

**BY-LAWS
OF
DELAMAR
HOMEOWNERS ASSOCIATION, INC.**

TABLE OF CONTENTS

Page

ARTICLE 1

Registered Office	1
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ARTICLE 2

Membership in Association	1
2.1 Eligibility	1
2.2 Succession	1
2.3 Annual Meetings	1
2.4 Special Meetings	1
2.5 Delivery of Notice of Meetings	2
2.6 Waiver of Notice	2
2.7 Voting	2
2.8 Voting List	2
2.9 Quorum	2
2.10 Adjournment	3
2.11 Proxy	3
2.12 Consents	3
2.13 Voting by Ballot	3
2.14 Rules of the Meeting	3

ARTICLE 3

Board of Directors	3
3.1 Composition	3
3.2 Term of Office	4
3.3 Removal of Directors	4
3.4 Vacancies	4
3.5 Compensation	4
3.6 Nomination	4
3.7 Elections	5
3.8 Regular Meetings	5
3.9 Special Meetings	5
3.10 Waiver of Notice	5
3.11 Quorum	5
3.12 Conduct of Meetings	5
3.13 Action Without a Meeting	5
3.14 Powers and Duties	5
3.15 Nondelegation	8

ARTICLE 4

Officers	8
--------------------	---

4.1	Designation	8
4.2	Powers	8
4.3	Term of Office	8
4.4	Vacancies	8
4.5	Compensation	9
4.6	Removal	9
ARTICLE 5		
	Contractual Powers	9
ARTICLE 6		
	Indemnification	9
6.1	Definitions	9
6.2	Authority to Indemnify	10
6.3	Mandatory Indemnification	10
6.4	Advance for Expenses	10
6.5	Court Ordered Indemnification and Advances for Expenses	11
6.6	Determination and Authorization of Indemnification	11
6.7	Indemnification of the Developer, Officers, Employees, Agents, etc.	12
6.8	Insurance	12
6.9	Limitations	12
6.10	Severability	13
6.11	Amendment to Code	13
6.12	Non-Exclusive Remedy	13
ARTICLE 7		
	Use Restrictions and Rule Making	13
7.1	Authority and Enforcement	13
7.2	Procedure	13
ARTICLE 8		
	Amendments	14
8.1	Amendment by Members	14
8.2	Notice	14
8.3	Proviso	14
ARTICLE 9		
	Miscellaneous	15
9.1	Notices	15
9.2	Severability	15
9.3	Captions	15
9.4	Gender and Grammar	15
9.5	Fiscal Year	15
9.6	Audit	15

9.7	Mortgagees' Notice	15
9.8	Conflicts	16
9.9	Books and Records	16

BY-LAWS
OF
DELAMAR
HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1
Registered Office

Delamar Homeowners Association, Inc., a Georgia non-profit corporation (the "Association"), shall have at all times within the State of Georgia a registered office and a registered agent. The Association may have other offices within the State of Georgia as may be determined from time to time by its Board of Directors (the "Board").

ARTICLE 2
Membership in Association

2.1 Eligibility. The Association membership shall consist of the owners of lots located on the real property described in Exhibit A to the Declaration of Covenants, Conditions, Restrictions and Easements for Delamar, dated July 5, 1995, and recorded in Deed Book 881, Page 39, Forsyth County, Georgia records (hereinafter the "Declaration").

2.2 Succession. The membership of each lot owner shall automatically terminate when he ceases to be a lot owner, and upon the conveyance, transfer or other disposition of a lot, said lot owner's membership in the Association shall automatically be transferred to the new lot owner.

