

BYLAWS
OF
PARK RIDGE CONDOMINIUM ASSOCIATION, INC.

Adopted: March 30, 1981

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BYLAWS
OF
PARK RIDGE CONDOMINIUM ASSOCIATION, INC.,
A Georgia Nonprofit Corporation

ARTICLE I

PURPOSE AND MEMBERSHIP

1.1 Purpose. These Bylaws are for a nonprofit corporation organized for the purpose of being the Association of unit owners for a condominium. As such, the Association (sometimes referred to as the "corporation") is governed by the following in the order listed:

- (a) The Georgia Condominium Act, as amended, and the Georgia Nonprofit Corporation Code (and all other applicable laws);
- (b) The condominium instruments (which are the recorded Declaration, plats and plans);
- (c) The articles of incorporation for the Association; and
- (d) These Bylaws.

Accordingly, these Bylaws must be read and interpreted with the other items listed above. The terms defined in Section 3 of the Georgia Condominium Act, as amended, shall have the meanings therein specified wherever they appear in these Bylaws unless the context otherwise requires.

1.2 Membership. An owner of a condominium unit shall automatically become a member of the Association upon taking title to the unit and shall remain a member for the entire period of ownership. If title to a unit is held by more than one person, the membership shall be shared in the same proportion as the title, but there shall be only one membership per unit. Membership does not include a mortgagee or other person who holds an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the unit owner's membership. Membership shall be appurtenant to the unit to which it appertains, shall be transferred automatically by conveyance of that unit and may be transferred only in connection with the conveyance of title of that unit.

ARTICLE II
MEETINGS OF THE UNIT OWNERS

2.1 Place of Meetings. Meetings of the unit owners may be held at any place within reasonable proximity to the condominium as set forth in the notice thereof or in the event of a meeting held pursuant to waiver of notice, as may be set forth in the waiver, or if no place is so specified, at the registered office of the Association.

2.2 Annual Meetings. The regular annual meeting of the members shall be held on the first Tuesday in December or on such other date and at such other time as shall be set by the board of directors. At the annual meeting, comprehensive reports of the affairs, finances and budget projections of the Association shall be made to the unit owners.

2.3 Substitute Annual Meeting. If the annual meeting is not held on the date designated in Section 2.2, any business, including the election of directors, which might properly have been acted upon at that meeting may be acted upon at any subsequent unit owners' meeting held pursuant to these Bylaws or to a court order requiring a substitute annual meeting.

2.4 Special Meetings. Special meetings of the unit owners may be called at any time by the president, secretary, any two or more members of the board of directors, or unit owners having twenty-five (25%) percent or more of all the votes in the Association.

2.5 Notice of Meetings. Unless waived as contemplated in Section 2.6 or by attendance at the meeting, either in person or by proxy, notice of each unit owners' meeting stating the place, time and purpose of the meeting shall be delivered not less than twenty-one (21) days, in the case of the annual meeting, and seven (7) days, in the case of any other meeting, before the meeting, either personally or by mail, by or at the direction of the president, secretary or other person calling the meeting, to each unit owner of record at such address or addresses as any of them may have designated, or, if no other address has been so designated, at the address of their respective units.

2.6 Waiver of Notice. Waiver of notice of meeting of the unit owners shall be deemed the equivalent of proper notice. Any unit owner may, in writing, waive notice of any meeting of the unit owners, either before or after such meeting. Attendance at a meeting by a unit owner, whether in person or by proxy, shall be

deemed waiver by such unit owner of notice of the time, date and place thereof unless such unit owner 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 Quorum. A quorum shall be deemed present throughout any meeting of the unit owners until adjourned if unit owners, in person or by proxy, entitled to cast more than one-third (1/3) of the votes in the Association are present at the beginning of such meeting.

2.8 Voting. Voting on all matters shall be by voice or by show of hands unless any qualified voter, prior to the voting on any matter, demands vote by ballot, in which case each ballot shall state the name of the member voting and the number of votes voted by him, and if such ballot be cast by proxy, it shall also state the name of such proxy. Each condominium unit shall be entitled to one vote. 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 such member's unit shall not be counted for any purpose. Further, no vote shall be deemed to appertain to any condominium unit during any period in which the Association is the owner thereof.

