

BYLAWS
OF
SILVER OAKS HOMEOWNERS ASSOCIATION, INC.

Section 1. Membership

The membership of the Corporation shall consist of the members with the voting rights, including powers of attorney vested in the Declarant, designated from time to time in the Declaration of Covenants, Conditions and Restrictions ("Declaration") of the Development known as Silver Oaks Subdivision as described in the Articles of Incorporation.

Section 2. Meetings

2.1 Annual Meeting. The annual meeting of the members for the election of Directors shall be held at such time and place as shall be designated by the Board of Directors.

2.2 Special Meetings. Special meetings of the members may be called at any time by the Board of Directors or by members holding in the aggregate 20 percent of the voting power of all members. The Secretary shall call a special meeting to be held at a time fixed by the Secretary, pursuant to notice set forth below, after the Secretary shall have received a written request from the Board of Directors or a petition signed by members holding in the aggregate 20 percent of the voting power of all members. If the Secretary neglects or refuses to issue such call, then the call may be issued by any Director or any member who signed the petition.

2.3 Place of Meetings. Meetings of the members shall be held at the registered office of the Corporation unless the Board of Directors, by resolution, designates a different place for the meeting, in which case the meeting shall be held at the place thus designated.

2.4 Notice of Meetings. The Secretary shall cause written notice of the time, date and place and purpose of each meeting of the members to be delivered, either personally or by mail, to the members entitled to vote not less than 10 nor more than 35 days before the date of the meeting.

2.5 Waiver of Notice. The attendance of any member at any meeting of members without protesting the lack of proper notice shall constitute a waiver of such notice.

2.6 Quorum, Vote Required. Members holding 20 percent of the votes entitled to be cast

on the matter to be voted upon represented in person or by proxy shall constitute a quorum at a meeting of members. In all matters requiring a vote, both as to members and as to the Board of Directors, a simple majority of a quorum of members/directors assembled shall constitute the passage or defeat of all issues.

2.7 Action Without Meeting. Any action required or permitted to be taken at any meeting of the members entitled to vote may be taken without a meeting if a consent thereto in writing, setting forth the action so taken, is signed by all members entitled to vote and such written consent is filed with the minutes of proceedings of the members entitled to vote.

2.8 Proxy Voting. At all meetings of members or of the Board of Directors, proxy votes may be cast and shall be counted if, in writing, signed by the person entitled to cast such vote, and submitted to the Secretary a minimum of 48 hours prior to said meeting. Proxy votes shall be valid only during the particular vote and/or meeting which is spelled out in the written proxy to the Secretary.

2.9 Rules of Order. All meetings of members or the Board of Directors shall be governed by Robert's Rules of Order.

Section 3. Board of Directors

3.1 Number and Term of Office. The affairs of the Corporation shall be managed by a Board of not less than three Directors. The Board of Directors shall be elected at the annual meeting by the members entitled to vote called for that purpose. A Director shall hold office until the next annual meeting of members and until his successor is elected and has accepted the election by either an acceptance in writing or being present and acting as a Director at either a regular or special meeting of the Board of Directors.

3.2 Vacancies. The office of a Director shall become vacant if he dies or resigns by writing signed by him and delivered to the Corporation. Any vacancy in the Board of Directors may be filled for the unexpired term by a vote of the majority of the remaining Directors though less than a majority of the whole Board.

3.3 Meetings; Notice. A regular meeting of the Board of Directors shall be held immediately after the annual meeting of the members or any special meeting of members at which a Board of Directors is elected. The Board of Directors may decide to meet on the basis of a regular schedule of meetings, in which event said schedule of meetings shall be announced in advance at a Board meeting, published in the minutes of that Board meeting, and made available to any member upon request of same. Special meetings of the Board of Directors may be called by the President or by any two Directors, pursuant to notice set forth below.

3.4 Additional Notice Provisions; Waiver. Notice of the time and place of any special meeting of Directors shall be served upon each director by direct telephone communication at least 24 hours prior to such meeting or by mail to the address as shown by the books of the Corporation at least 7 business days prior to the time of such special meeting. Notice of any regular or special meeting of Directors may be waived either before or after the meeting by any Director. The attendance of any Director at any regular or special meeting of Directors without protesting the lack of proper notice shall be deemed to be a waiver of notice of that meeting. Any Director may participate in such meeting by telephone communication, which may be in lieu of such Director's actual, physical presence.

3.5 Quorum. A majority of the Directors present in person or by proxy shall constitute a quorum.

3.6 Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a consent thereto in writing, setting forth the action so taken, is signed by all members of the Board of Directors and such written consent is filed with the minutes of proceedings of the Board of Directors.

3.7 Powers and Duties. The Board of Directors shall have all powers authorized by statute, including the power to:

(a) Adopt and publish rules and regulations enforcing and/or maintaining the deed restrictions contained within the Declaration described in the Articles of Incorporation and to maintain

the common areas as described in the said Declaration;

(b) Levy and collect the annual dues as set forth in the Declaration;

(c) Accept bids and authorize the performance of services as needed to maintain the common areas of the Development;

(d) Pay for said expenditures from the Corporation funds;

(e) Levy surcharges, if necessary, to effect emergency repairs costing in excess of the budgeted funds;

(f) Call regular, special and/or emergency meetings of the Board of Directors without notification of the members; and

(g) Engage professional, clerical and service personnel, as necessary, to perform necessary duties within the Corporation and/or at its meetings and/or to maintain the common areas and the legal and financial needs of the Corporation.