2.3 Annual Meetings. The members shall regularly hold an annual meeting for the purpose of electing directors (subject to the right of Ashwood Development Company [the "Developer"] to appoint and remove directors in accordance with the Declaration) and transacting such other business as may properly be brought before the meeting. The first regular annual meeting of members shall be held, subject to the terms hereof, on any date, at the option of the Board, within one year after the incorporation of the Association. Subsequent to the first meeting, there shall be a regular annual meeting of members held each year within fifteen (15) days of the anniversary of the first regular annual meeting. All such meetings of members shall be held at such place in Forsyth County, Georgia and at such time as is specified in the written notice of such meeting. Subject to the terms of the Declaration, such notice shall be delivered to all members at least thirty (30) days and not more than forty-five (45) days prior to the date of such meeting. Such notice shall also state the purpose of such meeting.

2.4 Special Meetings. Special meetings of the members may be called by the President, by a majority of the directors, or upon written request of Class A members holding at least one-fourth (1/4th) of the total Class A membership votes then outstanding. Special

meetings shall be called by delivering written notice to all members not less than fifteen (15) days nor more than thirty (30) days prior to the date of said meeting, stating the date, time, place and purpose of the special meeting.

2.5 Delivery of Notice of Meetings. Notices of meetings shall be delivered by or at the direction of the Secretary of the Association and may be delivered either personally or by mail to a member at the address given to the Board by said member for such purpose, or to the member's lot, if no address for such purpose has been given to the Board. Upon written request, any holder of a first mortgage shall be entitled to written notice of all meetings and shall be permitted to designate a representative to attend and observe any such meetings.

2.6 Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date and place thereof unless such member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

2.7 Voting. Each member shall be entitled to vote as set forth in the Declaration, which vote may be cast by the member, the member's spouse or by a lawful proxy as provided below. No cumulative voting shall be allowed. When more than one person owns a lot, the vote for such lot shall be exercised as they between or among themselves determine, but in no event shall more than one vote be cast with respect to such lot. In the event of disagreement among such persons and an attempt by two or more of them to cast the vote for such lot, such persons shall not be recognized and the vote for such lot shall not be counted. No member shall be eligible to vote, either in person or by proxy, or be elected to the Board, if that member is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association. Developer, as the developer of Delamar, shall be entitled to exercise the voting rights with respect to lots owned by it. The following matters shall be subject to the affirmative vote of members holding not less than three-fourths (3/4ths) of the votes of each membership class at a meeting duly called for that purpose: (a) the merger or consolidation of the Association; (b) the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Association; and (c) the purchase or sale of land or lots on behalf of all members.

2.8 Voting List. A list of names and addresses of members entitled to vote shall be maintained at the registered office of the Association.

2.9 Quorum. Subject to the terms of the Declaration, a quorum of members for any meeting shall be deemed present throughout such meeting if members represented in person or by proxy and holding more than sixty percent (60%) of the votes entitled to be cast at such meeting are present at the beginning of such meeting. If the required quorum is not present at

any such meeting, a second meeting may be called by the Board, notice of which shall be given in accordance with the provisions of Section 2.5 hereof. The required quorum at such second meeting shall be the presence at the beginning of such meeting of members represented in person or by proxy holding more than thirty percent (30%) of the votes entitled to be cast at such meeting. No such second meeting shall be held more than sixty (60) days following the first meeting.

2.10 Adjournment. Any meeting of the members may be adjourned from time to time for periods not exceeding forty-eight (48) hours by vote of the members holding the majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required.

2.11 Proxy. Any member entitled to vote may do so by written proxy duly executed by the member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be filed with the Secretary prior to the opening of the meeting for which it is to be used. Proxies must be dated and may be revoked only by written notice delivered to the Association by the member. Any proxy shall be void if it is not dated or if it purports to be revocable without such written notice.

2.12 Consents. Pursuant to and in accordance with the terms and provisions of O.C.G.A. §14-3-704, any action which may be taken by a vote of the members of the Association may also be taken by written consent signed by a majority of all members.

2.13 Voting by Ballot. Pursuant to and in accordance with the terms and provisions of O.C.G.A. §14-3-708, any action which may be taken by the members at any annual or special meeting may also be taken without a meeting if the Association delivers a written ballot to every member entitled to vote on the matter and such matter is approved as set forth in O.C.G.A. §14-3-708(c).

