

**BY-LAWS OF
COTTONWOOD FARM OWNERS ASSOCIATION, INC.
(A NON-PROFIT ORGANIZATION)**

**ARTICLE I
NAME**

The name of this organization shall be Cottonwood Farm Owners Association, Inc. (the "Association").

**ARTICLE II
PURPOSE AND PARTIES**

2.1 Purpose. The purpose of the organization shall be the administration of the Property described in the Covenants, Conditions and Restrictions of Cottonwood Farm (hereinafter the "Covenants"), including maintenance of all Common Areas owned by the Association, a residential subdivision to the City of Oklahoma City, Canadian County, Oklahoma, as shown by the recorded Plat or Plats to be recorded thereof, and all property which may be subjected to the Covenants by amendment thereof or otherwise, of which these By-Laws are a part, which administration shall be in accordance with these By-Laws and the provisions of 60 Okla. Stat. §§ 861, et seq. All definitions and terms contained in the Covenants shall apply hereto and are incorporated herein by reference.

2.2 Members. All present and future owners and tenants of any lot, including Builders who have purchased or contracted with Developer for the purchase of a lot or lots subject to the Covenants, mortgagees and other persons who may use the facilities of the Property in any manner, are subject to these By-Laws, the Covenants, the rules and regulations of the Association, and all agreements and easements relating thereto.

**ARTICLE III
MEMBERS**

3.1 Membership. Any person on becoming an owner of a lot, and any Builder who purchases or contracts with Developer to purchase a lot or lots, shall automatically become a member of Cottonwood Farm Owners Association and be subject to these By-Laws. Such membership shall terminate without any formal action by the Association whenever such person ceases to own a lot or a contract to purchase a lot, but such termination shall not relieve or release any such former owner from any liability, obligation, right or remedy incurred under or in any way connected with the Association or during the period of such ownership and membership in the Association. The membership shall be deemed conveyed or encumbered with the lot even when such interest is not expressly mentioned or described in the conveyance or other instrument.

3.2 Class of Membership and Assessments. There shall be three (3) classes of membership in the Association. Class A members shall be all purchasers, and their successors and assigns, of a lot from the Developer or a Builder. Class B members shall

be Builders (defined herein as a person or entity who has purchased, or contracted with Developer to purchase, a lot or lots for the purpose of construction of a residence for sale to a third party). The Class C member shall be ROGREBO, Inc. the Developer (being the "Declarant" under the Covenants), or its business successor (other than Class A and/or Class B members).

3.3 Assessments. Lots owned by Class A members shall be subject to annual and special assessments, as set forth in the Covenants. Class B members shall be subject to annual assessments, but not special assessments except as provided in the Covenants. The Class C member shall not be subject to either annual or special assessments. Additionally, a purchase assessment in the amount of \$150 per Lot shall be paid by all original purchasers (whether Class A or B members) of Lots from the Developer. In respect to Class B members, the purchase assessment shall be due on the date the Class B member purchases or contracts to purchase a Lot or Lots from Developer, whichever is earlier. In regard to Class A members who purchase a Lot from Developer, the Purchase Assessment is due and payable on the date of the transfer of title to the Lot.

The Class C member shall not be subject to levy for regular or special assessments by the Association. However, the Class C member shall pay the necessary reserves and deficits of the Association's operating budget until the earlier of (a) ownership by Class A members of 50 or more lots; or (b) December 30, 2009. Provided further, the Class C member's responsibility for operating deficits and reserves, as set forth herein, may be secured by the Association through liens on lots owned by the Class C member.

The provisions of this Section of the By-Laws may not be altered or modified by the Association except by the written approval of the Class C member.

3.4 Annual Meetings. Regular annual meetings of members of the Association shall be held at a residence on the Property or at such other suitable place convenient to the members as may be designated by the Board. The first meeting of the Association shall be held on or about January 15, 2006.

3.5 Special Meetings. A special meeting of members of the Association shall be promptly called by the Board upon the vote for such a meeting by a majority of a quorum of the Board or upon receipt of a written request therefor signed by members representing twenty-five (25%) of the total voting power of the Association or by members representing fifteen percent (15%) of the voting power residing in members other than Developer.