2.9 Unit Owner More Than One Person. If a unit owner consists of more than one person and only one of those persons is present at a meeting, that person shall be entitled to cast the votes appertaining to that condominium unit; however, if more than one of those persons is present, the vote appertaining to that condominium unit shall be cast only in accordance with their unanimous agreement, and such consent shall be conclusively presumed if any one of them purports to cast the votes appertaining to that condominium unit without protest being made forthwith by any of the others to the person presiding over the meeting. In the event of disagreement among such persons and an attempt by two or more persons to cast such vote, such persons shall not be recognized, and none of such attempted votes shall be counted. In no event shall more than one vote be cast with respect to any condominium unit.

2.10 Proxies. The votes appertaining to any condominium unit may (and shall, in the case of any unit owner not a natural person or persons) be cast pursuant to a proxy or proxies duly executed by or on behalf of the unit owner, or in cases where the unit owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by written notice delivered to the

Secretary by the unit owner or by any of such persons. Any proxy shall be void if it is not dated or if it purports to be revocable without notice as aforesaid.

2.11 Presiding Officer. The president, or in his absence, the vice-president, shall serve as chairman of every unit owners' meeting unless some other person is elected to serve as chairman by a majority vote of the votes represented at the meeting. The chairman shall appoint such persons as he deems required to assist with the meeting.

2.12 Adjournments. Any meeting of the unit owners, 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 or of the business to be transacted, 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.

2.13 Action of Unit Owners Without a Meeting. Any action which may be taken at a meeting of the unit owners may be taken without a meeting if a written approval and consent, setting forth the action authorized, shall be signed by each of the unit owners entitled to vote on the date on which the last such unit owner signs such approval and consent and upon the filing of such approval and consent with the officer of the Association having custody of its books and records. Such approval and consent so filed shall have the same effect as an unanimous vote of the unit owners at a special meeting called for the purpose of considering the action authorized.

2.14 Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings of the unit owners when not in conflict with the condominium instruments, the Articles of Incorporation or these Bylaws.

ARTICLE III

THE BOARD OF DIRECTORS

3.1 General Powers. The business and affairs of the Association shall be managed by the board of directors. In addition to the powers and authority expressly conferred upon it by the condominium instruments, the Articles of Incorporation and these

Bylaws, the board of directors may exercise all such powers of the Association and do all such lawful acts and things as are not by law, the condominium instruments or articles of incorporation directed or required to be exercised or done by the members.

3.2 Nomination. Nomination for election to the board of directors shall be made by a nominating committee which shall consist of three (3) members appointed by the president of the Association 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 twenty-one (21) days prior to the annual meeting and 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 this section shall in no way invalidate any election of directors.

3.3 Number, Election and Term of Office.

3.3.1 So long as Declarant shall have the right to appoint and remove members of the Board of Directors and officers of the Association as provided in the Declaration (herein called "Declarant control"), the Board of Directors shall consist of three (3) members who shall be appointed by and serve at the pleasure of Declarant. Each such 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.

3.3.2 After the termination or relinquishment of Declarant control, the number of directors of the Association shall be increased to five (5) and thereafter the Board of Directors shall consist of five (5) members, who shall be elected by the affirmative vote of a majority of the votes represented at an annual meeting of the members, or at any special meeting of the members duly called and held for such purpose. Cumulative voting shall not be permitted. After the termination or relinquishment of Declarant control, the Board of Directors shall be divided into three classes: the first class shall have one director, the second class shall have two directors and the third class shall have two directors, with the term of office of one class expiring each year. At the special meeting of the members, duly held and called after the termination or relinquishment of Declarant control (herein called the "turnover meeting"), the director of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting,

the directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and the directors of the third class shall be elected to hold office for a term expiring at the third succeeding 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 elected and qualified.