2.14 Rules of the Meeting. The Board may prescribe reasonable rules for the conduct of all meetings of the Board and members.

ARTICLE 3 Board of Directors

3.1 Composition. The affairs of the Association shall be governed by the Board. The Board shall be composed of at least one (1) but no more than seven (7) persons. As provided in the Declaration, Developer shall have the exclusive right to appoint and remove all members of the Board until such time as such right expires in accordance with the terms of the Declaration. All directors shall be members or spouses of such members; provided, however, that no member and his or her spouse may serve on the Board at the same time. Notwithstanding the foregoing, so long as Developer has the exclusive right to appoint and

remove members of the Board, the directors need not be members of the Association. The precise number of directors shall be fixed from time to time by resolution of the Board.

3.2 Term of Office. The directors shall be elected as provided in Section 3.7 of this Article. Each director, except in case of death, resignation, retirement, disqualification or removal, shall serve until the next succeeding annual meeting and thereafter until his successor shall have been elected and qualified.

3.3 Removal of Directors.

- (a) At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a majority vote of the members of the Association and a successor may then and there be elected to fill the vacancy thus created; provided, however, that so long as Developer has the right to appoint and remove directors of the Association pursuant to the Declaration, the members of the Association shall not have the right to remove any director appointed by Developer. Any director whose removal has been proposed by the members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting.
- (b) With respect to directors appointed by Developer, such directors may be removed by Developer at any time and from time to time and successors appointed to serve in their place for so long as Developer has the right to appoint and remove directors of the Association pursuant to the Declaration.

3.4 Vacancies. Subject to the provisions of Section 3.3, vacancies in the Board caused by any reason, including the addition of a new director or directors but excluding the removal of a director by the Developer or by vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board for the remainder of the term of the director being replaced. Said director shall serve until a successor shall be elected at the next annual meeting of the Association to fill the unexpired portion of the term.

3.5 Compensation. Directors shall not be compensated unless and to the extent the members of the Association authorize at any meeting duly called for that purpose. Directors shall be reimbursed for reasonable expenses actually incurred in the performance of their duties hereunder.

3.6 Nomination. Nomination for election to the Board shall be made by a nominating committee which shall consist of three (3) members appointed by the President to serve from the close of one annual meeting to the close of the succeeding annual meeting. Such appointment shall be announced at the annual meeting. The nominating committee may nominate any number of qualified individuals, but no less than the number of directors to be

elected. The nominations shall be made at least thirty (30) days prior to the annual meeting and a brief statement about the qualifications of each individual so nominated shall be included with the notice of the annual meeting. Nominations shall also be allowed from the floor at the meeting. Failure to comply with the provisions hereof shall in no way invalidate the election of directors so nominated.

3.7 Elections. Directors to be elected by the members of the Association shall be elected, from among those nominated, by a majority vote at the annual meeting, a quorum being present.

3.8 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least once every six months. The Board shall meet within ten (10) days after each annual meeting of members.

3.9 Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each director given by mail, in person or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President, Secretary or Treasurer in like manner and on like notice on the written request of at least one (1) director.

3.10 Waiver of Notice. Any director may, in writing, waive notice of any meeting of the Board, either before or after 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 also constitute a waiver of notice by him or her of the time and place of such meeting. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

3.11 Quorum. A quorum of directors shall be deemed present throughout any Board meeting at which a majority of the directors are present at the beginning of such meeting.

3.12 Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order (latest edition) shall govern the conduct of the meetings of the Board when not in conflict with the Declaration or these By-Laws.

3.13 Action Without a Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all of the directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the Board.

