

BYLAWS OF LAKES OF STONEGATE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I OFFICE

The Association shall at all times maintain a registered office in the State of Georgia and a registered agent at that address. The Association may also have such other offices as the Board of Directors shall determine.

ARTICLE II DEFINITIONS

Unless the context requires otherwise, the terms defined in the Declaration of Covenants, Conditions and Restrictions for Lakes of Stonegate Subdivision, recorded in the Office of the Clerk of the Superior Court of Cobb County, Georgia (The "**Declaration**", the Declaration being incorporated herein in its entirety) shall have the same meaning for purposes of these Bylaws as are ascribed to them in the Declaration.

ARTICLE III MEMBERS

Section 3.1 Membership. The Association shall have two classes of membership, Class A and Class B, which classes of membership shall have the rights conferred upon them by the Declaration, the Articles of Incorporation of the Association and these Bylaws.

Section 3.2 Annual Meeting. A meeting of the members of the Association shall be held annually at such time and place on such date as the Directors shall determine from time to time.

Section 3.3 Special Meetings. Special meetings of the members may be called at any time by the President of the Association. Additionally, it shall be the duty of the President to call a special meeting of the members upon being presented with a written request to do so signed (i) by a majority of the members of the Board of Directors, or (ii) after the termination of the Class B membership, by members of the Association entitled to cast no less than forty percent (40%) of the total vote of the Association.

Section 3.4 Notice of Meetings. It shall be the duty of the Secretary to give a notice to each member of each meeting of the members within the time limits required by Section 44-3-230 of the Georgia Property Owners' Association Act. Each notice of a meeting shall state the purpose thereof as well as the time and place where it is to be held.

Section 3.5 Quorum. A quorum shall be deemed present throughout any meeting of the members until adjourned if members, in person or by proxy, entitled to cast more than one-third (1/3) of the votes of the Association are present at the beginning of such meeting.

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Section 3.6 Voting. On all matters upon which the members are entitled to vote, each member shall be entitled to cast one (1) vote for each Lot in which he shall own of record a fee interest or undivided fee interest. In no event, however, shall more than one vote be cast with respect to any Lot.

During any period in which a member shall be in default in the payment of any amount due and owing to the association, the vote which is allocated to any Lot in which such member owns a fee interest shall not be counted for any purpose.

Section 3.7 Adjournments. Any meeting of the members, whether or not a quorum is present, may be adjourned by the holders of a majority of the votes represented at the meeting to reconvene at a specific time and place. It shall not be necessary to give any notice of the reconvened meeting, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is represented or present, any business may be transacted which could have been transacted at the meeting which was adjourned.

ARTICLE IV
DIRECTORS

Section 4.1 Number. The number of members of the Board of Directors shall be one (1). From and after the election of the first Board of Directors to be elected by the Class A members, the Board of Directors shall consist of three (3) members.

Section 4.2 Appointment and Election. Until the termination of the Class B membership, as provided in the Declaration and the Articles of Incorporation of the Association, the members of the Board of Directors shall be elected annually by the Class B member.

From and after the termination of Class B membership, as provided in the Declaration and the Articles of Incorporation of the Association, the members of the Board of Directors (except for the members of the first Board of Directors to be elected after the termination of the Class B membership) shall be elected at each annual meeting of the members of the Association and shall serve for a term of one year and until their successors are elected.

Each member entitled to vote shall be entitled to cast one (1) vote for each Lot owned by such member for each directorship to be filled on the Board of Directors. Cumulative voting shall not be permitted. The candidates receiving the most votes shall be elected.

Section 4.3 Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a Majority of the remaining directors, through less than a quorum of the Board of Directors.

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Section 4.4 Duties and Powers. Except as specifically provided otherwise in the Georgia Nonprofit Corporation Code, the Georgia Property Owners' Association Act, the Declaration, the Articles of Incorporation of the Association or these Bylaws, the powers inherent in or expressly granted to the Association may be exercised by the Board of Directors, acting through the officers of the Association, without any further consent or action on the part of the members. The Board of Directors shall have the responsibility of discharging all the duties imposed upon the Board of Directors under the terms and provisions of the aforesaid instructions.

