

**BYLAWS  
OF  
HIGHLAND RIDGE RECREATION ASSOCIATION, INC.**

**ARTICLE I**

**General**

**1.1 Offices**

(a) **Registered Office.** The corporation shall maintain a registered office and shall have a registered agent whose business office is identical with such registered office.

(b) **Other Offices.** The corporation may have offices at such other place or places within the State of Georgia as the Board of Directors may from time to time appoint or the business of the corporation may require or make desirable.

**1.2 Purpose**

(a) The corporation shall have as its purpose the promotion and protection of the privileges and interests of its members who are residents of Highland Ridge Subdivision, and the community of which they are a part. The corporation shall manage and maintain the common properties and recreational facilities of this corporation. It is expressly provided that it is not the purpose of the corporation to realize a profit on its operations or to establish any restrictions or regulations concerning the private property of its members. The corporation shall uphold the restrictions of the Subdivision as listed in Appendix I of the By-Laws. (Appendix I, "Declaration of Covenants, Conditions, Restrictions and Easements for Highland Ridge Subdivision")

**1.3 Control**

(a) The control of the corporation shall lie exclusively with the members, and through them, shall be vested in the Board of Directors of the corporation.

**ARTICLE II**

**Membership**

**2.1 Membership.** The corporation shall have two classes of membership, Class A and Class B, which classes of membership shall have the rights conferred on them by these By-Laws. Class A members shall be determined as provided herein below. There shall be only one Class B member, namely Thompson Real Estate Development, Ltd., a Georgia limited partnership, with Thompson

Real Estate Investments, Inc. its sole general partner.

**2.2 Eligibility for Class A Membership.** Any person who is the record owner of the fee simple title to, or an undivided fee simple interest in, a single-family residence located in Highland Ridge Subdivision, Cobb County, Georgia, shall be eligible for Class A membership in the corporation. Notwithstanding the above, a person who holds such interest or title merely as security for a debt or other obligation shall not be eligible for membership. In addition, there shall not be more than one Class A member per residence.

**2.3 Admission of Class A Members.** Any person eligible for Class A membership pursuant to Section 2.2, above, shall be admitted as a member of the corporation upon issuance of a membership certificate. Each member of the corporation shall be subject to the obligations, conditions and terms set forth herein.

**2.4 Definition of Class A Members.** There shall be (3) classes of Class "A" membership in the corporation. Honorary or gratuitous membership shall not be allowed.

(A-1) Homeowner Membership: Subject to the provisions of Section 2.11, homeowner members shall have the right to vote, whether at a regular or special meeting, on all matters except those that pertain to the Highland Ridge pool and tennis and other recreational facilities.

(A-2) Homeowner/Recreation Membership: Subject to the provisions of Section 2.11, homeowner/recreation members shall be entitled to vote on all matters requiring or allowing a vote of the membership in regular or special meetings. Homeowner/recreation members shall be entitled to the exclusive use of swim and tennis and other recreational facilities which may be acquired or owned, thus they shall be entitled to participate in all activities sponsored by or bearing the corporation's name, subject to the rules of the specific activity, and subject to the rules and regulations established by the Board of Directors.

(A-3) Associate Membership: Associate members shall be those persons who, being non-owner residents in Highland Ridge Subdivision, desire membership in this Association in either Homeowner or Homeowner/Recreation category. They shall be entitled to all the privileges and duties of the chosen membership category, except that they may not vote or hold elected office in the corporation.

**2.5 Conditions of Class A Membership.**

(a) Membership in any sub-class shall be contingent upon the

timely payment of any and all dues, assessments and fees as prescribed for such sub-class of membership by the Board of Directors.

(b) Membership in any sub-class by one member of a household shall confer upon all other members of said household all of the rights and privileges of such sub-class of membership, exclusive of voting rights.

(c) Any person eligible to become a member of the corporation shall make application, accompanied by payment of appropriate dues, to the Board of Directors. The Board of Directors shall have the power to decide all questions concerning the eligibility of an applicant for any sub-class of membership.

(d) Any member who shall move his residence outside the boundaries of or cease to be a resident of Highland Ridge Subdivision shall no longer be eligible for membership in the corporation. Membership and all rights and privileges of membership shall automatically terminate.

(e) No member shall be entitled to any portion of the surplus of the corporation, if any, and such surplus, if any, shall not inure to the benefit of any person, but shall be held and used by the corporation solely for the purposes specified in the Articles of Incorporation, or these By-Laws.

(f) Members shall be liable to the corporation for all property damages, expenses and charges sustained or incurred by the corporation as a result of any willful or negligent acts or omissions of the member, members of the member's family or guests of such member.

**2.6 Initiation or Reinstatement Fee.** There shall be no initiation fee required for Class A members until the Class B membership terminates. After termination, the Board of Directors will establish rules and regulations for initiation or reinstatement of a Class A membership. Furthermore, the Board of Directors shall have at that time the power to establish and impose a fee for initiation or reinstatement.

