

Callaway Lakes Homeowners Association, Inc.

BY-LAWS

**BY-LAWS OF
CALLAWAY LAKES LAKEOWNERS ASSOCIATION, INC.
A Nonprofit Corporation
(the "Association")**

These By-Laws are the By-Laws of the Association, which is the corporation created by Articles of Incorporation filed with the Secretary of State of Georgia on July 17, 2001. (The "Articles of Incorporation"). All references herein to the "Protective Covenants" shall refer to those certain Protective Covenants for Callaway Lakes Subdivision Section One A & B; Section Two; Section Three; Section Four; Section Five; Section Six as recorded in Deed Book 140 Page 115 and as amended in Deed Book 451, page 182; Deed Book 151, page 166; Deed Book 170, page 39; Deed Book 193, page 215; Deed Book 352, page 302 and Deed Book 509, page 98 in the Office of the Clerk of the Superior Court of Lee County, Georgia. The "Subdivision" referred to herein shall mean Callaway Lakes Subdivision, Section One A & B; Section Two; Section Three; Section Four; Section Five; Section Six, Lee County, Georgia, and any additional Sections which may be developed and made subject to the aforesaid Protective Covenants.

ARTICLE 1

Offices

Section 1. *Registered Office.* The registered office of the Association shall be located at 507 North Jefferson Street, Albany, Dougherty County, Georgia 31702, or such other office as the board of directors shall select.

Section 2. *Other Offices.* The Association may also have offices at such other places both within and without the State of Georgia as the board of directors may from time to time determine or the business of the Association may make appropriate.

ARTICLE 2

Meetings of Members

Section 1. *Location of Meetings.* All meetings of members shall be held at such place within or without the State of Georgia as may be from time to time fixed by the board of directors or as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof, or at the Association's registered office if not so fixed or stated.

Section 2. *Annual Meetings.* Annual meetings of members shall be held on the second Tuesday of February in each year, or if such day is a legal holiday, then on the next following Tuesday. At each such meeting, the members shall, by majority vote, transact such other business

as may be properly brought before the meeting in accordance with the Protective Covenants

Section 3. *Special Meetings.* Unless otherwise prescribed by law, by the Protective Covenants, or by the Articles of Incorporation, special meetings of members may be called for any purpose or purposes by the president, the board of directors, the holders of seventy five percent (75%) of the outstanding voting interest in the Association, or such other officers or persons as may at the time be provided in the Articles of Incorporation, or in the event there are no officers or directors, then by any member.

Section 4. *Notice of Meetings.* Written notice of a meeting stating the place, day and hour of meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) nor more than fifteen (15) days before the date of the meeting.

Section 5. *Business of Meetings.* At an annual meeting of members, any matter relating to the affairs of the Association, whether or not stated in the notice of meeting, may be brought up for action (unless otherwise provided by law). Unless a majority of the members of this Association entitled to vote are present and specifically agree thereto in writing, no matter that was not stated in the notice of a special meeting of members shall be brought up for action at such a special meeting.

Section 6. *Quorum.* The holders of more than thirty-three percent (33%) of the interests entitled to vote, present in person or by proxy, shall constitute a quorum at all meetings of members for the transaction of business except as otherwise provided by law. If a quorum shall not be present, the members present in person or by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such reconvened meeting, any business may be transacted which might have been transacted at the adjourned meeting.

Section 7. *Majority.* If a quorum is present, the affirmative vote of a majority of the members entitled to vote and represented at the meeting shall be the act of the members, except that unanimous vote of all members entitled to vote and represented at the meeting shall be required to approve matters at a special meeting of members with respect to which matters no notice had been given in the notice of such special meeting.

Section 8. *Voting.*

(a) Anything herein to the contrary notwithstanding, all voting contemplated by these By-Laws shall be governed by the Protective Covenants and any reference herein to the voting rights of any member shall be governed by the relevant provisions of the Protective Covenants.

(b) To the extent not in conflict with the Protective Covenants, a member may vote either in person or by a proxy executed in writing by the member or by his duly authorized attorney-in-fact. Any proxy must be in writing, signed by the lot owner (or owners as provided below) and submitted to the President prior to the meeting. If any lot is owned by a corporation, partnership, trustee or other entity or by a group of owners in any form of joint tenancy, the vote

allocated to such lot shall be exercisable by such owner or owners only as provided by the Protective Covenants as amended from time to time. Unless the holder of a valid proxy, a mere lessee of any lot shall have no right to vote and shall in no respect be deemed a member of the Association. In all elections for directors, every member entitled to vote shall have the right to vote, in person or by proxy, the number of units owned by him for as many persons as there are directors to be elected and for whose election he or she has the right to vote but members may not cumulate their votes.