Without limiting the generality of the provisions of this section 4.4, the Board of Directors shall have the following specific powers:

- (a) To suspend the membership rights of any member of the Association, including the right to vote and use the Association Property and the facilities located thereon, during the period of time such member shall be delinquent in the payment of any assessment, assessment installment, or any other amount or amounts as shall be due and payable to the Association, or shall fail to comply with or abide by any rule or regulation adopted by the Board of Directors in regard to the Association Property; and
- (b) To enter into management agreements for the Association.

Section 4.5 Regular Meetings. Until such time as the Class B membership shall terminate, the Board of Directors shall not be required to hold regular meetings and the Board of Directors shall meet as often as the President of the Association shall determine. Thereafter, the Board of Directors shall meet no less frequently than once every six months.

Section 4.6 Special Meetings. Special Meetings of the Board of Directors may be called at any time by the President, or by any two directors, on two (2) days' notice to each director, which notice shall specify the time and place of the meeting. Notice of any such meeting may be waived by an instrument in writing executed before or after the meeting. Attendance in person at any meeting shall constitute a waiver of notice thereof.

Section 4.7 Compensation. No fee or compensation shall be paid by the Association to directors for their services in said capacity unless such fee or compensation is approved by a majority of the votes of the members cast at a duly convened meeting thereof, and in no event shall any director receive any compensation from the Association for serving as a director prior to the termination of Class B membership. The directors shall be entitled in all events, however, to reimbursement for reasonable expenses incurred by them in the performance of their duties.

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ARTICLE V
OFFICERS

Section 5.1 General Provisions. The officers of the Association shall consist of a President, a Vice President, a Secretary and a Treasurer. In addition, the Association shall have such other officers as the Board of Directors shall deem to be desirable in connection with the administration of the affairs of the Association. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 5.2 Appointment. All of the officers of the association shall be appointed by, and shall serve at the pleasure of a majority of the members of the Board of Directors.

Section 5.3 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the members and of the Board of Directors. The President shall manage, supervise and control all of the business and affairs of the Association, and shall have the powers and duties which are incident to the office of the president of a corporation organized under the Georgia Nonprofit Corporation Code.

Section 5.4 Vice President. The Vice President shall perform the duties of the President whenever the President shall be absent or unable to perform such duties. If neither the President nor the Vice President shall be able to preform such duties, the Board of Directors shall appoint one of their members to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as the President may delegate to him from time to time.

Section 5.5 Secretary. The Secretary (a) shall attend all meetings of the members and of the Board of Directors and shall keep the minutes thereof, (b) shall be responsible for the preparation and giving of all notices which are required to be given by the Declaration and these Bylaws, (c) shall preform the responsibilities of the Secretary under Section 4.2 of these Bylaws, (d) shall be the custodian of the books and records of the Association, (e) shall keep a register of the Addresses of each member of the Association, and (f) shall perform such other duties as are incident to the office of the secretary of a corporation organized under the Georgia Nonprofit Corporation Code.

Section 5.6 Treasurer. The Treasurer shall be charged with the management of the financial affairs of the Association, and shall keep full and accurate financial records and books of account showing all receipts and disbursements and of the Association, and shall prepare all required financial data. The Treasurer shall also preform all of the duties which are incident to the office of a treasurer of a corporation organized under the Georgia Nonprofit Corporation Code.

Section 5.7 Compensation of Officers. The officers of the Association shall be entitled to the payment of such compensation as shall be approved by two-thirds (2/3) of the total members of the Board of Directors; provided, however, that prior to termination of the Class B membership,

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in no event shall any officer receive any compensation from the Association for serving in such capacity.

**ARTICLE VI
MISCELLANEOUS**

Section 6.1 Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 6.2 Certain Notices. Any members who shall sell or lease any Lot in which he has a fee or undivided fee interest shall promptly give the Secretary a written notice of such sale or lease, which notice shall also set forth the name and address of such purchaser or lessee. The address so furnished for such purchaser or lessee shall be the address to which the Secretary shall send any notices to be sent to such purchaser or lessee, until purchaser or lessee shall furnish the Secretary with another address for such purpose.

