

FIRST AMENDMENT TO THE BYLAWS OF SADDLE LAKE FARMS ASSOCIATION, INC.

The bylaws of Saddle Lake Farms Association, Inc. (hereafter referred to as SLFAI) were originally filed with the Shelby County Judge of Probate in 1995 as Exhibit D to the Declaration of Condominium, Instrument Number 1995-17530 by the Developer (known as Envirobuild). The Declaration of Condominium ("Declaration") has been amended four times since then to support a variety of necessities and requests as evidenced in these amendments.

The "Control Period" as described in the Declaration was ended by the sale or transfer of the required percentage of units from Envirobuild to owners on or about November 16, 2004 at which time SLFAI members conducted an election to choose a Board of Directors. In keeping with the conditions outlines within the Declaration, Envirobuild elected to transfer control of SLFAI and all finances in accordance with their letter of January 11, 2005. A copy of this letter is attached to this amendment for information.

At the time of this amendment, the elected members of the SLFAI Board of Directors are:

Larry Rowland (currently President)
Mike Whisonant (currently Vice President)
Teresa Olszewski (currently Treasurer)
Juanita Anderton (currently Secretary)
Sam Munyer

RECITALS

As provided for under Article X of the existing Bylaws (Amendments), the Board has duly voted on and approved by majority vote a number of revisions, additions and deletions to these bylaws, these votes being recorded in the written minutes of the meeting of the Board of Directors on August 9, 2005. Also, as provided in this section of the Bylaws, the Secretary of the Board of Directors has signed this amendment in order for it to be recorded in the Shelby County Probate Office.

WITNESSETH

NOW THEREFORE, in consideration of which is acknowledged by all parties hereto, it is hereby agreed as follows:

1. The introduction page for these Bylaws, Paragraph four shall read as follows: "The address of the office of the Association shall be PO Box 161, Saginaw, Alabama, 35137."
2. **Article I, Section 4:** The first sentence of this section is revised to read: "Annual meetings of the members shall be held at a location designated by the Board of Directors on the third Monday of September of each year at 7:00 pm, or, if that day is a legal holiday, on the next day following that is not a legal holiday."
3. **Article I, Section 6:** Revise the last sentence to read "Notice of meetings may not be waived."
4. **Article I, Section 12:** Correct the spelling of "addition" to "edition".
5. **Article I, Section 13:** Delete this section in its entirety.
6. **Article II, Section 1:** Article II (Board of Directors), Section 1 (Members) as it currently exists is eliminated.



A new Article II (Board of Directors), Section 1 (Members) shall read as follows: *“The Board of Directors of the Association shall consist of at least five (5) Directors as shall from time to time be determined and fixed by the vote of a majority of the voting rights present (physically present, by mail to the Secretary prior to the meeting or by proxy duly registered with the Secretary prior to the meeting) at the annual meeting of the members. The term of each Director shall be fixed at two years each election, staggered such that Director positions 1, 3 and 5 terms expire during odd-numbered calendar years (2005, 2007, etc.) and that Director positions 2 and 4 terms expire during even-numbered calendar years (2006, 2008, etc.). Eligibility for Board membership is limited to Unit Owners of Saddle Lake Farms, Inc. whose annual assessment has been paid and are not in arrears or require clearance of a lien at election time. Newly elected Directors will take office effective with the October Board meeting following their election.”*

7. **Article V, Section 3:** Revise sentence 2 to read “The annual assessment shall be paid annually by each unit owner.” Delete sentence 4 in its entirety.
8. **Article V, Section 4:** Delete this entire section.
9. **Article V, Section 7:** In sentence 1, change “quarterly” to “annual”.
10. **Article VI, Section 1:** Delete this entire section.
11. **Article VII, Section 8:** Revise sentences 1 and 2 to read: “No boats, canoes or campers shall be parked or stored on or in the common areas except as designated by the Board of Directors and vehicular traffic of any kind except as necessary for routine or emergency maintenance is prohibited on the dam of the lake (non-motorized vehicles are permitted).”
12. **Article VII, Section 10 (NEW):** This new section to Article VII shall be called “*Rules for Use of Saddle Lake*” and shall read as follows:
 - a. **Purpose:** The lake is a wonderful asset for all residents of Saddle Lake Farms. It is especially beneficial to those who like to fish, boat, swim or simply enjoy its beauty and the wildlife it attracts. The lake adds value to all of our homes, even those who do not have time to enjoy it directly. These rules were developed to protect the lake and to ensure that all residents have an opportunity to enjoy it. Suggestions for changes should be submitted in writing to any member of the Lake Committee of the Board of Directors.
 - b. Because there are often children and other adults around, cursing or loud, disturbing talk is not allowed.
 - c. All areas of the lake, including the area around private piers, are open for fishing for any resident in a boat. If someone is using their pier, please be considerate of their privacy and come back later. Do not encroach on someone else’s private property. Do not tie up to a pier other than the community pier. Do not fish from the bank or a pier on private property without permission of the owner.
 - d. Fishermen have the right to fish around piers or shorelines and owners must treat them courteously.
 - e. Please stay at least 50 feet away from other boats and any swimmers.
 - f. No trotlines, jugs or nets (other than landing nets) may be used on the lake.
 - g. Only electric trolling motors and boats registered with the Lake Committee are allowed on the lake.
 - h. No bottles, cigarette butts or other trash in the lake. Littering may result in a loss of lake privileges as determined by the Board of Directors.
 - i. Boats may be stored in the designated area next to the Community Pier on a first come basis. This may change as Bylaws are studied and amended. If you store your boat at the Community Pier, keep it away from the shore so that others can launch their boats. No boats unattended unless stored.