3.3.3 At the turnover meeting the two persons first elected and receiving the greatest number of votes shall be elected to the third class for a term expiring at the third succeeding annual meeting, the two persons next elected and receiving the next greatest number of votes shall be elected to the second class for a term expiring at the second succeeding annual meeting, and the last person elected and receiving the next greatest number of votes shall be elected to the first class for a term expiring at the next succeeding annual meeting. After the turnover meeting, the members shall elect only a director or directors to succeed to the office of the director or directors whose terms have expired at the time of such meeting for a three year term.

3.3.4 In the event of a tie vote at the turnover meeting with respect to which class a director has been elected, the directors so elected with such tie vote shall draw lots to determine into which class each such director has been so elected. In the event of a tie vote at any meeting of the members as to any one or more positions to be filled on the Board of Directors or in the event no person receives a majority vote, one or more subsequent votes shall be taken in similar manner but only with respect to the position or positions to be filled and the nominees therefor, who in the preceding ballot received such tie vote or the greatest number of votes.

3.4 Removal. Except as provided in Section 3.8, any director may be removed from office with or without cause by the affirmative vote of the holders of a majority of the votes at an election of directors. Removal action may be taken at any annual or special meeting with respect to which notice of such purpose has been given, and a removed director's successor may be elected at the same meeting to serve the unexpired term.

3.5 Vacancies. A vacancy occurring in the board of directors, except by reason of removal of a director, may be filled for the unexpired term and until the unit owners shall have elected a successor, by affirmative vote of a majority of the directors remaining in office though less than a quorum of the board of directors.

3.6 Compensation. Directors shall not receive compensation for their services as directors. A director may serve the Association in a capacity other than that of director and receive compensation, as determined by the board of directors, for services rendered in that other capacity, if disclosed to the board in advance.

3.7 Committees of the Board of Directors. The board of directors, by resolution adopted by a majority of the board, may designate from among its members an executive committee and one or more other committees, each consisting of three or more directors. Except as prohibited by law, each committee shall have the authority set forth in the resolution establishing said committee.

3.8 Declarant Control. Notwithstanding anything to the contrary contained in these Bylaws, pursuant to the condominium instruments Declarant shall, for the period of time specified in the condominium instruments, have the right to appoint and remove at the pleasure of Declarant any and all members of the Board of Directors and any and all officers of the Association until such right shall be relinquished by Declarant or until such right shall have otherwise terminated as provided by the condominium instruments.

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

4.1 Regular Meetings. Regular meetings of the board of directors shall be held within ten (10) days after the annual meeting of unit owners or any meeting held in lieu thereof. In addition, the board of directors may schedule other meetings to occur at regular intervals throughout the year, but such meetings shall be held at least once every three months.

4.2 Special Meetings. Special meetings of the board of directors may be called by or at the request of the president, or in his absence by the secretary of the Association, or by any two directors in office at that time.

4.3 Place of Meetings. Directors may hold their meetings at any place within or without the State of Georgia as the board of directors may from time to time establish for regular meetings or as is set forth in the notice of special meetings or, in the event of a meeting held pursuant to waiver of notice, as may be set forth in the waiver.

4.4 Notice of Meetings. No notice shall be required for any regularly scheduled meeting of the directors of the Association. Unless waived as contemplated in Section 4.7, the president or secretary of the Association or any director thereof shall give notice to each director of each special meeting stating the time, place and purpose of the meeting. Such notice shall be given by mailing a notice of the meeting at least five (5) days before the date of the meeting, or by telephone, telegram, cablegram or personal delivery at least three (3) days before the date of the meeting. Notice shall be deemed to have been given by telegram or cablegram at the time notice is filed with the transmitting agency. Attendance by a director at a meeting shall constitute waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called.

4.5 Quorum. A quorum shall be deemed present throughout any meeting of the board of directors if the persons entitled to cast one-half (1/2) of the votes in that body are present at the beginning of the meeting.