3.14 Powers and Duties. The Board shall exercise for the Association all powers, duties and authority vested therein by the Declaration or these By-Laws, except for such powers, duties and authority reserved thereby to the members of the Association or the Developer. The Board shall have the following powers and duties:

- (a) to elect and remove the officers of the Association as hereinafter provided;
- (b) to administer the affairs of the Association;
- (c) to engage the services of an agent (hereinafter sometimes referred to as the "Managing Agent"), to collect and disburse, or to assist in the collection and disbursement of, the assessments for Common Expenses (as defined in the Declaration), upon such terms and for such compensation as the Board may approve, including a Managing Agent which is affiliated with one or more directors, or the Developer, or both;
- (d) to provide for the operation, care, upkeep, maintenance, repair, replacement and improvement of those portions of Delamar Subdivision for which the Association is responsible, as set forth in Section 5.02 of the Declaration, and to approve payment vouchers or to delegate such approval to the officers of the Association or the Managing Agent;
- (e) to have access to each lot from time to time as may be necessary for the maintenance, repair, replacement and improvement of those portions of the lots, if any, for which the Association is responsible, or for making emergency repairs therein necessary to prevent damage to one or more other lots;
- (f) to obtain adequate and appropriate kinds of insurance as provided in Article VI of the Declaration;
- (g) to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of those portions of Delamar Subdivision for which the Association is responsible, and to delegate any such powers to a Managing Agent (and any employees or agents of a Managing Agent);
- (h) to appoint committees and to delegate to such committees the Board's authority to carry out certain duties of the Board;
- (i) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;
- (j) to estimate the amount of, prepare, adopt and distribute the budget for the Association not less frequently than annually, to provide the manner of assessing, levying on and collecting from the members the annual and special assessments, dues and fees, and to levy fines and individual assessments against one or more occupants or members in accordance with the Declaration;

- (k) to keep detailed, accurate records of the receipts, if any, and expenditures affecting the use and operation of those portions of Delamar Subdivision for which the Association is responsible;
- (l) to bid and purchase, for and on behalf of the Association, any lot, or interest therein, at a sale pursuant to a mortgage foreclosure, a foreclosure of the lien for annual assessments, special assessments, individual assessments, or any, or an order or direction of a court, or at any other involuntary sale, upon the consent or approval of members holding not less than three-fourths (3/4ths) of the votes of each membership class, provided that such consent shall set forth a maximum price that the Board or its duly authorized agent may bid and pay for such lot or interest therein;
- (m) to make such mortgage arrangements and special assessments proportionately among the respective members, and other such financing arrangements, as the Board may deem desirable, in order to close and consummate the purchase or lease of a lot, or interest therein, by the Association; provided, however, that no such financing arrangement shall be secured by an encumbrance on any interest in the Property (as defined in the Declaration) other than the lot, or interest therein, to be purchased or leased;
- (n) to act in a representative capacity in relation to matters involving more than one lot, on behalf of the members of the Association, as their interests may appear;
- (o) to enforce by legal means the provisions of the Declaration and these By-laws with respect to the Property;
- (p) to renew, extend or compromise indebtedness owed to or by the Association;
- (q) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the members as expressed in a resolution duly adopted at any annual or special meeting of the Association;
- (r) to cause all officers and/or employees handling monies and funds for and on behalf of the Association to be bonded, as it may deem appropriate; and
- (s) in addition to, and in furtherance of, the powers referred to in these By-Laws, the Association shall (i) have all the powers permitted to be exercised by a nonprofit corporation under the Georgia Nonprofit Corporation Code, as now in force or hereafter amended, and (ii) have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Association is organized, and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in the Declaration and these By-Laws.

3.15 Nondelegation. Nothing in this Article or elsewhere in these By-Laws shall be considered to grant to the Board, the Association or to the officers of the Association any powers or duties which, by law, have been delegated to the members.