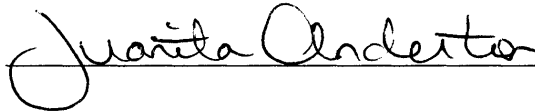


- j. Regarding the dam, do not disturb the plants or ground, no digging and no boat storage.
 - k. Fishing from the community areas of the dam and pier is allowed.
 - l. All provisions of the State of Alabama Fishing Laws for private lakes apply to fishing on Saddle Lake. As allowed by law, we will set our own creel limits and may adjust them from time to time.
 - m. Night fishing must be in accordance with the more limiting of these rules or Alabama State Law.
 - n. Do not tamper with or tie up to the bream feeders. Report any observed damage to the lake committee.
 - o. To limit introducing diseases, unwanted fish species or aquatic weeds, do not put any fish from another body of water into Saddle Lake. Similarly, non-resident boats are not allowed on the lake.
 - p. Only plants or grasses approved by the Board of Directors are to be introduced into Saddle Lake.
 - q. Shiners and "Tuffy" minnows are not allowed for use in Saddle Lake.
 - r. It is strongly recommended that bass over 5 pounds be put back into lake unless fatally hooked. Fishermen wanting mounts should strongly consider taking pictures/measurements and having a replica made. This will permit many larger fish to keep growing, reproduce and be caught again.
 - s. It is strongly urged that any catfish over 5 lbs. be released.
 - t. Except for item "r" above, fish kept are to be cleaned and eaten. Otherwise, return the fish to the lake.
 - u. Paid surveys for fish population and health are planned at least once every two years. A written report will be delivered to the Board of Directors for sharing with each unit owner.
 - v. Call the Sheriff immediately if a trespasser or dangerous activity is observed on or around the lake.
 - w. Lakeside residents have a specific responsibility to maintain their septic systems in satisfactory operation so that failed systems do not threaten the lake.
 - x. Lakeside residents are permitted to install landscape irrigation systems that utilize lake water provided there is no discernible effect on maintaining normal lake levels.
 - y. Until further notice, the creel limits for Saddle Lake will be as follows:
 - i. Bass – Over 5 lbs. 1 per fisherman per day (release recommended)
 - ii. Bass under 5 lbs – 10 per fisherman per day
 - iii. Bream – 25 per fisherman per day; 50 in possession per boat
 - iv. Catfish – Over 5 lbs. – 1 per fisherman per day (release recommended)
 - v. Catfish – Under 5 lbs. – 3 per fisherman per day
 - vi. Crappie – NO LIMIT
 - z. Only Unit Owners (and resident family) and guests approved by the Lake Committee in accordance with the ID Policy may use the lake.
13. **Article 10, Section 11 (NEW):** This new section to Article 10 shall be called "*Saddle Lake Farms User ID Policy*" and shall read as follows:
- a. **Purpose:** The Lake User identification policy exists to protect our security and privacy, and to look after the sizeable investment unit owners all have in the lake. This ID policy is in addition to the preceding "*Rules for Use of Saddle Lake*". The policy is designed to quickly and easily identify authorized users.
 - b. All boats must be registered with the lake committee and must display the assigned registration decals on the front third of the boat on both sides. Boat registration form and decals can be obtained by contacting any current member