Section 9. *Action by Consent.* Any action required or permitted to be taken at a meeting of members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by the holders of all interests entitled to vote with respect to the subject matter thereof.

ARTICLE 3

Directors

Section 1. *Number; Election.* The number of directors shall be not less than three (3) and shall be an uneven number. Directors must be over age eighteen, but need not be (i) residents of the State of Georgia. The directors shall be elected at the annual meeting of members, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The exact number of the Board of Directors shall be determined by resolution of the Board of Directors. The President of the Callaway Lakes Lakeowners' Association and the President of the Callaway Lakes Homeowners' Association shall be members of the Board of Directors.

Section 2. *Vacancies.* To the extent not in conflict with the Protective Covenants, any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors even though the remaining directors may constitute less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of this predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the remaining directors present at a meeting even though less than a quorum of the board of directors is present. A director elected to fill a newly created directorship shall serve until the next election of directors by the members and the election and qualification of his successor.

Section 3. *Powers.* The business and affairs of the Association shall be managed by its board of directors which may exercise all such powers of the Association and do all such lawful acts and things as are not by law, the Protective Covenants, the Articles of Incorporation or these By-Laws directed or required to be exercised or done by the members.

Section 4. *Compensation of Directors.* The board of directors shall receive no compensation, except as provided in Section 5 of this Article 3.

Section 5. *Indemnification.* As an inducement to the officers and directors of the Association

to act on the Association's behalf, the Association shall, out of its general funds or by special assessment, indemnify and hold harmless each officer or director acting in accordance with these By-Laws and the Protective Covenants, including without limitation all actions taken in connection with the levying, collection and enforcement of assessments. All such indemnification shall be paid upon written request of such officer or director setting forth in reasonable detail the reason for such indemnification, which request shall be given to each of the officers of the Association.

ARTICLE 4

Meetings of the Board of Directors

Section 1. *Location of Meetings.* Meetings of the board of directors, regular or special, may be held either within or without the State of Georgia.

Section 2. *First Meeting of New Board.* The first annual meeting of each newly elected board of directors shall be held immediately following the annual meeting of members at the place where such annual meeting is held. Such meeting shall be designated as the annual meeting of the board of directors, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. Alternatively, the new board of directors may convene at such place and time as shall be fixed by the consent in writing of all its members.

Section 3. *Regular Meetings.* Regular meetings of the board of directors may be held with such frequency and at such time and at such place as shall from time to time be determined by the board. If the board has so fixed the frequency, time and place of regular meetings, no notice thereof shall be necessary.

Section 4. *Special Meetings.* Special meetings of the board of directors may be called by the chairman of the board, by the president, or by any two directors on three days notice to each director in accordance with Article 6.

Section 5. *Notice of Meetings.* Notice of a meeting need not be given to any director who signs a waiver of notice either before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice thereof. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. *Quorum.* A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the Articles of Incorporation. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time until a quorum shall be present, without notice of the time and place that the meeting will be reconvened other than announcement at the adjourned meeting.

Section 7. *Majority.* The act of a majority of the directors present at any meeting at which

a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by law or by the Articles of Incorporation.

Section 8. *Action by Consent.* Any action required or permitted to be taken at a meeting of directors or a committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all directors or all members of the committee, as the case may be, entitled to vote with respect to the subject matter thereof. Such consent shall be filed with the minutes of the proceedings of the board or the committee.

ARTICLE 5

Notices

Section 1. *Required Notices.* Whenever, under the provisions of applicable law, the Articles of Incorporation or these By-Laws, any notice is required to be given to any director or member, such notice shall be given in writing and delivered either personally or by first class mail or telegram, addressed to such director or member, at his address as it appears on the records of the Association. If mailed, such notice shall be deemed to be delivered three (3) business days after it was deposited in the United States mail with first class postage prepaid. Notices given by any other means shall be deemed delivered when received by the addressee.

Section 2. *Waiver of Notice.* Whenever under the provisions of applicable law, the Articles of Incorporation or these By-Laws, any notice is required to be given to any director or member, a written waiver thereof signed by the person or persons entitled to such notice, either before or after the time stated therein, shall be deemed the equivalent to the giving of such notice.

ARTICLE 6

Officers

Section 1. *Offices; Election; Term.* To the extent not in conflict with the Protective Covenants, the officers of the Association shall be chosen by the board of directors and shall be a President, a Vice-President and a Secretary/Treasurer. Except as otherwise provided by law, any person may hold more than one office. Officers shall be elected at the first meeting of the board of directors following the annual meeting of members and shall hold offices until their respective successors have been elected and shall have qualified, and if the board of directors shall fail in any year or years to meet and elect officers, the officers last elected shall continue to hold office. No officer need be (i) a member of the board of directors or (ii) a resident of the State of Georgia.