ARTICLE 4 Officers

4.1 Designation. At each regular annual meeting of the Board after the members elect the Board, the directors present at said meeting shall elect the following officers of the Association by a majority vote; provided, however, that such officers shall be appointed by Developer for as long as Developer has the exclusive right to appoint and remove all officers of the Association pursuant to the Declaration:

- (a) a President, who shall be a director and who shall preside over the meetings of the Board and of the members, and who shall be the chief executive officer of the Association;
- (b) a Secretary, who shall keep the minutes of all meetings of the Board and of the members, and shall be designated as the officer to mail and receive all notices served by or upon the Board or the Association and execute amendments to the Declaration and these By-Laws, and shall, in general, perform all the duties incident to the office of Secretary, and may be a representative of the Managing Agent;
- (c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; provided, however, that the duties of the Treasurer may be performed by an employee or independent contractor retained by the Board; and
- (d) such additional officers as the Board shall see fit to elect.

Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2 Powers. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

4.3 Term of Office. Each officer shall hold office for the term of one year and until his successor shall have been appointed or elected and qualified.

4.4 Vacancies. Vacancies in any office shall be filled by Developer, for as long as Developer has the exclusive right to appoint and remove officers of the Association pursuant to

the Declaration, or by the Board by a majority vote at a special meeting of said Board, as the case may be. Any officer so appointed by Developer or elected by the Board to fill a vacancy shall hold office for a term equal to the unexpired term of the officer replaced.

4.5 Compensation. The officers shall receive no compensation for their services as officers, unless expressly provided for in a resolution duly adopted by the members at a meeting duly called for that purpose.

4.6 Removal. Any officer elected by the Board may be removed from office, either with or without cause, by a majority vote of the Board. Any officer appointed by Developer may be removed by Developer at any time and from time to time and successors appointed to serve in their place for as long as Developer has the exclusive right to appoint and remove officers of the Association pursuant to the Declaration.

ARTICLE 5 Contractual Powers

No contract or other transaction between the Association and one or more of its directors or between the Association and any corporation, firm or association in which one or more of the directors are also directors, or are financially interested, is void or voidable because such director or directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because the vote or votes of such director or directors are counted toward such authorization or approval, if the circumstances specified in either of the following subparagraphs exists:

- (a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes thereof, and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose, without counting the vote or votes of such director or directors; or
- (b) the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved.

Such common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies such a contract or transaction.

ARTICLE 6 Indemnification

6.1 Definitions. The terms "director", "expenses", "liability", "party" and "proceeding" shall have the meanings found in Official Code of Georgia Section 14-3-850.

6.2 Authority to Indemnify.

- (a) Except as provided in subsections (c) and (d) of this Section 6.2, the Association shall indemnify or obligate itself to indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if he acted in a manner he believed in good faith to be in or not opposed to the best interests of the Association and, in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.
- (b) The termination of a proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct set forth in subsection (a) of this Section 6.2.
- (c) The Association may not indemnify a director under Section 6.2:
 - (i) In connection with a proceeding by or in the right of the Association in which the director was adjudged liable to the Association; or
 - (ii) In connection with any other proceeding in which he was adjudged liable on the basis that personal benefit was improperly received by him.
- (d) Indemnification permitted under this Section 6.2 in connection with a proceeding by or in the right of the Association is limited to reasonable expenses incurred in connection with the proceeding.

6.3 Mandatory Indemnification. To the extent that a director has been successful, on the merits or otherwise, in the defense of any proceeding to which he was a party, or in defense of any claim, issue, or matter therein, because he is or was a director of the Association, the Association shall indemnify the director against reasonable expenses incurred by him in connection therewith.

6.4 Advance for Expenses.

- (a) The Association may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if:
 - (i) The director furnishes the Association a written affirmation of his good faith belief that he has met the standard of conduct set forth in subsection (a) of Section 6.2; and
 - (ii) The director furnishes the Association a written undertaking executed personally or on his behalf, to repay any advances if it is ultimately determined that he is not entitled to indemnification under this part.

- (b) The undertaking required by paragraph (ii) of subsection (a) of this Section 6.4 must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment.