**2.7 Transfer of Class A Membership.**

(a) Any transfer of a certificate of membership in violation of the provisions of this paragraph shall be ineffective to transfer such membership. Except as provided in paragraph (b) of the Section 2.7, Class A memberships are non-transferable, and any attempted transfer shall void the certificate.

(b) A member may transfer, give or convey his certificate of membership to a member of his immediate household, in which event

the member shall surrender his certificate to the corporation. The corporation shall cause a new certificate to be issued in the name of the new member.

**2.8 Suspension and Expulsion of Class A Members.** If, in a written and signed communication addressed to the Board of Directors, any Class A member of the corporation shall be charged with conduct detrimental to the objects or interests of the corporation or in violation of the By-Laws or rules and regulations prescribed by the Board of Directors, the Board shall consider the matter, and if the Board shall decide to take further action, the Secretary shall send a copy of the communication to the member concerned, who shall be given adequate time to reply, whereupon the Board shall take such further action as it may deem proper. If a majority of the Board, after a fair and impartial hearing on due notice to the concerned member, such notice to be given by the Secretary by registered or certified mail to the concerned member at least ten (10) days before the hearing, shall be satisfied of the truth of the charges, the Board may request the member to resign or may suspend or expel him. Should such member decline to resign on such request, his name shall be stricken from the membership roll by the Board. Upon expulsion, the certificate of membership shall be void and all rights and privileges appurtenant thereto shall cease.

**2.9 Privileges and Obligations of Class A Membership.**

(a) All Class A members shall be afforded the use of the property or recreational facilities owned by the corporation subject to the rules and regulations which shall be conspicuously posted at all times in the recreational facilities for each sub-class of membership, as duly noted in Section 2.4.

(b) The Board of Directors shall fix the terms and conditions upon which guests of Class A members use the property or recreational facilities of the corporation for each sub-class of membership.

(c) Any property of the corporation which is damaged as a result of the negligence or misconduct (as determined by the Board of Directors) by a member or his guest shall promptly be paid for by such member.

(d) The corporation assumes no responsibility for personal property of any member or his guest which may be brought to or left at the recreational facilities of the corporation.

**2.10 Termination of Class B Membership.** Class B membership shall terminate and cease to exist on the earlier to occur of (i) the written resignation of the Class B member as a member of the corporation, or (ii) December 31, 1999.

## **2.11 Voting.**

(a) The Class B membership shall be the only voting membership during such time as there exists a Class B membership. At such time as the Class B membership terminates, those Class A memberships designated in Section 2.4 shall be voting memberships and shall be entitled to vote on all matters as provided in said section. This paragraph shall not be amended or repealed without the consent of the Class B member.

(b) Each Class A member designated as a voting member in Section 2.4 shall be entitled to one vote when the Class A membership becomes a voting membership.

**2.13 Dissolution of Corporation.** In the event Highland Ridge Recreation Association, Inc. is dissolved for any reason whatsoever, the assets of the corporation shall be sold and the proceeds thereof applied first to the just debts and obligations of the corporation, with the balance remaining, if any, distributed among the Class A members of the corporation on an equal basis of sub-class of membership.

## **ARTICLE III**

### **Members Meetings**

**3.1 Place of Meetings.** Meeting of the members may be held at any place within Cobb County, Georgia 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 corporation.

**3.2 Annual Meetings.** The annual meeting of the members of the corporation shall be conducted during each fiscal year of the corporation at such time as the Board of Directors shall determine for the purpose of electing directors and transacting any and all business that may properly come before the meeting.

**3.3 Special Meetings.** Special meetings of the members may be called at any time by the President, the Board of Directors, by thirty-three percent (33%) of the members of the corporation or by the Class B member.

**3.4 Notice of Meetings.** Unless waived as contemplated in Section 6.2 or by attendance at the meeting, either in person or by proxy, for any purpose other than to object to the transaction of business, a written or printed notice of each members meeting stating the place, day and hour of the meeting shall be delivered not less than five (5) days nor more than thirty (30) days before the date thereof, either personally or by mail, by or at the

direction of the President or Secretary or other person calling the meeting, to each member of the corporation. In the case of an annual meeting, the notice of the meeting need not state the purpose or purposes of the meeting unless the purpose or purposes constitute a matter which the Georgia Nonprofit Corporation Code requires to be stated in the notice of the meeting. In the case of a special meeting, the notice of meeting shall state the purpose or purposes for which the meeting is called.

**3.5 Quorum.** At all meetings of the members, the presence of members holding thirty-three percent (33%) of the votes to which all members of the corporation are then entitled shall constitute a quorum. "Presence", for this purpose, shall include all members physically present, those present by written proxy, and those represented by a proper sealed absentee ballot received by the Association prior to the meeting. If a quorum is present, a majority of the votes cast shall determine any matter coming before the meeting unless a different vote is required by statute, by the Articles of Incorporation or by these By-Laws. The members at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

**3.6 Voting.** Voting on all matters raised during the course of the meeting, and not contained in the printed agenda and absentee ballot distributed to members shall be by voice vote or by a show of hands unless a majority of the members present or a majority of the members of the Board of Directors present deems voting by secret ballot to be necessary or desirable. In the event it is determined that the vote is to be by secret ballot, all members present in person or by proxy shall be entitled to vote.