Section 2. *Additional Officers and Agents.* The board of directors may appoint such other officers, including vice presidents, assistant secretaries and assistant treasurers, and agents as it shall deem necessary. Such officers and agents shall hold their respective offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 3. *Salaries.* The officers shall receive no compensation except as provided in Section 5 of Article 3.

Section 4. *Removal; Vacancies.* Any officer or agent elected or appointed by the board of directors may be removed by the board at any time with or without cause by the affirmative vote of a majority of the board of directors. Officers and agents otherwise elected or appointed may be removed in accordance with Georgia law. Any vacancy occurring in any office of the Association may be filled by the board of directors.

Section 5. *The President.* The president shall be the chief executive officer of the Association, shall preside at all meetings of members and the board of directors, shall have general and active management of the business of the Association and shall see that all orders and resolutions of the board of directors are carried into effect. He or she shall have the authority and power to execute on behalf of the association bonds, mortgages, notes, contracts, leases and other documents and instruments (whether or not requiring a seal of the Association) except where such documents or instruments are required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the Association.

Section 6. *Vice President.* The vice president, or if there shall be more than one, the vice presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president. Each vice president shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

Section 7. *Secretary /Treasurer.* The Secretary/Treasurer shall be one person and shall have the following duties and obligations:

a. The secretary shall attend all meetings of members and the board of directors and shall record the proceedings of such meetings in books to be kept for that purpose, and shall perform like duties for the committees of directors when required. He or she shall give, or cause to be given, notice of all meetings of members and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the president, under whose supervision he shall be. He or she shall have custody of the corporate seal of the Association and he shall have authority to affix it to any instrument requiring it and when so affixed it may be attested by his signature. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers (including affixation of the Corporate Seal) of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

b. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the board of directors. He or she shall disburse the funds of the Association as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at

its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the Association. If required by the board of directors, he or she shall give the Association a bond in such sum and with surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his or her office and for the restoration to the Association, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under this control belonging to the Association. The assistant treasurer, or if there shall be more than one, the assistant treasurers, in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE 7

Operation of the Property

Section 1. *Assessments against Owners*

- a. **Fiscal Year.** The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.
- b. **Preparation and Approval of Budget.** Prior to the commencement of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of common elements and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the owners of all related services. Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating revenue and reserves for contingencies and replacements. The Board of Directors shall send to each owner a copy of the budget in an reasonable itemized form which sets forth the amount of the Common Expenses and each assessment payable by each owner. Such budget shall constitute the basis for determining each owners assessment for the common expenses of the Association for such fiscal year.
- c. **Assessment and Payment of Common Expenses.**
 - (i) The total amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed against each owner in proportion to his or her allocable share of liabilities for Common Expenses. For the purpose of determining each owner's allocable share of the Common Expenses, each lot shall be considered to be one equal share.

(ii) On or before the first day of each fiscal year each owner shall be obligated to pay to the Association, in care of its Board of Directors, the total of such assessment, including budgeted special assessments unless the Board of Directors should determine that the assessments may be paid in installments.

(iii) Within sixty (60) days after the end of each fiscal year, the Board of Directors shall supply to all owners an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Board of Directors deems it advisable, be either distributed to the owners according to each owners share of liability for common expenses or credited to each owners share of liability for common expenses to the next installment due from owners under the current fiscal year's budget, if any, until exhausted.

(iv) The first annual assessment payable to the Association with respect to a Lot shall be adjusted according to the number of days remaining in the calendar year following the date a member becomes a member of the Association.

(v) The Association shall, upon demand at any time, furnish to any member liable for any assessment a certificate in writing signed by an officer of the Association setting forth whether said assessment has been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

(vi) The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a owners obligation to pay his or her allocable share of the common expenses as herein provided whenever the same shall be determined, and, in the absence of any annual budget or adjusted budget, each owner shall continue to pay each annual assessment at the rate established for the previous fiscal year until notice of the quarterly payment which is due more than ten (10) days after such new annual or adjusted budget shall have been delivered to owners.

Section 2. *Payment of Common Expenses.* Each owner shall pay the common expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of Article 7 of these By-Laws. No owner may exempt himself or herself from liability for contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his or her lot. No owner shall be liable for the payment of any part of the common expenses assessed against his or her lot subsequent to the date of recordation of a conveyance by him or her in fee of

such lot. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a lot shall be jointly and severally liable with the selling lot owner for all unpaid assessments against the latter for his proportionate share of the common expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling lot owner amounts paid by the purchaser therefor.