6.5 Court Ordered Indemnification and Advances for Expenses. A director of the Association who is a party to a proceeding may apply for indemnification or advances for expenses to the court conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court after giving any notice the court considers necessary may order indemnification or advances for expenses if it determines:

- (a) The director is entitled to mandatory indemnification under Section 6.3 of these By-laws, in which case the court shall also order the Association to pay the director's reasonable expenses incurred to obtain court ordered indemnification;
- (b) The director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he met the standard of conduct set forth in subsection (a) of Section 6.2 or was adjudged liable as described in subsection (c) of Section 6.2, but if he was adjudged so liable his indemnification is limited to reasonable expenses incurred; or
- (c) In the case of advances for expenses, the director is entitled, pursuant to the Articles of Incorporation, these By-laws, or any applicable resolution or agreement, to payment or reimbursement of his reasonable expenses incurred as a party to a proceeding in advance of final disposition of the proceeding.

6.6 Determination and Authorization of Indemnification.

- (a) The Association may not indemnify a director under Section 6.2 unless authorized thereunder and a determination has been made in the specific case that indemnification of the director is permissible in the circumstances because he has met the standard of conduct set forth in subsection (a) of Section 6.2.
- (b) The determination shall 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 under paragraph (i) of this subsection, by majority vote of a committee duly designated by the Board of Directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding;

(iii) By special legal counsel:

(1) Selected by the Board of Directors or its committee in the manner prescribed in paragraph (i) or (ii) of this subsection; or

(2) If a quorum of the Board of Directors cannot be obtained under paragraph (1) of this subsection and a committee cannot be designated under paragraph (2) of this subsection, selected by majority vote of the full Board of Directors (in which selection directors who are parties may participate); or

(iv) By the members (excluding the votes of those directors who are at the time parties to the proceeding).

(c) Authorization of indemnification or an obligation to indemnify and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled under paragraph (iii) of subsection (b) of this Section 6.6 to select counsel.

6.7 Indemnification of the Developer, Officers, Employees, Agents, etc.

(a) An officer of the Association who is not a director is entitled to mandatory indemnification under Section 6.3 and is entitled to apply for court ordered indemnification under Section 6.5, in each case to the same extent as a director of the Association; and

(b) The Association shall also indemnify against liability and advance expenses to the Developer, each member of any committee appointed pursuant to the By-Laws of the Association and the Association's officers, employees, or agents who are not directors to the same extent as a director as provided in this Article 6, so long as the same is consistent with public policy and the Articles of Incorporation, these By-laws, general or specific action of its board of directors, or contract.

6.8 Insurance. The Association may purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee, or agent of the Association against liability arising from his status as a director, officer, employee, or agent, whether or not the Association would have power to indemnify him against the same liability under Sections 6.2 or 6.3.

6.9 Limitations.

(a) The provision for indemnification of or advance for expenses to directors contained in the Articles of Incorporation, these By-laws, a resolution of the Association's members or Board of Directors, or in a contract or otherwise, is

valid only if and to the extent the provision is consistent with the Georgia Non-Profit Corporation Code. If the Articles of Incorporation limit indemnification or advance for expenses, indemnification and advance for expenses are valid only to the extent consistent with the Articles of Incorporation.

- (b) This Article 6 does not limit the Association's power to pay or reimburse expenses incurred by a director in connection with his appearance as a witness in a proceeding at a time when he has not been made a named defendant or respondent to the proceeding.

6.10 Severability. In the event that any of the provisions of this Article 6 (including any provision within a single sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions are severable and shall remain enforceable to the fullest extent permitted by law.

6.11 Amendment to Code. If the Georgia Nonprofit Corporation Code hereafter is amended to authorize broader indemnification of directors, officers, agents and employees, then the indemnification of such directors, officers, agents and employees of the Association shall be expanded to the fullest extent permitted by such amended Code.