3.6 Notice of Meeting. The Board shall give notice of regular and special meetings to members by posting notice of the date, time and location thereof at conspicuous places on or near the Property. The Board shall give the Developer written notice of the annual meeting at least fifteen (15) days prior to the scheduled meeting date. The Board shall give Developer written notice of all special meetings at least five (5) days before any special meeting.

3.7 Quorum. The Board shall be entitled to conduct any and all business, with or without a quorum being present, at any annual or special meeting of which notice has been given as set forth herein, except as may otherwise be provided herein.

3.8 Proxies. At all meetings of members, each member may vote in person or by proxy.

3.9 Voting. Class A members shall be entitled to one vote for each lot owned by said owner or owners. Whenever more than one person holds such interest in any lot, the vote for such lot shall be exercised as those Owners themselves determine and advise the secretary prior to any meeting. In the absence of such advice, the lot's vote shall be suspended in the event more than one person seeks to exercise it. Class B members shall have no voting privileges on Association matters. The Class C member shall be entitled to six (6) votes for each lot owned by Class B and Class C Members. Each vote shall have equal value.

ARTICLE IV **BOARD OF MANAGERS; SELECTION; TERM OF OFFICE**

4.1 Number and Term of Managers. The Board shall consist of seven (7) managers, each of whom shall be a lot owner or an agent of Developer (while Developer remains a lot owner). The managers shall serve concurrent terms of one (1) year. The initial managers, who shall be appointed by the Developer, or its successor, shall serve until the first meeting of the Association; thereafter, all managers shall be elected and removed according to these By-Laws. So long as the Developer owns more than 5% of the lots subject to the Covenants, Developer shall be entitled to elect one (1) of the seven (7) managers, who need not be a lot owner.

4.2 Election of Board of Managers.

4.2.1 Nominations. Nominations for election to the Board (for election of managers which are not appointed or elected by Developer as provided in § 4.1) shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting of the Association. The nominating committee shall consist of a chairman, who shall be a member of the Board, and two or more members of the Association.

4.2.2 Cumulative Voting. Elections of Board members shall be by cumulative voting if more than one position is to be filled in an election.

4.3 Vacancies. Vacancies in the Board caused by any reason other than the removal of a manager by a vote of the members shall be filled by a vote of the majority of the remaining managers, even though they may constitute less than a quorum, and each person so elected shall be a manager until a successor is elected at the next annual meeting of the Association or at a special meeting of the members called for that purpose.

ARTICLE V

MEETINGS OF MANAGERS

5.1 Regular Meetings. Regular meetings of the Board shall be conducted at the same time as the annual meeting of the members, and at such other times as the Board deems desirable.

5.2 Special Meetings. A special meeting of the Board may be called by written notice signed by the President of the Association or by any three (3) managers other than the President. Notice shall be provided to all managers with a description of the nature of any special business to be considered by the Board.

5.3 Quorum. The presence in person of a majority of the managers at any meeting of the Board shall constitute a quorum for the transaction of business and the acts of a majority of the managers present at a meeting at which a quorum is present shall be the acts of the Board.

5.4 Board Meetings Open to Members, Exceptions. Regular and special meetings of the Board shall be open to all members of the Association. The Board may, with the approval of a majority of a quorum of the managers, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation or threatened litigation and orders of business of a similar nature.

5.5 Fidelity Bonds. The Board may obtain adequate fidelity bonds for all officers and employees of Association handling or responsible for funds of the organization. The premium for any such bonds shall be a common expense.

5.6 Compensation. No member of the Board shall receive any compensation from the Association or lot owners for acting as such.