- of the Lake Committee, or a Saddle Lake Farms Association, Inc. Director. Boat registration will cost \$5.00 to cover the expense of decals, forms, etc. Boats not registered, or without assigned decals, will not be allowed on the lake.
- c. Any or all members of a resident family who live at their Saddle Lake Farms address will be issued resident ID cards upon request. Residents' children who are attending school and living on campus are also eligible for Resident ID cards. All others will be considered guests. Up to (2) guest ID cards will be issued to a resident family upon request.
 - d. When on the lake or common areas around the lake, residents must have their ID card on their person and be willing to show it upon request. Guest must have their ID visible anytime they are on the lake or in common areas around the lake. The only exception is if they are not fishing and their resident host is with them. Guests fishing from a resident host private property must have their guest ID visible unless their host is with them.
 - e. Guests other than houseguests are not allowed to fish from a boat without the resident host being present in the boat.
 - f. There will be situations that this policy does not cover, or where it causes an undue hardship. For that reason, exceptions may be granted from time to time. An exception form can be obtained from any Lake Committee member or Board of Directors member. The committee will consider the circumstances and vote on the requested resolution. If the Lake Committee approves the request, the exception will be granted. If the committee denies an exception request, the resident may appeal it to the Board of Directors which will have final authority in all instances. If any resident disagrees with an exception granted by the Lake Committee, they may appeal to the Board as well.
 - g. Swimmers will not be required to have an ID if a resident is present.
 - h. Violators of the Saddle Lake Farms User ID Policy are subject to loss of lake privileges.
 - i. If you see a suspected trespasser, do not get into a dangerous confrontation. If they do not have an ID, refuse to show one, or you feel uncomfortable asking to see their ID, call the Sheriff and let them investigate. **DO NOT RISK YOUR SAFETY.**

IN WITNESS WHEREOF, and as required by these Bylaws, the Secretary of the Board of Directors of SLFAI has acted at the direction of the Board to have this amendment executed on this date.

Juanita Anderton, SLFAI Secretary



Date: _____

8-15-05

EnviroBuild, Inc.

January 11, 2005

TO: Saddle Lake Farms Owners

As you are aware, all residential property in Saddle Lake Farms Condominium is subject to the recorded Declaration, Bylaws, Articles of Incorporation and the Alabama Uniform Condominium Act. These documents are in place to assure that all Saddle Lake Farms residents are fully protected and to ensure that the natural beauty of the development will be perpetually maintained and preserved. As a result, these documents provide for the creation of a unit owners association (Saddle Lake Farms Association, Inc.) and for a Board of Directors to govern and manage the affairs for the association members, which is necessary to achieve the above stated goals.

Understanding the large financial commitment to the Condominium Property made by the developers, and to insure the success of the project, the above-mentioned documents provide for a "Period Of Developer's Control" to manage the business of the association until 75% of the Units in the Condominium have been conveyed to Unit purchasers. Upon expiration of that period, a meeting of the association members is called for the purpose of turning over the control and management responsibilities of the Condominium to the Unit owners. The Unit owners are to vote and select a Board of Directors to manage the affairs of the property as outlined in the recorded documents.

As the developer, EnviroBuild, Inc. anticipated that sales of units would surpass the 75% range in late 2004 or early 2005. Regardless if that percentage had been reached or not, we had prepared to provide proper notice to all unit owners, calling for a special meeting to be held on January 15, 2005 for the purpose of transferring the control and management responsibilities of the association to the Unit owners. In our preparation for the meeting and to hold elections for the new board, we secured and reserved the Arthur Conference Center in November 2004. DID NOT NOTIFY OWNERS.

During this period we were not yet in receipt of the mailed notice that the Unit owners had called a membership meeting on November 16, 2004 to select an "interim" set of officers for the purpose of facilitating the turnover prior to the intended January 15, 2005 meeting. After learning that an "interim" set of officers had indeed been voted on by the membership we requested a meeting to discuss the transfer. In that meeting the interim board requested all books, records, funds and association control be transferred to them immediately. Unsure if the meeting and elections held on November 16, 2004 met all legal guidelines required by the condominiums governing documents, EnviroBuild, Inc. requested and received a written legal opinion by the groups attorney, Jesse Evans, that the meeting was in full compliance with said governing documents.

As a result, we are pleased to announce that effective today, all management and control of Saddle Lake Farms Association, Inc. has been transferred to the Unit owners and all the above requested materials have been delivered to the "interim" officers elected by the Unit owners. NOT SO (SEE DECLARATION) With the exception of the new construction Architectural Committee, the new officers will handle and manage all affairs of the condominium association, together with all the powers that the above mentioned documents provide them, including full Architectural control of the existing residences and common areas. Please remember that serving on this board is an unselfish act by individuals who will sacrifice and dedicate many precious hours, without compensation, for the

sole purpose of benefiting, advancing and improving the entire community. They are working for your good and well being and it is asked to provide them your full support and cooperation as they and future members work to continue to make Saddle Lake Farms a wonderful community to live, play and raise your family.

