisions of the Declaration and the By-laws, the Declaration prevails, except to the extent the Declaration is inconsistent with the Act.

13.04. Compliance. These By-laws are set forth to comply with the requirements of the Act and the Mississippi Condominium Law and shall be considered an appendage to the Declaration filed prior hereto in accordance with said Act. In case any of these By-laws conflict with the provisions of said statutes, it is hereby agreed and

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accepted that the provisions of the Act will apply.

13.05. Right of Entry. The manager and any person authorized by the Board shall have the right to enter each Unit in case of any emergency originating in or threatening such Unit whether or not the Unit Owner or Occupant is present at the time. Every Unit Owner and Occupant, when so required, shall permit other Unit Owners or their representatives to enter his Unit at reasonable times for the purpose of performing authorized installations, alterations, repairs to the Common Elements therein for central services provided that requests for entry are made in advance.

13.06. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Act, Declaration or these By-laws.

REGISTERED OFFICE AND AGENT

14.01. Name and Address. The location and mailing address of the initial registered office of THE POINTE AT BAY COVE HOMEOWNERS' ASSOCIATION, INC. is _____ . The name of the corporation's initial registered agent at such address is KENNETH L. JONES, 1819 24th Avenue, Gulfport, MS 39501.

The foregoing was adopted as the By-laws of THE POINTE AT BAY COVE HOMEOWNERS' ASSOCIATION, INC., at the first meeting of the BOARD OF DIRECTORS on the ___ day of _____, 2010.

Approved:

President

Secretary