

Bailey's Grove Property Owners Association Corporate Resolution

Background:

The Articles of Incorporation and Bylaws for the Bailey's Grove Property Owners Association (BGPOA) were drafted October 31, 1996. At that time, there were no houses or condominiums built yet in Bailey's Grove. The intent of the developer was that the single-family homeowners and condominium owners (collectively the "homeowners") would all belong to the Association and have representation on the Board of Directors. However, the single-family/condominium product mix of the community was not fully known at that time, so a plan for how the various sub-communities would inter-relate and run the Association was not put into place at that time.

Pursuant to the By-Laws, it is now time for the Developer to turn control of the Association over to the homeowners, and it is time for the homeowners to elect a Board of Directors from the community of homeowners.

If a general election were held including all platted and condominium homeowners, there would be no guarantee that the various sub-communities would all be fairly represented on the BGPOA Board.

An Advisory Board to the Board of Directors has been in place for several years consisting of members from all the various sub-communities. The Advisory Board has had discussions concerning how to best assure that all of the sub-communities are represented on the BGPOA Board of Directors. The following arrangement was proposed at the August 2003 meeting and is now accepted by the Board of Directors pursuant to this corporate resolution.

RESOLVED, that:

- The Board of Directors will consist of not less than 7 and not greater than 17 members.
- The single-family platted homeowners will have not less than 3 and not greater than 9 members on the Board.
- Each condominium community will have not less than 1 and not greater than 2 members on the Board. At present, there are 3 condominium communities: Bailey's Grove (North) Condominiums, Bailey's Grove South Condominiums and the Villas of Bailey's Grove. The developer plans to develop a 4th condominium community in the future.
- Since the condominium communities have or will have their own Boards of Directors elected by their own members, it is fair to assume that members of their elected Boards are in the best position to represent their communities and to select or elect their representatives to the BGPOA Board. Therefore, each condominium Board may appoint or elect 1 to 2 persons (at their discretion) from their Board or their membership to sit on the BGPOA Board. In the event that a condominium community has not elected a Board yet, the Advisory Board may appoint or elect the representatives.
- Therefore, at this time the following will take place to put the new Board in place:
(1) The BGPOA will hold an election among the platted homeowners to elect not

less than 3 and not greater than 9 members. (2) The Bailey's Grove North Condominium Board may appoint or elect 1 or 2 persons from their Board or membership to sit on the BGPOA Board. (3) The Bailey's Grove South Condominium Board may appoint or elect 1 or 2 persons from their Board or membership to sit on the BGPOA Board. (4) The Villas of Bailey's Grove Board may appoint or elect 1 or 2 persons from their Board or membership to sit on the BGPOA Board.

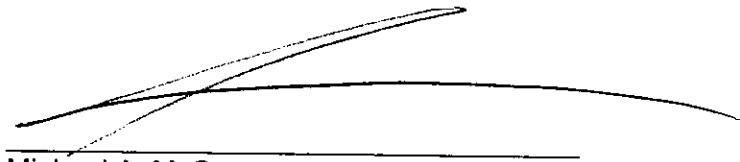
- All Board members will have equal status and be full voting members of the Board.
- The initial Board members will serve 2-year and 3-year terms. For example, if 15 directors are elected, 8 shall serve for a term of 3 years and 7 will serve for a term of 2 years. After the initial terms, all terms will be 2 years, so that an election will take place every year starting the year that the first 2-year term is complete.

This Resolution will serve to amend the Bylaws of Bailey's Grove Property Owners Association where applicable.

Dated October 30, 2003

And amended November 17, 2003

Bailey's Grove Property Owners Association

A handwritten signature in black ink, appearing to read "Michael A. McGraw", written over a horizontal line.

Michael A. McGraw
President