

BYLAWS
OF
ARBOR LAKE HOMEOWNERS ASSOCIATION, INC.

The name of the organization shall be the **Arbor Lake Homeowners Association, Inc.**, hereinafter referred to as "Association".

ARTICLE I
PURPOSE AND PARTIES

1. Governance of Regime. The purpose for which this nonprofit corporation is formed is to own, manage and maintain the Common Areas and other properties of the Association in the planned Lot development known as Arbor Lake hereinafter referred to as the "Project", situated in the County of Cleveland, State of Oklahoma, which property is described in the various Declarations of Covenants, Conditions and Restrictions ("Declaration") of the Arbor Lake Additions 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 for the various sections of Arbor Lake Additions in the records of the County Clerks office of Cleveland County. All definitions contained in said Declarations, and any amendments thereto, shall apply hereto and are incorporated herein by reference.

2. Owners Subject to These Bylaws; Acceptance of Bylaws. All present or future owners, tenants, future tenants of any Lot, or any other person who might use in any manner the Common Areas or any facilities or property of the Association are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of any Lot or the mere act of occupancy of a Lot will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

3. Rejection of Articles of Association. The undersigned Directors recognize that certain "Articles of Association" purporting to create a homeowners association for the Arbor Lake Additions have been filed in the Cleveland County Clerks office. Those Articles of Association were filed for each of the Five (5) sections of the Arbor Lake neighborhood and reference various entities under differing names. For purposes of clarity and uniformity, and to establish Bylaws are required by Oklahoma law, the Board of Directors for Arbor Lake Homeowners Association, Inc. do hereby specifically reject said Articles of Association and do hereby adopt these Bylaws as the only official Bylaws for the non-profit corporation, Arbor Lake Homeowners Association, Inc. represented by the Articles of Incorporation filed with the Oklahoma Secretary of State on October 15, 1998.

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

1. Membership. Except as is otherwise provided in the Declarations, the Articles of Incorporation or in these Bylaws, ownership of a Lot in the Arbor Lake development 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 Bylaws. 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 obligations incurred under or in any way connected with this Association, during the period of such ownership and membership 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. There shall be one vote per one Lot owned. Co-owners may only exercise one vote. No fractional votes are allowed. Should any voting conflict exist among co-owners at a meeting, the vote for that lot shall be deemed as "abstain" unless the conflict is resolved prior to the call for vote. No Lot owner who is not current in his/her/their annual dues or special assessments may vote at any meeting.

3. Quorum. The definition of a quorum is given in the Declarations. THERE IS NO QUORUM REQUIREMENT FOR THE ELECTION OF DIRECTORS AT ANY ANNUAL 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 Association, will have the responsibility of administering the project through a Board of Directors. The Association shall have the direct obligation and responsibility for maintenance, operation and repair of the Common Areas including the sidewalk, grass, and fence along 48th St. NW, the detention pond, and any other areas appurtenant to statutory street right-of-ways along section line roads and any other areas shown on the plat as common right-of-way such as entrances and center medians. It is the intent of this Declaration to require the Association to maintain all areas outside any lot line including any improvements made by Declarant or the Board of Directors for the benefit of the neighborhood.

2. Time and Place of Meetings. Meetings of the Association shall be held at such suitable place, convenient to the owners, as the Board of Directors may determine. No meeting shall be scheduled to be held during normal business hours (8:00 am to 5:00 pm Monday through Friday) nor at a late hour (10:00 pm to 7:00 am).

4. Annual Meetings. Annual meetings of the Association shall be held in September of each year OR as set by the Board of Directors. 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 Bylaws. The owners may also transact such other business of the Association as may properly come before them. THERE IS NO QUORUM REQUIREMENT FOR THE ELECTION OF DIRECTORS AT ANY ANNUAL MEETING.

5. 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 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. Any such meetings shall be held within sixty (60) days after receipt by the President of such resolution or petition. No business other than stated in the Notice of Meeting shall be conducted at a Special Meeting

6. Notice of Meeting. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail (or cause to be mailed) a notice of each meeting (annual or special), by first class mail with postage prepaid thereon, stating the purpose thereof as well as the time and place it is to be held, to each owner of record at least ten (10) days, but not more than sixty (60) days prior to such meeting. The mailing of notice in the manner provided in this paragraph shall be considered notice served. Notice of the annual meeting of the Association may also include notice of the subsequent meeting to be held in the event a quorum is not achieved at the called meeting.

7. Order of Business. The order of business at all meetings of the owners shall be determined by the Board of Directors.

ARTICLE IV
BOARD OF DIRECTORS

1. Number, Qualification and Appointment or Election. There shall be elected no less than three (3) or more than seven (7) members of the Association to the Board of Directors, and who shall govern the affairs of this Association until their successors have been duly elected and qualified. The number of Directors may be increased or decreased at any annual meeting of the members. Nominations for election as a Director at any annual meeting of the Members shall be taken from the floor from any qualified Owner. No Owner who is not current in his, her or their annual dues may nominate or be nominated to be a Director.