5.7 Liability of the Board of Managers. The members of the Board shall not be liable to the lot owners for any mistake of judgment, negligence or otherwise except for their own individual willful misconduct or bad faith. The lot owners shall indemnify and hold harmless each of the members of the Board against all contractual or tort liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Covenants or these By-Laws. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association or the Project. It is understood and permissible for the original Board, who are members of or employed by Developer, to contract with the Developer and affiliated corporations without fear of being charged with self-dealing. Every agreement made by the Board or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board, or the managing agent or the manager, as the case may be, are acting only as agents for the lot owners and shall have no personal liability. Except for the indemnification provisions set forth herein, no member of the Association shall be liable for the acts or inactions of the Association. In the event a court of competent jurisdiction determines in a final judgment that member(s) are individually liable for the Association's

contracts, acts or inactions, the liability of any lot owner shall be limited to such proportion of the total liability thereunder as his interest in the Property bears to the total of all ownership interests in the Property.

ARTICLE VI
POWERS AND DUTIES OF THE BOARD OF MANAGERS

6.1 Powers and Duties. The Board shall have the powers and duties necessary for the management and administration of the Property. Without limitation on the generality of the foregoing powers and duties, the Board shall be vested with, and responsible for, the following powers and duties:

6.1.1 To select, appoint, supervise and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with the law and with the Covenants and these By-Laws.

6.1.2 To enforce the applicable provisions of the Covenants, these By-Laws, and other instruments relating to the ownership, management and control of the Property.

6.1.3 To adopt, publish and enforce rules and regulations governing the use of the Property and the personal conduct of the members and their guests upon the Common Areas, and to establish procedures and penalties for the infraction thereof, subject to approval of the membership.

6.1.4 To cause the Common Areas to be maintained, adequately insured, repaired and improved, for the benefit of the membership, and to contract for goods and/or services for the Common Areas or for the Association, and to pay all taxes and assessments which are or could become a lien on the Common Areas or a portion thereof.

6.1.5 To delegate its powers to committees or officers.

6.1.6 To prepare budgets and financial statements for the Association as prescribed in these By-Laws.

6.1.7 To initiate and execute disciplinary proceedings against members of the Association for violations of the provisions of the Covenants, these By-Laws and such rules as may be promulgated by the Board in accordance with the procedures set forth in these By-Laws.

6.1.8 To fix and collect regular and special assessments according to the Covenants and these By-Laws and, if necessary, to record a notice of assessment and foreclose the lien against any lot for which an assessment is not paid within thirty (30) days after the due date or bring an action at law against the owner personally obligated to pay such assessment. All reserves for capital expansion, repair, taxes, insurance and maintenance shall be immediately transferred to, and held in, a trust fund or other depository account with an institutional lender upon terms and conditions which are

approved by the Board. All funds of the Association shall be restricted in use to the sole and exclusive benefit of the Association's administration of the Property and shall not otherwise be expended.

6.1.9 To prepare and file annual tax returns with the federal government and the State of Oklahoma and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed, if possible, under Section 528 of the Internal Revenue Code or any successor statute conferring income tax benefits on owners' associations. In connection therewith, the Board shall take such steps as are necessary to assure that the income and expenses of the Association for any taxable year shall meet the following limitations and restrictions (which limitations and restrictions may change from time to time to conform with changes in the tax code):

a. At least 80% of the gross income of the Association for any taxable year shall consist solely of amounts received as membership dues, fees or assessments from lot owners.

b. At least 90% or more of the expenditures of the Association for any taxable year shall be for the acquisition, construction, management, maintenance and care of the Association's Property;

c. No part of the net earnings of the Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of the Association's Property and other than by a rebate of excessive membership dues, fees or assessments) to the benefit of any private individual.

6.2 **Limitation of the Board's Power.** Except with the vote or written assent of a majority of the voting power of the Association, the Board shall be prohibited from taking any of the following actions:

6.2.1 Paying compensation to managers or to officers of the Association for services performed in the conduct of the Association's business, provided, however, that the Board may cause a manager or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

6.2.2 Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Areas or the Association for a term longer than one (1) year with the following exceptions:

a. A management contract;

b. A contract with a public utility company if the rate charged for the materials or services are regulated by the Corporation Commission;

provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

c. Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits for short rate cancellation by the Insured;

d. Any agreement for professional management of the Project or any other contract providing for services by Developer shall provide for termination by either party without cause or payment of a termination fee on ninety (90) days or less written notice and shall provide for a maximum contract term of three (3) years.