4.6 Vote Required for Action. Except as otherwise provided in this section or by law, the act of a majority of the directors present at a meeting at which a quorum is present at the time shall be the act of the board of directors. Each director shall have one equal vote on the board, regardless of the votes attributable to his condominium unit if he is a unit owner.

4.7 Action by Directors Without a Meeting. Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting if a written consent thereto shall be signed by all the 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 of the board of directors.

4.8 Conduct of Meetings. The president shall preside over all meetings of the board of directors. The secretary shall keep a minute book recording therein all resolutions adopted by the board of directors and a record of all transactions and proceedings occurring at such meetings. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings of the board of directors when not in conflict with the Declaration or these Bylaws.

4.9 Adjournments. A meeting of the board of directors, whether or not a quorum is present, may be adjourned by a majority of the directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting which was adjourned. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

ARTICLE V

OFFICERS

5.1 Number. The officers of the Association shall consist of a president, one or more vice-presidents as determined or designated by the board of directors, a secretary, a treasurer and one or more assistant secretaries and treasurers as determined or designated by the board of directors. The board of directors shall from time to time create and establish the duties of such officers and elect or provide for the appointment of such other officers or assistant officers as it deems necessary for the efficient management of the Association, but the Association shall not be required to have at any time any officers other than a president, secretary and treasurer. Any two or more offices may be held by the same person, except the offices of president and secretary.

5.2 Election and Term. All officers shall be elected by the board of directors and shall serve at the will of the board of directors and until their successors have been elected and have qualified or until their earlier death, resignation, removal, retirement or disqualification. Only members of the board of directors shall qualify to hold the offices of president, secretary and treasurer.

5.3 Compensation. The compensation of all officers of the Association shall be fixed by the board of directors, subject to the approval of unit owners having a majority of votes in the Association; provided, however, that no officers appointed by Declarant shall receive any compensation from the Association.

5.4 Removal. Any officer or agent elected by the board of directors may be removed by the board of directors at any meeting with respect to which notice of such purpose has been given to the members thereof.

5.5 President. The president shall be the chief executive officer of the Association and shall have responsibility for the general supervision of the business of the Association. He shall see that all orders and resolutions of the board of directors are carried into effect. The president shall perform such other duties as may from time to time be delegated to him by the board of directors. The president shall have all the general powers and duties which are incident to the office of the president of an Association organized under the Georgia Nonprofit Corporation Code, including, but not limited to, the power to appoint committees from the directors from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of this Association.

5.6 Vice-Presidents. The vice-president shall, in the absence or disability of the president, or at the direction of the president, perform the duties and exercise the powers of the president. If the Association has more than one vice-president, the board of directors shall designate one of them to act in lieu of the president. Vice-presidents shall perform whatever duties and have whatever powers the board of directors may from time to time assign.

5.7 Secretary. The secretary shall keep accurate records of the acts and proceedings of all meetings of unit owners, directors and committees of directors. He shall have authority to give all notices required by law or these Bylaws. He shall be custodian of the corporate books, records, contracts and other documents. The secretary may affix the corporate seal to any lawfully executed documents requiring it and shall sign such instruments as may require his signature. The secretary shall perform whatever additional duties and have whatever additional powers the board of directors may from time to time assign him and perform all duties incident to the office of secretary of an Association organized in accordance with Georgia law.

5.8 Treasurer. The treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse the same under the direction of the board of directors. The treasurer shall keep full and true accounts of all receipts and disbursements and shall make such reports of the same to the board of directors and president upon request. The treasurer shall perform all duties as may be assigned to him from time to time by the board of directors. The treasurer shall prepare or cause to be prepared all required financial statements, tax returns and the

budget as provided herein. If the Association employs a property manager, accountant, attorney or other agent, the duties may be delegated to the agent. However, the treasurer shall remain responsible for supervising the agent.

5.9 Assistant Secretary and Assistant Treasurer. The assistant secretary and assistant treasurer shall, in the absence or disability of the secretary or the treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the board of directors. Specifically, the assistant secretary may affix the corporate seal to all necessary documents and attest the signature of any officer of the Association.