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 of said corporate affairs to each member on an annual basis or at any time within 30 days of receipt of a written request for said records from any member;

(b) Procure and maintain adequate liability and hazard insurance on the property owned or maintained by the Corporation and the personnel the Corporation engages to perform work thereupon (to the extent coverage is available, said insurance shall also cover liability of each Director and Officer for liability incurred during and in conjunction with their performance of Corporation duties); and

(c) Cause the common areas as described in the Declaration to be maintained.

3.8 ~~Compensation; Conflicts.~~ No Director shall receive any compensation for any service such Director may render the Corporation in such Director's position as Director. However, all Directors shall be entitled to reimbursement to actual expenses incurred in the performance of such

Director duties. While Directors may also serve as officers, no Director shall either, directly or indirectly, vote upon, influence, bid or accept any labor or service contract let by the Corporation that involves monetary or personal gain to that Director or his family. This conflict provision shall not apply to any developer of any portion of the Development during such time as such developer is actively engaged in the development of or building of homes in the Development.

3.9 Nominations. Nominations for any position on the Board of Directors shall be made by the following methods:

(a) Any member interested in serving on the Board of Directors shall submit his or her name in writing to any Director, and said Director shall turn such name over to a 3-person Nominating Committee appointed by the President at least 30 days in advance of the Annual Meeting of the membership.

(b) Nominations for Board positions shall be made by such Nominating Committee to the Board of Directors which shall, in turn, present a list of nominees to the membership at the Annual Meeting. Nominations, with a second, shall also be taken from the floor of the membership at the Annual Meeting.

Section 4. Officers

4.1 Officers. The Corporation may have one or more Vice Presidents and shall have a President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Corporation may also have such assistant officers as the Board of Directors may deem necessary, all of whom shall be elected by the Board of Directors. Any two or more offices may be held by the same person except the office of President and Secretary.

4.2 President. The President shall

(a) Have general charge and authority over the business and affairs of the Corporation subject to the direction of the Board of Directors,

(b) Have authority to preside at all meetings of the members and of the Board of

Directors,

(c) Have authority acting alone, except as otherwise directed by the Board of Directors, to sign and deliver any document on behalf of the Corporation, and

(d) Have such other powers and duties as the Board of Directors may assign to him.

4.3 Vice President. The Vice President, or if there is more than one Vice President, the Vice Presidents in the order of their seniority by designation (or if not designated, in the order of their seniority of election), shall perform the duties of the President in his absence. The Vice President shall have such other powers and duties as the Board of Directors or the President may assign to him.

4.4 Secretary. The Secretary shall

(a) Issue notices of all meetings for which notice is required to be given,
(b) Keep the minutes of all meetings and have charge of the corporate record books, and
(c) Have such other duties and powers as the Board of Directors or the president may assign to him.

4.5 Treasurer. The Treasurer shall

(a) Have the custody of all funds and securities of the Corporation,
(b) Keep adequate and current accounts of the Corporation's affairs and transactions, and
(c) Have such other duties and powers as the Board of Directors or the President may assign to him.

4.6 Other Officers. Other officers and agents of the Corporation shall have such authority and perform such duties in the management of the Corporation as the Board of Directors or the President may assign to them.

Section 5. Classes of Membership.

5.1 Class A. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a residence has been erected within the Property, shall automatically be a

Class A Member of the Association; provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a residence has been constructed which is subject to assessment. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

5.2 Class B The Class B member shall be Pinnacle Properties of Louisville, LLC. The Class B membership shall cease and be converted to Class A membership on the happening of any of the events specified in paragraph (c) below, whichever occurs earlier.

5.3 Voting. Each member shall have one vote with respect to each Lot owned by such member, but a Class A member shall not be entitled to exercise any vote until the earlier of: i) when Pinnacle Properties of Louisville, LLC, at its sole discretion, so determines; ii) within one hundred and eighty (180) days following the date when 100 percent of the lots which may be developed in the Subdivision have been sold; or iii) January 1, 2010.

Section 6. Dues and Assessments

6.1 Except as otherwise set forth in the Declaration described in the Articles of Incorporation, the Board of Directors shall assess each owner of a lot in accordance with the Declaration described in the Articles of Incorporation.

6.2 After the initial assessment which shall be in accordance with the Declaration, annual assessments shall be sent by invoice by the Board of Directors to each owner of a lot in the development described in the Declaration. Said mailing shall be done after January 1st and before

January 31st of each year. Said invoice shall be due and payable on February 1st. Said invoice shall be deemed overdue 30 days thereafter, shall then begin to accrue interest in the amount of 1.5 percent per month on the unpaid balance (18 percent per year). After the 91st day from date of postmark on the invoice, the Corporation may sue for any unpaid balances in the Jefferson County District Court. Each lot owner, by virtue of ownership and membership in the Corporation as required in the Declaration described in the Articles of Incorporation, agrees to pay said interest and applicable court and legal costs to collect their arrearages as generated.

Section 7. Amendments

7.1 Amendments. The bylaws of the Corporation may be amended from time to time by a majority of the Board of Directors.

APPROVED by the Board of Directors this _____ day of _____, 2000.

Secretary

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