**ARTICLE VII
AMENDMENTS**

These Bylaws may be amended only in accordance with the following procedure; the Board of Directors shall first adopt a resolution proposing the amendment and recommending its adoption by the members. Such proposed amendment shall then be presented to the members at a meeting thereof duly called and held for the purpose of considering such proposed amendment. If such proposed amendment is approved by at least two-thirds (2/3) of the votes cast at such meeting, such amendment shall become effective; provided, however that the U. S. Department of Veterans Affairs (if it is then guaranteeing any Mortgage secured by any Lot) and/or the U. S. Department of Housing and Urban Development (if it is then insuring any Mortgage secured by and Lot) shall have the right to veto material amendments to these Bylaws for as long as the Class B membership shall not have terminated.

**ARTICLE VIII
INDEMNIFICATION**

Each person who is or was a director or officer of the Association, shall be indemnified by the Association against those expenses (including attorneys' fees) judgements, fines and amounts paid in settlement which are allowed to be paid or reimbursed by the Association under the laws of the State of Georgia and which are actually and reasonably incurred in connection with any action, suit or proceeding, pending or threatened, whether civil, criminal, administrative or investigative, in which such person may be involved by reason of his being or having been a director or officer of the Association. Such indemnification shall be made only in accordance with the laws of the State of Georgia and subject to the conditions prescribed therein.

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In any instance where the laws of the State of Georgia permit indemnification to be provided to persons who are or have been an officer or director of the Association only on a determination that certain specified standards of conduct have been met, upon application for indemnification by any such person the Association shall promptly cause such determination to be made (i) by the Board of Directors by majority vote of a quorum consisting of directors not at the time parties to the proceeding; (ii) if a quorum cannot be obtained by majority vote of a committee duly designated by the Board of Directors (in which designated directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceedings; (iii) by special legal counsel selected by the Board of Directors or its committee in the manner prescribed in (i) or (ii), or if a quorum of the Board of Directors cannot be obtained under (i), and a committee cannot be designated under (ii), selected by majority vote of the full Board of Directors (in which selection directors who are parties may participate); or (iv) by the members, but members who are also directors who are at the time parties to the proceedings may not vote on the determination.

As a condition to any such right of indemnification, the Association may require that it be permitted to participate in the defense of any such action or proceeding through legal counsel designated by the Association and at the expense of the Association.

The Association may purchase and maintain insurance on behalf of any such persons whether or not the Association would have the power to indemnify such officers and directors against any liability under the laws of the State of Georgia. If any expenses or other amounts are paid by way of indemnification, other than by court order, action by the members or by an insurance carrier, the Association shall provide notice of such payment to the members in accordance with the provisions of the laws of the State of Georgia.

ARTICLE IX
LEASING RESTRICTIONS

Section 9. Leasing. In order to protect the equity of the individual Lot Owners and preserve the character of the Lakes of Stonegate Subdivision as a community of predominately Owner-occupied homes, leasing of Lots shall be governed by the restrictions imposed in this Section. Except as provided herein, the leasing of Property shall be prohibited.

- a) Definitions. The term “leasing,” “lease,” or “leased” shall mean the regular, exclusive occupancy of a Lot by any person(s) other than the Owner, for which the Owner receives any consideration or benefit including, but not limited to a fee, service, or gratuity. For purposes hereof, occupancy by a “roommate” of an Owner-Occupant shall not constitute leasing. “Lot” shall have the meaning ascribed in ARTICLE I, DEFINITIONS to “*Improved Lot*.”
- b) General. Any Owner of a Lot, who has held the Deed to the property for more than one year, may apply, in writing, to the Board to be a “Leasable Lot” (which shall mean

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a Lot authorized to be leased). Upon approval of such written application, the lot shall become a Leasable Lot, so long as no more than ten percent (10%) of the Lots are designated as Leasable Lots at any one time. Leasing shall be permitted only upon the Board's written approval of the Owner's application. If the designation of a Lot as a Leasable Lot would result in more than ten percent (10%) of the Lots being designated as Leasable Lots, such Lot shall be placed at the end of a waiting list. At such times as less than ten percent (10%) of the Lots are Leasable Lots, the Board shall notify the Owner of the Lot at the top of the waiting list that it may apply, in writing, to become a Leasable Lot. Any Leasable Lot shall automatically convert to a Lot without the ability to lease if the Lot is not subject to an approved lease for ninety (90) or more consecutive days. The Lot Owner must reapply, at the expiration of each lease period for renewal in writing, to the Board, to continue to be a "Leasable Lot."