5.10 Bonds. The board of directors may by resolution require any or all of the officers, agents or employees of the Association to give bonds to the Association, with sufficient surety or sureties, conditioned on the faithful performance of the duties of their respective offices or positions.

ARTICLE VI

INSURANCE

6.1 Types of Coverage. The Association shall maintain in effect at all times as a common expense the types of insurance coverage required by the condominium instruments and Section 39 of the Georgia Condominium Act, as amended, any workmen's compensation or other insurance required by law, and such other insurance as the Board of Directors may from time to time deem appropriate.

6.2 Casualty Insurance. The casualty insurance policy affording fire and extended coverage insurance as required by the condominium instruments and Section 39 of the Georgia Condominium Act, as amended, shall be written in the name of the Association as trustee for the benefit of the unit owners, their respective mortgagees, and any other persons having an interest in the condominium units, as their interests may appear. The board shall review or cause to be reviewed at least every two (2) years the amount of insurance in effect, taking into account the value and replacement cost of the improvements, and the board may engage appraisers, cost estimators or others it deems appropriate in connection therewith. The policy shall insure the entire structure, including both common elements and units, but it shall not include any improvements or betterments made by a unit owner or any personal property or fixtures of a unit owner.

6.3 Policy Provisions. The board shall consider and endeavor to obtain casualty insurance on the following terms and conditions if the board considers them advisable:

- (a) The insurer shall waive its right of subrogation against the Association, the board of directors, any directors or officers of the Association, any managing agent or other agents or employees of the Association, all unit owners, and all other persons entitled to occupy the units or other portions of the condominium.
- (b) The policy shall not be cancelled, invalidated, or suspended on account of the conduct of any person listed in item (a) above without a prior demand in writing delivered to the Association and the allowance of a reasonable time thereafter within which to cure the defect.
- (c) Any "no other insurance" provision in the policy shall expressly exclude the individual unit owners' policies from its operation.
- (d) The policy shall include a mortgagee's clause for the benefit of all mortgagees of condominium units.
- (e) The policy shall not be cancelled or materially altered with respect to any mortgagee for the nonpayment of premium or otherwise until the mortgagee has given thirty (30) days prior written notice of such cancellation or material alteration.
- (f) The policy shall include a waiver of any co-insurance provisions and a waiver of any defense based on invalidity arising from the acts of the insured.
- (g) The policy shall include an agreed value endorsement.
- (h) The policy shall include a deductible amount per occurrence not in excess of \$1,000.
- (i) The insurer shall provide appropriate insurance certificates to each unit owner and each mortgagee, together with duplicate originals of the policies and proof of payment of the premiums.
- (j) The insurer shall be financially sound and responsible and qualified to do business in Georgia.

(k) The policy shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association.

1) The policy shall provide that coverage will not be prejudiced by (i) act or neglect of the unit owners when said act or neglect is not within the control of the Association or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no control.

6.4 Repair and Restoration. In the event of any damage to or destruction of the condominium, the decision to repair or restore shall be made as provided in the condominium instruments. If the decision is made not to repair or restore the damage or destruction, then the insurance proceeds shall be allocated among and distributed for the benefit of the appropriate unit owners and to their mortgagees, if any, in accordance with the condominium instruments; the Association shall cause the debris to be removed from any area on which was located a damaged Unit or damaged common elements which are not to be repaired or restored and shall landscape and restore such area to a clean, safe and attractive condition; and the Board of Directors shall have the right to levy a special assessment against all of the unit owners and the Condominium Units to raise the funds necessary to defray the costs of such work in excess of any amounts which may be available from any reserve funds of the Association maintained for such purpose. If the decision is made to repair or restore the damage or destruction, the same shall be done promptly by the Association in a business-like manner in accordance with the condominium instruments and in accordance with appropriate procedures for the construction of and payment for the improvements. The board may engage a bank, trust company or other institution of appropriate financial standing to act as an insurance trustee to receive, hold and disburse insurance proceeds pursuant hereto.