6.2.3 The funds of the Association shall be maintained in trust account for the benefit of the organization or shall be deposited with an institutional bank in an interest bearing account, and may not be accessed or withdrawn by the Board, or any member of the Association or other person, except by check or draft drawn on the Association's account and signed by at least two of the officers of the organization.

ARTICLE VII **OFFICERS AND DUTIES**

7.1 Enumeration and Term. The officers of the Association shall be a president, who shall at all times be a member of the Board, a secretary, treasurer and such other officers as the Board may from time to time by resolution create. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign or shall be removed or otherwise disqualified to serve.

7.2 Election of Officers. The initial officers shall be elected by the Board appointed by Developer and shall serve until the first annual meeting. Officers shall thereafter be elected by the Board at each annual meeting.

7.3 Resignation and Removal. Any officer may be removed from office by a majority of the Board at any time with or without cause. Officers may resign at any time upon written notice to each member of the Board.

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

7.5 Duties. The duties of the officers are as follows:

7.5.1 President. The president shall preside at all meetings of the Board and the Association (members); shall see that orders and resolutions of the Board are carried out; shall sign all leases, deeds, mortgages and other written instruments and shall co-sign all checks and promissory notes.

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

7.5.3 Secretary/Treasurer. The secretary/treasurer shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association, together with their addresses; receive and deposit funds in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall co-sign all checks and promissory notes of the Association; keep proper books of accounts and prepare or have prepared financial statements as required in these By-Laws; and shall perform such other duties as provided by the Board. The duty of the secretary/treasurer to receive and deposit funds and to sign checks in the ordinary course of the Association's business may be delegated to a management company as provided in these By-Laws.

7.6 Compensation of Officers. No officer shall receive any compensation from the Association or lot owners for acting as such.

ARTICLE VIII **MAINTENANCE AND ASSESSMENTS**

Pursuant to the procedures and guidelines set forth in the Covenants, the Board shall collect and deposit in the account of the Association, the Purchase Assessments as set forth herein and in the Covenants. The monies collected from said Purchase Assessments shall be invested by the Board in an interest bearing account and shall be utilized to pay the expenses associated with the maintenance and insurance of the Common Areas, including the pool facilities. The Board shall also levy, collect and enforce annual and special assessments, as set forth herein and in the Covenants, from Class A and B members for the operation of the Association and for management, insurance, maintenance and operation of all Common Areas, including any pool facilities. All assessments shall be used exclusively to promote the health, safety and welfare of all residents in Cottonwood Farm and to maintain the Common Areas.

ARTICLE IX **DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS**

The Association shall have no power to cause a forfeiture or abridgment of an owner's right to the full use and enjoyment of his individually owned lot on account of a failure by the owner to comply with provisions of the Covenants, these By-Laws or of duly enacted rules of operation for the Common Areas and Property, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the owner to pay assessments levied by the Association. Notwithstanding the foregoing, the Board shall have the power to impose reasonable monetary penalties, temporary suspensions of an owner's rights as a member of the Association or other appropriate discipline for failure to

comply with the Covenants, these By-Laws or duly enacted rules; provided that an owner subject to such possible penalties shall be given reasonable notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached. In the case in which monetary penalties are to be imposed, such penalties shall be according to a schedule of penalties related to specific offenses, which schedule shall be proposed by the Board and approved by the vote or written assent of a majority of the voting power of each class of membership. Such penalties shall bear a reasonable relationship to the conduct for which the penalty is imposed and may only be imposed prospectively.

ARTICLE X
BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

10.1 Budgets and Financial Statements. Financial statements for the Association shall be regularly prepared and distributed at the annual meeting to those members requesting a copy of same. The Board shall prepare reasonable operating statements and budgets for each fiscal year.