6.12 Non-Exclusive Remedy. The indemnification provided by this Article 6 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

ARTICLE 7

Use Restrictions and Rule Making

7.1 Authority and Enforcement. The Property shall be used only for those uses and purposes set out in the Declaration. The Board shall have the authority to make and to enforce reasonable rules and regulations governing the conduct, use and enjoyment of lots, provided that copies of all such rules and regulations be furnished to all members at least thirty (30) days prior to the effective date of such rules and regulations. The Board shall have the power to impose reasonable fines which shall constitute an equitable charge and a continuing lien upon a member's lot and to suspend a member's right to vote for violation of any duty imposed under the Declaration, these By-Laws or any rules and regulations duly adopted hereunder.

7.2 Procedure. Except with respect to the failure of any member to pay assessments, dues or fees, the Board shall not impose a fine, suspend a member's right to vote or infringe upon any other rights of a member or other occupant for violation of any duty imposed under the Declaration, these By-Laws or any rules or regulations of the Association unless and until the following procedure is followed:

- (a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation; and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same covenant, by-law, rule or regulation may result in the imposition of sanctions after notice and hearing, if the violation is not a continuing one; provided, however, if the violation is not a continuing one and irreparable damage has been caused by the lot owner by virtue of such violation, i.e. tree cutting, then sanctions may be imposed by the Board after notice and hearing without a further violation of the same covenant, by-law, rule or regulation.
- (b) Notice. (i) Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same covenant, by-law, rule or regulation is subsequently violated, or (ii) if the violation causes irreparable damage, the Board may serve the violator with written notice of a hearing to be held by the Board in executive session. The notice shall contain the nature of the alleged violation, the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice, an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf, and the proposed sanction to be imposed.
- (c) Hearing. The hearing shall be held in executive session pursuant to the notice affording the violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer, director or other individual who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

ARTICLE 8

Amendments

8.1 Amendment by Members. These By-Laws may be amended by the vote of a majority of the members of each membership class, a quorum being present in person or by proxy, at a regular or special meeting; provided, however, that so long as there is a Class B membership, the Federal Housing Administration or the Veterans Administration shall have the right to veto any such amendment.

8.2 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

8.3 Proviso. No amendment may be adopted which would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities

granted or reserved to the Developer or any mortgagee without the prior written consent of the Developer and/or said mortgagee(s), as the case may be. In the event that any amendment to these By-Laws is in conflict with the Articles of Incorporation of the Association or the Declaration, then the Articles of Incorporation or the Declaration, as the case may be, shall control.

ARTICLE 9 Miscellaneous

9.1 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

- (a) If to a member of the Association, at the address which such member has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the lot of such member; or
- (b) If to the Association, the Board or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by notice in writing to the members pursuant to this Paragraph.

9.2 Severability. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

9.3 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws or the intent of any provision thereof.

9.4 Gender and Grammar. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

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

9.6 Audit. An audit of the accounts of the Association shall be made annually as a common expense by a public accountant, and a copy of the report shall be furnished to each member who requests a copy in writing. Upon written request of any holder of a first mortgage, such holder shall be entitled to receive a copy of the annual audited financial statement within ninety (90) days after the end of each fiscal year.

9.7 Mortgagees' Notice. A first mortgagee, upon written request, will be entitled to written notification from the Association of any default by a member, who is the mortgagee's mortgagor, in the performance of his obligations under the Declaration which is not cured within thirty (30) days.

9.8 Conflicts. In the event of conflicts between the Declaration, the Articles of Incorporation and these By-Laws, the Declaration and Articles of Incorporation shall control, in that order.

9.9 Books and Records. The books, records and papers of the Association shall be available for inspection by any member of the Association at any time during reasonable business hours. The Declaration, the Articles of Incorporation and these By-Laws shall also be available for inspection by any member of the Association at the principal office of the Association, where copies of same may be purchased at reasonable cost.