6.5 Unit Owner's Policies. Unit owners may carry, at their own initiative and expense, the following insurance policies:

(a) A building additions, betterments and alterations endorsement to the master policy of property insurance described in Section 6.2 for the exclusive benefit of the particular unit owner, such unit owner to be liable for (and the Association to be in no way liable for) the premium for such endorsement; and

(b) A "tenant's or condominium owner's policy" covering the contents of his unit, personal injury and property damage liability, burglary and the like.

In no event shall any recovery or payment under the insurance coverage obtained and maintained by the Association be affected or diminished by insurance purchased by individual owners or mortgagees, and no unit owner shall be entitled to exercise his right to maintain the additional insurance coverage set forth in this Section 6.5 in such a way as to bring into contribution any insurance maintained by the Association, or decrease in any other way the amount which the Association may realize under any insurance policy which it may have in force on the property at any particular time.

ARTICLE VII

FINANCES

7.1 Financial Statements. The board of directors shall prepare or cause to be prepared on a monthly and annual basis balance sheets and income and expense statements for the Association. The annual statements shall be distributed to all unit owners within at least ninety (90) days after the close of each fiscal year, and the monthly statements shall be available to any unit owner upon request after the twentieth (20th) day of the following month. The financial statements shall be certified by the person preparing them, whether it be the treasurer or the managing agent. The board may from time to time require the financial statements to be audited as a common expense.

7.2 Annual Budget. The board of directors shall prepare an annual budget for the Association, including expenses, capital improvements, and reasonable reserves for operating funds, repairs, contingencies, capital expenditures, and other appropriate purposes, and distribute same to the unit owners at least thirty (30) days prior to the annual meeting. The budget shall include a statement of the monthly and annual assessments to be levied against each condominium unit pursuant to it. The budget and the assessment shall become effective unless disapproved at the annual meeting by a vote of the unit owners having a majority of the votes in the association. If the membership disapproves the proposed budget for any reason, then the budget for the preceding year shall remain in effect with the board of directors having the right to increase assessments for expenditures which it deems necessary.

ARTICLE VIII
RULES AND REGULATIONS

8.1 Adoption. The board of directors shall have the authority to adopt reasonable rules and regulations governing the use and enjoyment of the common elements by unit owners and any other persons occupying or having the right to occupy the common elements. The board of directors shall cause any rules and regulations adopted or modified to be distributed to all unit owners promptly after the adoption or modification. A unit owner may obtain a copy of any rules and regulations in effect at any time by written request to the Secretary. The rules and regulations in effect at any time shall be considered a part of these Bylaws.

8.2 Enforcement. The board of directors shall have the right and power to impose and assess reasonable fines and to suspend an owner's right to use the common elements for any violation of the condominium instruments or these Bylaws in accordance with the condominium instruments and the following procedure:

(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 or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing.

(b) Notice. 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 rule is subsequently violated, the board of directors shall serve the violator with written notice of a hearing to be held by the board of directors in session. 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; and (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf.

(c) Hearing. The hearing shall be held pursuant to this notice affording the member 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 or director 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 IX

RIGHTS OF MORTGAGEES

9.1 General. All mortgagees of condominium units shall have the rights set forth in these Bylaws in addition to any and all rights set forth in the Georgia Condominium Act, as amended, the condominium instruments and the articles of incorporation.

9.2 Notice of Casualty Loss and Condemnation.

9.2.1 Immediately upon having knowledge of the institution or threat of institution, of any proceedings or other action with respect to the taking of units, the common elements or any portion of any unit or common element in condemnation, eminent domain or other proceedings or actions involving any unit of government or any other person having the power of eminent domain, the Association shall notify all mortgagees having an interest therein whose names and addresses have previously been furnished to the Association, together with a written request for such notice. Any such mortgagee may, if permitted by law, participate in any such proceedings or actions or, in any event, may participate in negotiations in connection therewith, but shall have no obligation to do so.

9.2.2 Immediately after substantial damage or destruction by fire or other casualty to any part of the property, the Association shall provide written notice of same to each mortgagee having an interest therein whose name and address have theretofore been furnished to the Association together with a written request for such notice.