In reading the November 16, 2004 minutes of the meeting, we realized that there are several questions, issues and concerns that were expressed by residents that should be addressed by EnviroBuild. There were concerns that **if the association was turned over to the Unit owners, will they may be acquiring unpaid debt by the developers?** EnviroBuild, Inc. acted as Trustee for the association and managed all affairs in a responsible and fiduciary manner. No compensation has ever been received for any management service, nor has any funds ever been used for those other than the associations direct business. Enclosed is a 2004 balance sheet for your review that states zero liabilities to the association and a cash reserve balance of \$26,680.61. All reserve funds are turned over to the new interim board. In addition a 2004 budget statement is also enclosed for your review.

Are there any contracts that the association will have to assume from the developers? No. Saddle Lake Farms utilizes regular services from only four (4) vendors of which none are under any form of contract. The vendors are Creekview Lawn Service, Alabama Power, Alabaster Water Board and Southeastern Pond Management.

If we assume responsibility of the association will the developers finish the roads? Recently the seal coat (final coat) of asphalt was installed on the vast majority of streets throughout Saddle Lake Farms. This completes the paving requirements on those individual streets. Any future street development by EnviroBuild will be handle in the same manner and fully completed. The seal coat is applied after the majority of construction has been completed on each particular street in order to protect the integrity of the road as well as to enhance its' esthetic value.

If the association members pay their 2005 dues in January do they go to EnviroBuild? No dues have ever been paid to EnviroBuild. They are collected solely for Saddle Lake Farms Association, Inc. to pay the association's respective bills, namely lake maintenance, neighborhood streetlight electricity bill, water for entrance sprinklers, entrance lawn care and common area liability insurance. All remaining funds have been placed in the association's reserve for any future expenses the association may incur.

Congratulations to each of you on your neighborhood and its' new officers. Saddle Lake Farms is a beautiful community that each of you can cherish and be proud to call home. We have enjoyed the time spent with each of you, getting to know your families, watching your children grow and having that special personal friendship with so many. You are indeed important to us. We wish that each and every one you enjoy the best life has to offer and may God place his blessings on you all.

Yours truly,

ENVIROBUILD, INC.

SADDLE LAKE FARMS ASSOCIATION, INC.

STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
REVENUES			
Member assessments	<u>\$36,358.58</u>	<u>\$35,792.50</u>	<u>\$ 566.08</u>
Total Revenues	<u>\$36,358.58</u>	<u>\$35,792.50</u>	<u>\$ 566.08</u>
EXPENSES			
Entrances: Lawn, Mulch, Flowers	\$ 9,805.00	\$ 9,000.00	\$ (805.00)
Dam: Maintenance	-	250.00	250.00
Fishing Tournament Trophies	56.10	75.00	18.90
Liability Insurance: Common Areas	1,643.00	1,800.00	157.00
Neighborhood Newsletter	100.00	150.00	50.00
Postage/Office Supplies	221.93	200.00	(21.93)
Pond Management	1,803.00	2,000.00	197.00
Pier Repair	75.00	-	(75.00)
Street Signs: Repainted	800.00	1,200.00	400.00
Electric: Street Lights & Sprinklers	8,765.83	10,000.00	1,234.17
Water: Sprinkler System	701.62	500.00	(201.62)
Membership Meeting Expense	500.00	500.00	-
Miscellaneous	6.50	500.00	493.50
Accounting Fees	-	50.00	50.00
Sprinkler System Repairs	-	250.00	250.00
Total Expenses	<u>\$24,477.98</u>	<u>\$26,475.00</u>	<u>\$1,997.02</u>
REVENUE OVER (UNDER) EXPENSES	<u>\$11,880.60</u>	<u>\$ 9,317.50</u>	<u>\$ 2,563.10</u>



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Shelby Cnty Judge of Probate, AL
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BALANCE SHEET

As of 12/31/04

1/8/05

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Account	12/31/04 Balance
ASSETS	
Cash and Bank Accounts	
Saddle Lake Farms Association, Inc.	26,680.61
TOTAL Cash and Bank Accounts	<u>26,680.61</u>
TOTAL ASSETS	<u>26,680.61</u>
LIABILITIES & EQUITY	
LIABILITIES	0.00
EQUITY	26,680.61
TOTAL LIABILITIES & EQUITY	<u>26,680.61</u>