- c) Undue Hardship. In addition to the provisions of subparagraph (b) above, Any Owner who believes that he or she must lease his or her Lot to avoid undue hardship shall submit a written application to the Board setting forth the circumstances necessitating the leasing. A copy of the proposed lease and such other information as the Board may reasonably require must be included. Leasing in the case of undue hardship shall be permitted only upon the Board's written approval of the Owner's application. Any transaction which does not comply with this Paragraph shall be voidable at the Board's option. The Board shall be empowered to allow reasonable leasing of a Lot upon application in accordance with this paragraph to avoid undue hardship, including but not limited to the following situations: (i) a Lot Owner must relocate his or her residence outside the Atlanta metropolitan area and cannot, within three (3) months from date the Lot was placed on the market, sell the Lot, except at a price below the current appraised market value, after having made reasonable efforts to do so; (ii) Where the Owner dies and the Lot is being administered by his or her estate; and (iii) The Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Lot. The Lot Owner must reapply every six (6) months for renewal of a hardship exception.
- d) Leasing Provisions. Leasing which is authorized hereunder shall be governed by the following provisions: At least seven (7) days prior to entering into the lease of a Lot, the Owner shall provide the Board with a copy of the proposed lease agreement. Lots may be leased only in their entirety. All leases shall be in writing and shall have an initial term of not less than one (1) year. There shall be no subleasing of Lots or assignment of leases without prior written Board approval. Within ten (10) days after executing a lease agreement for the lease of a Lot, the Owner shall provide the Board with a copy of the Lease and the name of the lessee and all other people occupying the Lot.
- e) THE OWNER MUST PROVIDE THE LESSEE COPIES OF THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS AND COVENANTS AND AGREES THAT ANY LEASE SHALL CONTAIN THE FOLLOWING LANGUAGE AND IF SUCH LANGUAGE IS NOT EXPRESSLY CONTAINED THEREIN, THEN SUCH

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LANGUAGE SHALL BE INCORPORATED INTO THE LEASE BY EXISTENCE OF THIS COVENANT AND THE LESSEE BY OCCUPANCY OF THE LOT, AGREES TO THE APPLICABILITY OF THIS COVENANT AND INCORPORATION OF THE FOLLOWING LANGUAGE INTO THE LEASE:

- (i) Compliance with Declaration, Bylaws, and Rules and Regulations. Any violation of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto by the lessee, any Occupant, or any guest of the lessee, is deemed to be a default under terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Georgia law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Declaration, Bylaws and the rules and regulations adopted pursuant thereto, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner, in accordance with the terms herein. If the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be an assessment and lien against the Lot.

- (ii) Use of common areas. Whereas every Lot Owner is a member of the Association and shares equality in ownership and responsibility for any and all common property, he or she may not sever, reduce, or reassign his or her ownership duties and responsibilities. It is, therefore, mandated that a special assessment be paid, on behalf of the Lessee, of not more than fifty percent (50%) of the annual and any special assessments.

- (iii) Liability for Assessment. When a Lot Owner who is Leasing his or her Lot fails to Pay any annual or special assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then the delinquent Owner hereby consents to the assignment of any rent received for the lessee during the period of delinquency, and upon request by the Board, lessee shall pay the Association all unpaid annual and special assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee. However, lessee need not make such payments to the Association in excess of or prior to the due dates for monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the amount of such payments, the Lessee's obligation to make monthly rental payments to lessor. The above provision shall not be construed to release the Owner from any obligation, including the obligation for assessments, for which he or she would otherwise be responsible.