9.2.3 In addition to the foregoing, if the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association ("FNMA") is the mortgagee of any unit, the Association shall notify FHLMC or FNMA, as the case may be (in care of the institution servicing the mortgage or mortgages for and on behalf of the FHLMC or FNMA) in writing of any damage or destruction or taking of (i) the common elements if the damage, destruction or value exceed \$10,000.00, and (ii) any portion of any unit if the damage, destruction or value exceeds \$1,000.00.

9.3 Consent to Amendment. The rights of mortgagees in this Article IX shall not be amended without the prior written approval of two-thirds of the first mortgagees (based on one vote for each first mortgage).

ARTICLE X

MISCELLANEOUS

10.1 Definitions. The terms defined in Section 3 of the Georgia Condominium Act, as amended, shall be deemed to have the meanings therein specified wherever they appear herein unless the context otherwise requires.

10.2 Fiscal Year. The board of directors is authorized to fix the fiscal year of the Association and to change the same from time to time as it deems appropriate.

10.3 Seal. The corporate seal shall be in such form as the board of directors may from time to time determine.

10.4 Registered Office and Agent. The Association shall maintain a registered office and shall have a registered agent whose business office is identical with such registered office. The Association may have offices at such place or places within reasonable proximity to the condominium as the board of directors may from time to time appoint or the business of the Association may require or make desirable.

10.5 Inspection of Books and Records. All accounts, books and records of the Association shall be open to inspection by the unit owners, mortgagees and prospective purchasers, subject to such reasonable rules and regulations not in conflict with applicable law as the board of directors may impose.

10.6 Indemnification. Each director or officer of this Association shall be indemnified by this Association against those expenses which are allowed by the laws of the State of Georgia and which are reasonably incurred in connection with any action, suit or proceeding, completed, pending or threatened, in which such person may be involved by reason of his being or having been a director or officer of this Association. Such indemnification shall be made only in accordance with the laws of the State of Georgia and subject to the conditions prescribed therein. The Association may purchase

and maintain insurance on behalf of any such officers and directors against any liabilities asserted against such persons whether or not the Association would have the power to indemnify such officers and directors against such 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 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.

10.7 Waiver. Whenever any notice is required to be given to any unit owner or director by law or by the condominium instruments, a waiver thereof in writing signed by the director or unit owner entitled to such notice or by the proxy of such unit owner, whether before or after the meeting to which the waiver pertains, shall be deemed equivalent thereto.

10.8 Amendment. Subject to Section 9.3 hereof, 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 recommending a proposed amendment adopted by the board of directors. Such resolution must be approved by members to which at least two-thirds of the votes which members 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 be approved by Declarant and by two-thirds of the votes which members present at such meeting in person or by proxy are entitled to cast, exclusive of any vote or votes appurtenant to any condominium unit or units then owned by Declarant. Notwithstanding anything to the contrary contained in this Section 10.8 but subject to Section 9.3 hereof, no members shall be entitled to vote on amendments to the Articles of Incorporation or these Bylaws if such amendment is required by the governmental statutes, laws, rules or regulations applicable to or promulgated by a governmental lender or purchaser of mortgage loans, including, for example, FNMA OR FHLMC, to enable such lender or purchaser to make or purchase mortgage loans on any unit or if any such amendment is necessary to enable any governmental agency to insure mortgage loans on the units based on the statutes, laws, rules or regulations applicable to or promulgated by such agency, which amendments may be adopted at a meeting of the Board of Directors alone upon receiving the vote of a majority of the Directors.

10.9 Declaration Controls. In the event of any conflict between the provisions of the Declaration and these Bylaws, particularly those governing the election of directors and officers, the Declaration shall control.

10.10 Self-Dealing. Each director and officer, and any property manager, shall disclose in the written minutes of the board any contract or agreement of any kind between the Association and any person or entity to which he is related by blood or marriage or in which he has an interest, whether direct or indirect.