Section 3 . *Special Individual Assessments.* The Board may levy special assessments against individual owners of lots: (i) for the purpose of paying for costs of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas, occasioned by the acts of said owners(s) and not the result of ordinary wear and tear, or (ii) for payment of fines, penalties or other charges imposed against an individual or separate owner relative to such owner's failure to comply with the terms and provisions of the Protective Covenants, the Association documents or any rule or regulations thereunder, including, without limitation, penalties assessed by the Architectural Control Committee and reimbursement to the Architectural Control Committee for any sums it expends on a lot owners behalf. The due date of any special individual assessment levied pursuant to this provision shall be fixed in the Board's resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and the due date of such assessment to the affected lot owner(s) at least thirty (30) days prior to the date such Special Individual Assessment is due.

Section 4. *Reserves*

The Board of Directors shall cause the Association to build up and maintain reasonable reserves for working capital, operations, contingencies and replacement. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, the Board of Directors may at any time levy a further assessment, which shall be assessed against the owners according to their respective shares of liability for the Common Expenses, and which shall be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any further assessment on all owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice become effective with the next quarterly payment which is due more than ten (10) days after the delivery of such notice of further assessment. All owners shall be obligated to pay the adjusted quarterly assessment, or if such further assessment is not payable in installments, then the amount of such assessment.

Section 5. *Delinquent Assessments.* All assessments and related charges not paid on or before the due date shall be delinquent and the Owner shall be in default.

- (A) If any annual assessments or any part thereof is not paid in full by the tenth (10) day after the due date or if any other charges is not paid within ten (10) days after the due date, a late charge equal to the greater of ten (\$10.00) dollars or ten (10%) percent of the amount not paid, may be imposed without further notice or warning to the delinquent owner and interest at the rate of ten (10%) percent shall accrue from the

due date.

- b. If any part of assessments and related charges is made, the amount received may be applied in the following order:
- (i) respectively, to any unpaid late charges, interest charges and specific assessments (including, but not limited to, fines) which are not the subject matter of suit in the order of their coming due;
 - (ii) to costs of collection, including reasonable attorney's fees actually incurred by the Association;
 - (iii) to any unpaid annual assessments or special assessments which are not the subject matter of suit in the order of their coming due; and
 - (iv) respectively, to any unpaid late charges, interest, specific assessments, and annual assessment or special assessment which are the subject matter of suit in the order in which they came due.
- c. If assessments, fines or other charges or any part thereof due from an Owner remain delinquent and unpaid for a period of greater than fifteen (15) days from the due date, a notice of delinquency may be given to that owner stating that if the assessment, fine or charge remains unpaid more than ten (10) days from the date of notice of delinquency, the Board of Directors may accelerate and declare immediately due all of that Owner's unpaid installments of the annual assessment and of any special assessment. If an owner fails to pay all assessments and related charges currently due within ten (10) days.
- d. If assessments and other charges or any part thereof remain unpaid more than thirty (30) days after the assessment payments first become delinquent, the Association, acting through the Board of Directors, may institute suit to collect all amounts due pursuant to the Protective Covenants, these By-Laws and Georgia law and suspend the owner's right to vote and the right to use the Common Elements.

ARTICLE 8

Insurance and Casualty Losses

The Board or its duly authorized agent shall have the authority to and shall obtain insurance for all improvements on the Common Areas, the entrance area and any other recreation areas, against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in amounts sufficient to cover the full replacement cost of any repair or reconstruction on the event of damage or destruction for any such hazard and shall also obtain a public liability policy covering the Common Areas, the entrance area and any recreation areas, and all damage or injury caused by negligence of the Association or its agents. All such insurance coverage obtained by the Board shall

be written in the name of the Association and all such policies shall be written by an insurance company licensed to do business in the State of Georgia, and all policies shall be for the benefit of the Association and its mortgagees, if any, as their interests may appear.

ARTICLE 9

General Provisions

Section 1. *Checks.* All checks, drafts, demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 2. *Fiscal Year.* The fiscal year of the Association shall be fixed by resolution of the board of directors.

Section 3. *Seal.* The Association shall have a corporate seal which shall have inscribed thereon the name of the association, the year of its organization and the words "Corporate Seal-Georgia". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced. The board of directors may from time to time authorize any other officer to affix the seal of the Association and to attest to such affixation by his signature.

Section 4. *Books and Records.* The Association shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of its members, board of directors, and committees of directors.

Not later than three (3) months after the close of each fiscal year, and in any case prior to the next annual meeting of members, the Association shall prepare a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its preceding fiscal year, and a profit and loss statement showing the results of its operations during such fiscal year. Upon written request, the Association promptly shall mail to any member of record a copy of such balance sheet and profit and loss statement.

Section 5. *By-Law Amendments.* These By-Laws may be altered, amended, or repealed or new By-Laws may be adopted by the board of directors or the members.

Section 6. *Conflict.* In the event of any conflict between these By-Laws and the following, the controlling language shall be found in: the laws of the State of Georgia, the Protective Covenants or the Articles of Incorporation, in the order listed.