10.2 Inspection of Association's Books and Records. The membership register, books of account and minutes of meetings of the members, of the Board and of committees of the Board or Association shall be made available for inspection and copying by any member or by his duly authorized representative at any reasonable time and for a purpose reasonably related to his interest as a member at the office of the Association or at such other place as the Board shall prescribe, upon reasonable notice and at a reasonable time. Any member desiring copies of any document shall pay the reasonable cost of reproduction. Every manager shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a manager includes the right to make extracts and copies of documents.

ARTICLE XI
AMENDMENT OF BY-LAWS

These By-Laws and the Covenants may be by a vote or written assent of owners of at least sixty percent (60%) of the aggregate interest in the Property, provided, however, that each of the particular requirements set forth in 60 Okla. Stat. §§ 851 through 855, inclusive, as it now reads or may be hereafter shall always be embodied in the By-Laws. Such modification or amendment shall not become operative unless set forth in Covenants, Conditions and Restrictions and duly recorded in the office of the County Clerk of Oklahoma County, Oklahoma. Provided, however, provisions within the Covenants and these By-Laws applicable to annual or special assessments against Class C Member(s) and non-resident Class B members can only be amended or modified by the unanimous consent and written authorization of the Class C Member.

ARTICLE XII
MISCELLANEOUS PROVISIONS

12.1 Owner's Personal Obligation for Payment of Assessment. The amount of total assessments against a lot, including the purchase assessment and any annual, regular and/or special assessment, shall be the personal and individual debt of the owner(s) thereof. The Board shall have the responsibility to take prompt action to collect any unpaid assessment in accordance with the terms of the Covenants and these By-Laws.

12.2 Indemnity of Developer Officers and Managers. The Developers and each manager and officer shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a manager or an officer of the Association, except in cases of fraud, gross negligence or bad faith of the manager or officer in the performance of his duties.

12.3 Building Committee. The Original Building Committee, as established in Article 7.3 of the Covenants, shall consist of three (3) members, Phil Roberts, Joe Roberts and Cecil Gregory, or their designated representatives appointed by Developer to serve in such capacity. The Original Building Committee shall serve in such capacity until January 1, 2015, unless all said members or their designated representatives shall sooner resign. From and after the dissolution of the Original Building Committee, the Board may appoint three (3) individuals, each of whom shall be a Manager, to constitute the building committee. In the event the Board elects not to appoint a building committee and/or fails to appoint a building committee, the Board shall be the de facto building committee and all actions of the Board in such capacity must be by majority vote of the Managers.

12.4 Notices. Any notice permitted or required to be given under these By-Laws and/or the Covenants may be delivered either personally or by mail or as otherwise specifically provided in the Covenants. If delivery is by mail, it shall be deemed to have been given seventy-two (72) hours after a copy of the same has been deposited in the

United States Mail, postage prepaid, return receipt requested, addressed to each person at the current address given by such person to the secretary of the Association or addressed to the lot of such person if no address has been given to the secretary. Provided, that notice of regular or special meetings of members and the Board may be mailed without a return receipt requested and/or otherwise conspicuously posted on the Property. Provided further that notice to members of the building committee or to the Developer must be given in writing, addressed to such individuals c/o ROGREBO, Inc., P.O. Box 424, Spencer, Oklahoma 73084.

ESTABLISHMENT OF BY-LAWS

We, the undersigned, being the Developer and all of the managers appointed by Developer, pursuant to the Covenants, Conditions and Restrictions of Cottonwood Farm and these By-Laws, do hereby certify the foregoing to be the By-Laws of Cottonwood Farm Owners Association, Inc. and, by our signatures hereto, do hereby adopt the foregoing By-Laws as of the _____ day of July, 2005.

ATTEST: **COTTONWOOD FARM OWNERS ASSOCIATION, INC.**

_____ By: _____
Secretary [SEAL] David P. Roberts, President

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

Before me, the undersigned, a Notary Public, in and for said County and State on this __ day of July, 2005, personally appeared David P. Roberts of Cottonwood Farm Owners Association, Inc., to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its President and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of Cottonwood Farm Owners Association, Inc., for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

Notary Public

My Commission Expires: