

By Laws

[INTRODUCTORY NOTE: This version of the Shoal Creek Farms By-Laws was produced by scanning and correcting a photocopy of the original By-Laws. The goal was to produce a copy that could be easily distributed to new homeowners in the neighborhood. To the best of the Board's knowledge, the scanned version faithfully reproduces the original. This scanned version was last corrected on May 8, 2006 and includes an amendment to the Bylaws Section 3.07 that was passed at the June 12, 2005 meeting of the Shoal Creek Farms Homeowners Association.]

BYLAWS

SHOAL CREEK FARMS HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I

NAME, MEMBERSHIP, REGISTRATION, APPLICABILITY

Section 1.01. NAME. The name of this Association shall be SHOAL CREEK FARMS HOMEOWNER'S ASSOCIATION, INC. (hereinafter referred to as SCFA), a Georgia non-profit corporation and subject to terms and conditions of the U.S. Tax Code part 501-3c.

Section 1.02. MEMBERSHIP. The membership of SCFA shall be comprised solely of the owners of real property (lots or units) in the residential single-family subdivision known as SHOAL CREEK FARMS, (hereinafter referred to as SCF), lying on the west side of Morton Road in eastern Clarke County, Georgia. The SCFA will include owners of lots/units within any additions to or expansions of SCF subdivision.

Section 1.03. REGISTERED OFFICE AND AGENT. The SCFA shall maintain a registered office and shall have a registered agent under the laws of Georgia. The SCFA may have an office(s) within a reasonable proximity of the community as shall be designated by the Board of Directors from time to time.

Section 1.04. APPLICABILITY. These bylaws are applicable to all lots/units in the SCF Community and they are binding on all present and future

owners, tenants, occupants or other persons holding title or responsibility for, or occupying, using, habiting, visiting or otherwise associating with the lands or improvements in the SCF community in any manner. The mere acquisition, rental, use or other act of title, conveyance, ownership, occupancy or association with property in the SCF community will signify that these bylaws are accepted and ratified in full. These bylaws and any amendments hereto are subject to the provisions of the Georgia Non-Profit Corporation Code, the declarations of restrictions and covenants for SCF Subdivision and the Articles of Incorporation for SHOAL CREEK FARMS HOMEOWNER'S ASSOCIATION, INC.

ARTICLE II **MEMBERSHIP AND VOTING RIGHTS**

Section 2.01. MEMBERSHIP. Every person(s) who is (are) the record owner of a fee or undivided interest of any lot/unit in SCF Community shall be a member of the SCFA, excluding only those person(s) who hold such an interest under a mortgage, deed or other instrument to secure debt. The initial Board of Directors appointed by the Declarants may include non-owners of lots/units. The voting weight for each lot/unit (Class A), after the division and sale by the Declarants (Class B), shall be equal and each lot/unit shall have one vote.

No Owner, whether one or more persons, shall have more than one membership or vote per Unit. In the event of multiple Owners of a Unit, the vote appertaining thereto shall be exercised as those Owners of such Unit themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended in the event that more than one person seeks to exercise it. The vote appertaining to any Unit may, and shall in the case of any Owner not a natural person or persons, be cast pursuant to a proxy or proxies'duly executed by or on behalf of the owner(s) and delivered to the Secretary of the Association.

The Association shall have two classes of memberships:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Unit owned.

Class B. The Class B member(s) shall be the Declarants who shall be entitled to five (5) votes for each Unit owned. The Class B membership

shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B Membership; or

(b) Ten years from the date of the first sale of a unit by the Declarants.

Section 2.02.

Suspension of Voting Rights. During any period in which the Owner of a Unit shall be in default in the payment of any regular or special assessment or other charge levied by the Board of Directors, the voting rights of such unit may be suspended by the Board of Directors, after notice and a hearing as provided in section 3.02 herein, until such assessment or charge has been paid. Such rights may also be suspended, after notice and a hearing as provided in Section 3.02 herein, for a violation of any provisions of the Declaration, these Bylaws, or any of the published rules and regulations of the Association.

ARTICLE III **MEETINGS, QUORUM, PROXIES, VOTING**

Section 3.01. Place of Meeting. Membership meetings of the Association shall be held at a suitable place convenient to the members as may be designated by the Board of Directors.

Section 3.02. Annual Meeting. The Association shall meet not less frequently than annually, except that the first annual meeting shall be called by the Board of Directors on or before one year from the date of closing the sale of the first Unit. After the first annual meeting is called by the Board of Directors, the succeeding annual meetings shall be held on any day as may be set by the Board of Directors. At the annual meetings comprehensive reports of the affairs, finances, and budget projections of the Association shall be made to the Owners.

Section 3.03. Special Meetings. The Secretary of the Association shall be required to call a special meeting of the members

(i) when directed by the President of the Association,

(ii) upon the resolution, of a majority of the Board of Directors or Architectural Review Committees, or

(iii) upon the presentation to the Secretary of the Association of a petition signed by Owners entitled to cast at least one-fourth (1/4) of the votes of the Association.

The call of a special meeting shall be by notice from the secretary of the Association given at least five (5) days and not more than thirty (30) days in advance of the meeting, and such notice shall state the date, the time, the place, and the purpose of such special meeting. Unless by consent of at least seventy-five percent (75%) of the total vote of the membership, only the business stated in the notice may be transacted at such a special meeting.

Section 3.04. Notice of Meetings. It shall be the duty of the Secretary of the Association to mail a notice of each annual or special membership meeting, stating the purpose thereof, as well as the date, time, and place where it is to be held. Such notice shall be delivered personally or sent by United States Mail, postage prepaid, to all Owners of record (and such mortgagees entitled to notice) at such address or addresses as any of them may have designated, or if no address has been so designated, at the address of their respective Units. Except as may be otherwise required by law, notice shall be given to each Owner at least five (5) days and not more than thirty (30) days in advance of any meeting. The mailing of a notice in the manner provided in this section 4.04 shall be considered to be the giving of such notice. Any Owner (or any mortgagee entitled to notice) may waive the notice of a meeting by doing so in writing before or after such meeting. Attendance at a meeting, either in person or by proxy, shall of itself constitute a waiver of notice and waiver of any and all objections to the place or time of such meeting or the manner in which it has been called or convened, unless a member or other person entitled to notice attends such meeting solely for the purpose of stating, at the beginning of such meeting, any such objection or objections relating to such meeting. A recitation in the minutes of any membership meeting that notice of such meeting was properly given shall be prima facie evidence that such notice was so given.

Section 3.05. Conduct of Meetings. The President, or the Vice President in the absence of the President, shall preside over all meetings of the Association and the Secretary shall keep the minutes of all such meetings and shall record in a minute book all resolutions adopted at such meetings, as well as all transactions and proceedings occurring at such meetings.

Section 3.06. Order of Business. The order of business at all annual meetings shall be as follows:

- a. Roll call and certification of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers, if any.
- e. Reports of committees, if any.
- f. Election or appointment of inspectors of election.
- g. Election of directors.
- h. Unfinished business.
- i. New business.

Section 3.07. Quorum. Except as otherwise provided in the Declaration or in these Bylaws, the presence in person or by proxy at the beginning of any meeting of the Owners entitled to cast fifty-one (51%) thirty (30%) percent of the votes of the Association shall constitute a quorum for a meeting of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 3.08. Adjourned Meetings. Any meeting of the Association which cannot be organized because a quorum has not attended may be adjourned from time to time by the vote of a majority of the owners present in person or represented by proxy. When any membership meeting, either annual or special, is adjourned, notice of the time, place, and location of the adjourned meeting shall be given as in the case of the original meeting.

Section 3.09. Proxy. The vote appertaining to any Unit may, and shall in the case of any Owner not a natural person or persons, be cast pursuant to a proxy or proxies duly executed by or on behalf of the Owner and delivered to the Secretary of the Association. No such proxy shall be revocable except by written notice delivered to the Secretary of the Association by the Owner. Any proxy shall be void if it is not dated or if it purports to be revocable without notice as aforesaid. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. The transfer of title to any Unit shall void any outstanding proxy pertaining to the voting rights appurtenant to that Unit.

Section 3.10. Action Taken by Association. Except as otherwise provided by the Declaration or these Bylaws, any action taken at any meeting of members shall be effective and valid if taken or authorized by a majority of

all of the votes to which all of the members present in person or by proxy at a duly called meeting satisfying the quorum requirements shall be entitled. In the event of any tie vote at any regular, special, or adjourned meeting of the Association, the President, or the Vice President in the absence of the President, shall cast a separate vote to break the tie. For purposes of these Bylaws, “majority” shall mean more than fifty percent (50%); provided, however, the foregoing provisions of this Bylaw to the contrary notwithstanding, any action which by law or pursuant to the provisions of the Declaration or these Bylaws requires the assent of a specific number or percentage of the votes of the Owners or holders of first deeds to secure debt or mortgages (“Holders”) greater than that herein specified, shall not be considered the act of the Owners or Holders or both unless such requisite number or percentage so prescribed by law or by the Declaration or these Bylaws is obtained.

Section 3.11. Voting. Except as otherwise provided in The Declaration or these Bylaws, voting on all matters shall be by voice vote or by a show of hands unless any Owner or Holder, prior to the voting on any matter, demands vote by ballot, in which case each ballot shall state the name of the Owner or Holder voting, the Unit or Units owned or secured by such Owner or Holder, and the number of votes voted by such Owner or Holder, and if such ballot shall be cast by proxy, it shall also state the name of such proxy.

Section 3.12. Action by Association Without Meeting. Any action which may be taken at a meeting of the Owners (and Holders, if applicable) may be taken without a meeting if written approval and consent, setting forth the action authorized, shall be signed by each of the Owners (and Holders, if applicable) entitled to vote on the date on which the last such Owner (or Holder, if applicable) signs such approval and consent and upon approval and consent with the Secretary of the Association. Such approval and consent so filed shall have the same effect as the unanimous vote of the Owners (and Holders, if applicable) at a special meeting called for the purpose of considering the action authorized.

ARTICLE IV

BOARD OF DIRECTORS, NUMBER, POWERS, MEETINGS

Section 4.01. Number. So long as Declarants’ Class B membership has not terminated, Declarants shall have the right to appoint and remove members

of the Board of Directors and officers of the Association as provided herein and by the Declaration. Until such time, the Board of Directors shall contain at least three (3) Directors and such Directors shall be appointed by and serve at the pleasure of the Declarants. Declarants may relinquish such right at any time. After such right shall have terminated or have been relinquished, the Owners shall elect five (5) persons to the Board of Directors at the special meeting of the Association described in Section 5.05 of these Bylaws. Except with respect to Directors appointed by Declarants, Directors must be Owners at all times during their service as Directors; provided however, the term "Owner," for purposes of this Section 5.01 and Section 6.01 hereof, shall be deemed to include, without limitation, any shareholder, director, officer, partner in, or trustee of any entity or person which is, either alone or in conjunction with any other person or persons, an Owner. Any individual who would not be eligible to serve as a member of the Board of Directors were he not a shareholder, director, officer, partner in, or trustee of such an entity or person, shall be deemed to have disqualified himself from continuing as a Director if he ceases to have any such affiliation with that entity or person.

Section 4.02. Powers and Duties. The Board of Directors shall have the powers and duties necessary to administer the affairs of the Association, including, but not necessarily limited to, those powers and duties specifically assigned to the Board of Directors and Architectural Control Committee in the Declaration, the Articles of Incorporation, and these Bylaws. Consistent therewith, the Board of Directors shall have the power to adopt rules and regulations which it deems necessary for the administration of the affairs of the Association and to impose sanctions for violations of the Declaration, the Bylaws, and the published rules and regulations of the Association, subject to the provisions of the Bylaws regarding the right to notice and a hearing.

Section 4.03. Other Duties. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law and the Declaration, together with such other duties and responsibilities as it may deem necessary or appropriate in the exercise of its powers. In addition to other duties which the Board of Directors may have and except as provided in the Declaration, it shall be responsible for the following matters:
4.031 Maintenance, repair, renovation, restoration, replacement, care, and upkeep of any portion of the Development maintained by the Association;
and

- 4.032 Establishment and collection of assessments;
- 4.033 Levy and enforce liens for unpaid assessments;
- 4.034 Suspend voting rights under these Bylaws.

Section 4.04. Maintenance Personnel. Subject to the provisions of the Declaration, the Board of Directors may employ for the Association maintenance personnel under such terms, compensation, and duties as the Board may, in its sole discretion, authorize.

Section 4.05. Election of Directors and Term of Office. Pursuant to the Declaration, Declarants shall, for the period of time specified therein, have the right to appoint and remove at the pleasure of Declarants any member of the Board of Directors or any officer of the Association, until its Class B membership terminates as stated in the Declaration. Upon the termination of Declarants' Class B membership, Declarants shall then give to each Owner at least seven (7) days written notice of a special meeting to elect a new Board of Directors, such meeting to be held not more than thirty (30) days after the date of such termination. In the event of the failure of Declarants to call said special meeting within the period provided above, the other Owners may call such special meeting in accordance with the provisions of Section 4.03 of these Bylaws. At such meeting the members shall elect two (2) Directors for a term of three (3) years each, two (2) Directors for a term of two (2) years each, and one Director for a term of one year; provided, however, that the Directors elected at such meeting shall also serve for that portion of a calendar year between the commencement of their terms and the first annual meeting following such meeting so that their respective term shall expire at the time of an annual meeting. Except in the case of death, resignation, disqualification, or removal, each Director elected by the members shall serve until the annual meeting at which his term expires and until his successor has been duly chosen and qualified.

Section 4.06. Procedure for Election. At the second annual meeting following said special meeting called by Declarant as described in Section 4.05, and at each subsequent annual meeting, the members shall elect, in accordance with the procedures hereinafter set forth in this Section 4.06, Directors to succeed to the office of all Directors whose terms have expired at the time of such meeting. Such Directors so elected shall each serve for a term of three (3) years. Persons may be nominated for election to the Board of Directors by a nominating committee appointed by the incumbent

Board of Directors prior to the annual meeting and by nominations made from the floor at the meeting for such election. Election to the Board of Directors shall be by secret written ballot, unless dispensed with by unanimous consent, and at such election members or their proxies may cast, with respect to each vacancy, the votes of their respective Units as provided in the Declaration. Cumulative voting shall not apply. The procedure for the election of the Board of Directors at the special meeting called by Declarants pursuant to Section 4.05 shall be as follows:

- nominations shall be accepted for not less than five (5) Owners to serve on the Board of Directors of the Association;
- upon the closing of such nominations, each member present in person or by proxy shall cast a ballot listing thereon the names of the five (5) different nominees (no more and no less) for whom such member wishes to vote, together with the residence number of the Unit of such member;
- the ballots shall then be collected and tallied whereupon the two (2) persons receiving the greatest number of votes shall be elected to three (3) year terms, the two (2) persons receiving the next greatest number of votes shall be elected to two (2) year terms, and the person receiving the next greatest number of votes shall be elected to a one year term.

In the event that only five (5) persons are nominated to serve on the Board of Directors at the special meeting called by Declarant pursuant to Section 4.05, such persons shall be elected by acclamation and the terms of such persons shall be determined as follows:

- the Owner or Owners of a Unit entitled to vote shall cast his ballot by writing thereon the name of the person thus elected whom such Owner wishes to serve for a term of three (3) years;
- the ballots shall then be collected and tallied whereupon the two (2) persons receiving the greatest number of votes shall serve three (3) year terms, the two (2) persons receiving the next greatest number of votes shall serve two (2) year terms and the person receiving the next greatest number of votes shall serve a one year term.

Section 4.07. Removal or Resignation. Subsequent to the termination of Declarant's right to appoint and remove Directors, any one or more of the Directors may be removed with or without cause by a majority vote of the total authorized vote of the Owners in the Community which is taken at any regular or special meeting of the Association, and a successor shall be

elected by the Owners at such meeting in order to fill the unexpired portion of such Director's term. Any Director whose removal has been proposed by any Owner or Owners shall be given an opportunity to be heard at such meeting. Any Director may resign at any time by giving written notice to the members of the Board of Directors. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The sale of a Unit by a Director or any other termination of his interest in a Unit shall automatically terminate his directorship. Subsequent to the termination of the Declarant's Class B membership, vacancies in the Board of Directors caused by reason other than the removal of a Director by a vote of the Owners shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum and each person so elected shall serve until a successor is elected and qualified at the next annual meeting of the Owners.

Section 4.08. Officers, Agents, or Employees of Declarant. With respect to Units owned by Declarant, Declarant may appoint any of its officers, agents, or employees to act for Declarant as a member, Director, or officer of the Association and Declarant may, at any time, replace any such Director or officer acting for Declarant with any other officer, agent, or employee of Declarant.

Section 4.09. Fees and compensation. No fee or compensation shall be paid by the Association to Directors for their services as Directors unless such fee or compensation is first fixed by a resolution adopted by a majority vote of the voting Owners at a duly called meeting.

Section 4.10. Organizational Meeting. The organizational meeting of each Board of Directors shall be held without notice other than this Bylaw, immediately after, and at the same place as, the meeting of the Owners at which such Board of Directors or certain members of the Board of Directors have been elected.

Section 4.11. Regular Meetings. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings, in addition to the organizational meeting, and such regular meetings shall be held without notice other than such resolution.

Section 4.12. Special Meetings. Special meetings of the Board of Directors may be called by the President on at least three (3) days' notice to each Director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board of Directors may also be called by the Secretary of the Association in like manner and on like notice on the written request of at least a majority of the Directors.

Section 4.13. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of 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 be deemed to be a waiver of notice of such meeting and waiver of any and all objections to the place or time of the meeting or the manner in which it has been called or convened, except when a Director states, at the beginning of the meeting, any such objection or objections.

Section 4.14. Entry of Notice. Whenever any Director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be prima facie evidence that due notice of such special meeting was given such Director, as required by law and the Bylaws of the Association.

Section 4.15. Board of Directors Quorum. At all meetings of the Board of Directors, a majority of the Directors then in office shall constitute a quorum for the transaction of business.

Section 4.16. Conduct of Meetings. The President, or the Vice President in the absence of the President, shall preside over all meetings of the Board of Directors and the Secretary shall keep the minutes of such meetings and shall record in a minute book all resolutions adopted at such meetings, as well as all transactions and proceedings occurring at such meetings.

Section 4.17. Action Taken by Directors. Except as otherwise provided in the Declaration and these Bylaws or by law, every act or decision by a majority of the Directors present in person or by proxy at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board. In the event of any tie vote, the President, or the Vice President in the absence of the President, shall cast a separate vote to break the tie.

Section 4.18. Action Without Formal Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if written consent, setting forth the action so taken, shall be signed by all members of the Board of Directors and such written consent is filed with the minutes of the proceedings of the Board. Such consent shall have the same force and effect as a unanimous vote by the Board of Directors.

ARTICLE V **OFFICERS**

Section 5.01. Enumeration of Officers. The officers of the Association shall be a President and a Vice-president, who shall be members of the Board of Directors, and a Secretary, a Treasurer, and such other officers as the Board may from time to time by resolution create. Any two or more offices may be held by the same persons, excepting the offices of President and Vice President and President and Secretary. Except with respect to officers appointed by Declarant, each officer must be an "Owner" as defined in Section 5.01 of these Bylaws.

Section 5.02. Election. For the period provided by the Declaration, the officers of the Association shall be appointed by and serve at the pleasure of Declarant. After the right of Declarant to appoint and remove such officers shall have terminated or shall have been relinquished, the Board of Directors shall elect the officers of the Association at each organizational meeting thereof. The Board of Directors at any time and from time to time may appoint such other officers as it shall deem necessary, including one or more Assistant Secretaries or Assistant Treasurers, who shall hold their offices for such term as shall be determined by the Board of Directors and shall exercise such powers and perform such duties as are specified by these Bylaws or as shall be determined from time to time by the Board of Directors.

Section 5.03. Compensation. No fee or compensation shall be paid by the Association to any officer for his services as an officer unless such fee or compensation is first fixed by a resolution adopted by a majority vote of the total vote of the Owners.

Section 5.04. Term. Each officer of this Association shall be elected at the time of each annual meeting of the Board of Directors, and each shall hold office until the next annual meeting of the Board and until his successor is duly elected and qualified, or until his earlier resignation, death, removal, or other disqualification. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. The sale of his Unit by an officer or a termination of his interest in a Unit shall automatically terminate his term as an officer.

Section 5.05. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5.06. President. The President shall be a Director and the chief executive officer of the Association and, subject to the control of the Board of Directors, shall in general manage, supervise, and control all of the business and affairs of the Association and perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. He shall, when present, preside at all membership meetings. He may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Director, any contracts, deeds, notes, mortgages, bonds, policies of insurance, checks, or other instruments which the Board of Directors has Authorized to be executed, except in cases where signing or execution thereof shall be expressly delegated by the Declaration or these Bylaws or by the Board of Directors to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed.

Section 5.07. Vice Presidents. In the absence of the President, or in the event of his death or inability or refusal to act, the Vice President (or in the event there is more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, in the order of election) shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may perform such duties as are set forth in these Bylaws or as shall from time to time be assigned to him by the Board of Directors.

Section 5.08. Secretary. The Secretary shall:

(a) attend and keep the minutes of meetings of the members of the Board of Directors and of any committees having any of the authority of the Board of Directors in one or more books provided for that purpose;

(b) ensure that all notices are duly given in accordance with the Declaration or the provisions of these Bylaws or as required by law;

(c) be custodian of the Association records; and,

(d) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

Section 5.09. Treasurer. The Treasurer shall:

(a) have charge and custody of and be responsible for all funds and securities of the Association, receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be from time to time selected by the Board of Directors; (b) authorize vouchers and sign checks for monies due and payable by the Association;

(c) promptly render to the President and to the Board of Directors an account of the financial condition of the Association whenever requested; and

(d) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Section 5.10. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Treasurers, in general, shall perform such duties as shall be assigned by the Secretary or Treasurer, respectively, or by the Board of Directors.

ARTICLE VI

FISCAL MATTERS AND BOOKS AND RECORDS

Section 6.01. Books and Records Kept by Association. The Association shall keep:

(i) detailed, complete financial records, including itemized records of receipts and disbursements,

(ii) detailed minutes of the proceedings meetings of the members and of the Board of Directors, and

(iii) such other books and records as may be necessary or required by law to reflect accurately the affairs and activities of the Association.

Section 6.02. Inspection. The books, records and papers of the Association shall, at all times during reasonable business hours and upon reasonable notice, be subject to inspection by any member or his agent or attorney for any proper purpose.

Section 6.03. Contracts. Subject to obtaining the consent and approval of Declarant if such consent and approval is required by the Declaration or these Bylaws, the Board of Directors may authorize any officer or officers, or agent or agents, of the Association in addition to the officers so authorized by the Declaration and these Bylaws, to enter into any contract or execute and deliver any instrument in the name of, or on behalf of, the Association, and such authority may be general or confined to specific instances.

Section 6.04. Fidelity Coverage. The Association shall obtain fidelity coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association. The fidelity insurance policy must name the Association as the named insured and shall be written in an amount sufficient, based upon best business judgment, to provide adequate protection. Such amount shall in no event be less than the greater of

(i) one and one-half times the Association's estimated annual operating expenses and reserves, or

(ii) an amount equal to the estimated maximum funds, including reserve funds, in the custody of the Association, or the managing agent, as the case may be, during the term of each bond; or

(iii) an amount equal to the sum of 3 months' assessments on all Units, plus the Association's reserve funds. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The fidelity insurance policy shall also provide that it may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least ten (10) days' prior written notice to any and all insured including the institutions servicing mortgages on behalf of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veterans Administration or the Federal Housing Administration. If the Association delegates some or all of the responsibility

for the handling of funds to a managing agent, fidelity bonds shall be required for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

Section 6.05. Checks, Drafts, etc. All checks, drafts or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, or agent or agents, of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and countersigned by the President or Vice President of the Association.

Section 6.06. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may elect.

Section 6.07. Gifts. The Board of Directors may accept, on behalf of the association, any contribution, gift, bequest, or devise for the general purposes, or for any special purpose, of the Association.

Section 6.08. Fiscal Year. The fiscal year of the Association shall be the calendar year.

ARTICLE VII **ENFORCEMENT**

Section 7.01. Authority and Enforcement. Each Unit Owner shall comply strictly with the Declaration and Bylaws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time. In the event of a violation or breach, or threatened violation or breach, or any of the same, Declarants, the Association or any aggrieved Unit Owner, jointly or severally, shall have the right to proceed at law or in equity to compel compliance therewith or to prevent a threatened violation or breach thereof. In addition to all other remedies, Declarants or the Association, or a duly authorized agent thereof, shall have the right to enter upon any portion of the Community where a violation exists and summarily abate or remove, at the expense of the violating Unit Owner, and using such force as may be reasonably necessary, any erection, thing or condition that may be or exist contrary to

the intent and meaning of the provisions hereof, according to the procedures set forth in Section 7.02 hereof. Neither Declarants nor the Association, nor their agents, shall be deemed guilty or liable for any manner of trespass for such entry, abatement or removal. Should the Declarant or the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including a reasonable fee for counsel, shall be paid by the violating Unit Owner. Inasmuch as the enforcement of the provisions of the Declaration and these bylaws and such administrative rules and regulations is essential for the general plan of development contemplated hereby and for the protection of present and future Unit Owners, it is hereby declared that any breach thereof cannot be adequately compensated by recovery of damages, and that Declarants, the Association, or any aggrieved Unit Owner, in addition to all other remedies, may require and shall be entitled to the remedy by injunction to restrain any such violation or breach or threatened violation or breach. Further, in any case of flagrant or repeated violation by a Unit Owner, then, in addition to the foregoing remedies, the Board of Directors of the Association may levy fines against the Unit Owner for such violation, provided that no fines may be levied for more than \$25.00 for any one violation; but each day or time a violation is continued or repeated after written notice is given to the Unit Owner to cease and desist, it shall be considered a separate violation; provided, further, that no fine may be levied in any event against Declarants or any mortgagee which has acquired title to any Unit as a result of foreclosure of a mortgage of record, or, by deed in lieu of foreclosure. Collection of fines may be enforced against a Unit Owner as if such charges were an assessment owed by the Unit Owner involved. No delay, failure or omission on the part of the Declarants, the Association or any aggrieved Unit Owner in exercising any right, power or remedy herein provided shall be construed as an acquiescence therein or shall be deemed a waiver of the right to do so thereafter as to the same violation or breach, or as to a violation or breach occurring prior to or subsequent thereto, and shall not bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against Declarant or the Association or their agents as members for or on account of any failure to bring any action on account of any violation or breach, or threatened violation or breach, of the provisions and regulations, however long continued, or for the imposing of provisions which may be unenforceable.

Section 7.02. Procedure. The Board and the Architectural Review Committee shall not impose a fine, or suspend voting rights or take any other action provided for in the Declaration or Bylaws (except for the approval or disapproval of plans per Article IV, Section 2 of the Declaration) against an Owner or other occupant of the Community for violations of the Declaration or the Bylaws unless and until the following procedure is followed:

(a) 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;

(iii) A time period of not less than (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration or the Bylaws may result in the imposition of sanctions after notice and hearing.

(b) If the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board shall serve the violator with written notice of a hearing to be held by the Board. The notice shall contain:

(i) The nature of the alleged violation;

(ii) The time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;

(iii) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his behalf; and

(iv) The proposed sanction to be imposed.

(c) The hearing shall be held at a meeting of the Board of Directors pursuant to the notice and shall afford 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 a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

(d) Provided, however, the procedure set forth in Subparagraphs (a), (b) and (c) above shall not apply and the Association shall be authorized to take immediate legal action if the delay caused by the procedures would cause irreparable harm to the Association, the Development or the Owners.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Parliamentary Rules. Unless waived by a majority vote of the owners in attendance in person or by proxy at any duly called membership meeting, or unless waived by a majority of the Directors present at any duly called meeting of the Board of Directors, Roberts' Rules of Order (latest edition) shall govern the conduct of the proceedings of such meeting when not in conflict with Georgia law, the Declaration, or these Bylaws.

Section 8.02. Conflicts. If there are conflicts or inconsistencies between the provisions of Georgia law or the Declaration and these Bylaws, the provisions of Georgia law and the Declaration, in that order, shall prevail.

Section 8.03. Definitions. Unless the context shall otherwise require, words or phrases used herein which are defined in the Declaration shall have the same meaning as therein set forth.

Section 8.04. Amendment. The Articles of Incorporation and these Bylaws may be amended, at a regular or special meeting of the members duly called and held for such purpose, pursuant to a resolution of the Board of Directors adopting a proposed amendment. Such resolution must be approved by the Owners (or Holders or both if required by the Declaration or Bylaws) to which at least two-thirds (2/3) of the votes which the Owners (or Holders or both if required by the Declaration or Bylaws) present at such meeting in person or by proxy are entitled to cast; provided, however, that during such period that Declarant shall have the right to appoint and remove members of the Board of Directors and officers of the Association pursuant to the Declaration, such resolution must also be approved by Declarant and by any mortgagee holding a first priority mortgage in the Declarant's interest in the Development. Notwithstanding the foregoing, any amendment to these Bylaws which would alter, modify, or rescind any right or privilege herein expressly granted to the holder of any mortgage affecting any Lot shall require the prior written approval of such holder.

Section 8.05. Agreements. Subject to the provisions of the Declaration and the obtaining of the consent and approval of Declarant if such consent and approval is required by the Declaration or these Bylaws, all agreements and determinations lawfully authorized by the Board of Directors of the Association shall be binding upon all Owners, their heirs, legal

representatives, successors, assigns, or others having an interest in the Development, and in performing its responsibilities hereunder, the Association, through the Board of Directors, shall have the authority to delegate to such persons of its choice such duties of the Association as may be determined by the Board of Directors.

Section 8.06. Severability. Invalidation of any covenant, condition, restriction, provision, sentence, clause, phrase, or word of these Bylaws, or the application thereof in any circumstances, shall not affect the validity of the running portions thereof and of the application thereof, and such remaining portions shall remain in full force and effect.

Section 8.07. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 8.08. Headings and Captions. The article and Section headings and captions herein are for convenience and Reference only and in no way define or limit the scope and content of these Bylaws or in any way affect the provisions hereof.