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 Bylaws 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 and Regulations. 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.

(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 obtain and maintain comprehensive liability insurance covering the Common Areas in amounts not less than \$250,000.00 per person and \$1,000,000.00 per accident and \$100,000.00 property damages. And to obtain such other insurance policies as deemed appropriate by the Board of Directors.

(e) Budget; Determination of Assessments; Increase or Decrease of Same; Recommendation of Special Assessments. To prepare an annual budget. To recommend 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 collect interest at the rate set by the Board of Directors in connection with assessments remaining unpaid more than thirty (30) 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 not to exceed, however, a total indebtedness of two years' gross revenue without a majority vote of approval by Lot Owners present in person or by proxy 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 specific intent to increase indebtedness; 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.

(m) Annual Statement. To prepare and provide annually to each owner a statement showing receipts, expenses, and disbursements since the last such statements.

(n) Meetings. To meet at least quarterly, 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 may be granted right to exercise any or all of the powers granted to the Board of Directors by the Declaration and Bylaws.

(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 the appropriate Section of the Internal Revenue Code of 1954.

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. The terms of Directors should established upon election to be staggered so that approximately one-half of the authorized Directors are elected each year. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided. If a successor has not been elected at the end of a Director's term, that

Directors term shall be extended until a successor has been elected.

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 or be more than sixty (60) days delinquent in the payment of any dues or assessments, he or she may be removed from the Board and a successor selected and approved by the Board to fill his unexpired term.

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. 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. Compensation does not include gifts of appreciation or condolences to any member or outgoing Directors.

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 the calendar year.

2. Dues; Due Date; Adjustment. The dues shall be collected annually in April or as set by the Board of Directors. The annual dues may be increased each year by the Board of Directors by up to five (5%) percent of the previous years dues without approval of the membership.

3. Special Assessment. Any special assessment recommended by the Board of Directors must be approved by a majority vote of lot owners.

ARTICLE VI OFFICERS

1. Designation. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, all of whom shall be members of and 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.

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 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. In the event a Managing Agent has the responsibility of compiling and updating the list of members, the Secretary shall review the records of the Managing Agent from time to time.

7. 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 at least quarterly.

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 BYLAWS

1. Amendments to Bylaws. These Bylaws may be amended 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 by the Association shall be effective unless approved by a 2/3rds vote of the members and memorialized in a writing signed by the Board of Directors.

ARTICLE IX
EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS
AND DESIGNATION OF VOTING REPRESENTATIVE

1. Proof of Ownership. 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. Closing and Acknowledgment of Restrictions. In conjunction with furnishing to parties such as closing agents, notice of any lien claim by the Association for unpaid dues and assessments the Board of Directors, or Managing Agent, shall require the Seller-Lot Owner, or the closing agent, to obtain from the Purchaser of a Lot a signed acknowledgement of receipt of a copy of the Declarations, Articles of Incorporation, Bylaws and the rules or regulations of the Association, if any. Copies of these instruments will be furnished by the Association for this purpose to every Lot Owner, closing or transfer agent or Purchaser.

3. 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.

ARTICLE X OBLIGATIONS OF THE OWNERS

1. Assessments. All owners shall be obligated to pay the annual dues imposed by the Association to meet the common expenses. The assessments imposed hereunder shall be due and payable yearly in advance as provided in Article V, paragraph 2. 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.

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.

(a) Each owner shall comply strictly with the provisions of the recorded Declaration and these Bylaws 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 that the Association may acquire one or more lots for the purpose of established additional common areas.

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 and in accordance with rules or regulations adopted by the Board of Directors without hindering or encroaching upon the lawful rights of the other owners.

ARTICLE XI
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 Bylaws, 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 thereof; 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, after due notice to correct such default, such owner may be denied the use of any of the amenities until such default or violation is appropriately cured.

ARTICLE XII
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 and may delegate responsibility to said committees.

2. Vacancies. A vacancy in any committee shall be filled by appointment of the President until the next meeting of the Board of Directors.

ARTICLE XIII
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, credit for dues or compensation to, or distributed to, or inure to the benefit of any member of the Association or the Board of Directors, provided, however, 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.

If it is determined a Member has received compensation for services performed the Association shall be entitled to pursue reimbursement of those funds from the Member and from the individual Directors authorizing payment.

ARTICLE XIV
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 XV
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 or amenities and the conflict cannot be resolved by the Managing Agent, it shall be resolved by the Board of Directors. This paragraph is not intended to make the Association a party to conflicts between Owners that are purely private.

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 Lot or the property of the owner situated therein, brought about by flooding, water damage 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 Lot are specifically made the responsibility of the owner thereof.

EXECUTED this _____ day of _____, 2006.

Walter Hobbs, director

Dana Hare, director

Steve Smith, director

Eric Fleske, director

BYLAWS FOR ARBOR LAKE HOMEOWNERS ASSOCIATION, INC.