**3.7 Proxies.** A member may vote in person, by proxy, or by absentee ballot executed in writing by the member.

A proxy shall not be valid after eleven (11) months from the date of its execution, unless a longer period is expressly stated therein. If the validity of any proxy "or absentee ballot" is questioned, it must be submitted to the Secretary of the members meeting for examination or to a proxy officer or committee, appointed by the person presiding at the meeting. The Secretary of the meeting or, if appointed, the proxy officer or committee, shall determine the validity or invalidity of any proxy "or absentee ballot" submitted and referenced by the Secretary in the minutes of the meeting to the regularity of a proxy "or absentee ballot" shall be received as prima facie evidence of the facts stated for the purpose of establishing the presence of a quorum at such meeting and for all other purposes. An absentee ballot, to be valid, must be on the form prepared by the Board of Directors and must be delivered to the Association or an officer thereof in a sealed envelope.

Sealed absentee ballots shall be opened only by the designated election officials during the course of the meeting and in such manner as shall be prescribed by the Board to preserve the sanctity of the secret ballot.

**3.8 Presiding Officer.** The President, or in his absence, the Vice President, shall serve as chairman of every members meeting unless some other person is elected to serve as chairman by a majority vote of the members represented at the meeting. The chairman shall appoint such persons as he deems required to assist with the meeting.

**3.9 Adjournments.** Any meeting of the members, whether or not a quorum is present, may be adjourned by members holding 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 a meeting which was adjourned.

**3.10 Action of Members Without a Meeting.** Any action which may be taken at a meeting of the members may be taken without a meeting, if a written approval and consent, setting forth the action authorized, shall be signed by two-thirds (2/3) of the members entitled to vote, on the date on which the last such member signs such approval and consent, and upon the filing of such approval and consent with the officer of the corporation having custody of its books and records. Such approval and consent so filed shall have the same effect as a unanimous vote of the members at a special meeting called for the purpose of considering the action authorized.

## ARTICLE IV

### The Board of Directors

**4.1 General Powers.** The business and affairs of the corporation shall be managed by the Board of Directors. In addition to the powers and authority expressly conferred upon it by these By-Laws, the Board of Directors may exercise all such powers of the corporation and do all such lawful acts and things as are not by law, by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the members.

**4.2 Number, Election and Term of Office.** Unless Georgia law permits a lesser number, the number of directors of the corporation shall not be less than three (3) nor more than eleven (11), the precise number to be fixed by resolution of the Board of Directors. Except as provided in Section 4.5, the directors shall be elected by the affirmative vote of a majority of the members represented at

the annual meeting. Each director, except in case of death, resignation, retirement, disqualification or removal, shall serve a two-year term. One-half of the directors shall be elected in odd years and the remaining directors shall be elected in even years.

**4.3 Qualifications.** Directors shall be natural persons who have attained the age of twenty-one (21) years and who are eligible to be members of the corporation; provided, however, that so long as the Class B membership shall exist, directors need not be members of the corporation.

**4.4 Removal.** Any director may be removed from office with or without cause by the affirmative vote of members holding a majority of the votes entitled to vote at an election of directors. Removal action may be taken at any members 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.

**4.5 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 members shall have elected a successor, by affirmative vote of a majority of the directors then remaining in office though less than a quorum of the Board of Directors.

## ARTICLE V

### Meetings of the Board of Directors

**5.1 Regular Meetings.** Regular meetings of the Board of Directors shall be held quarterly. In addition, the Board of Directors may schedule other meetings to occur throughout the year.

**5.2 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 corporation.

**5.3 Place of Meetings.** Directors may hold their meetings at any place within Cobb County, 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.

**5.4 Meeting by Conference Telephone or Similar Equipment.** Members of the Board of Directors may participate in a meeting of such Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant

to this section shall constitute presence in person at the meeting.

**5.5 Notice of Meeting.** No notice shall be required for any regularly scheduled meeting of the directors of the corporation. Unless waived as contemplated in Section 6.2, the President or Secretary of the corporation 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. Whenever the Board or any committee of the Board is authorized to take action only after notice to its members, the action may be taken with notice to fewer than all such members if at any time prior to completion of the action, the member or members not receiving such notice submit to the Board or committee, as the case may be, a signed waiver of notice.

**5.6 Presumption of Assent.** A director who is present at a meeting of the Board shall be presumed to have concurred in any action taken at the meeting, unless his dissent to such action shall be entered in the minutes of the meeting or unless he shall submit his written dissent to the person acting as the secretary of the meeting before the adjournment of the meeting or shall forward such dissent by registered or certified mail to the Secretary of the corporation within twenty-four (24) hours after the adjournment of the meeting. Such right to dissent shall not apply to a director who, being present at the meeting, failed to vote against such action.

**5.7 Quorum.** At meetings of the Board of Directors, more than one-half of the directors then in office shall be necessary to constitute a quorum for the transaction of business.

**5.8 Vote Required for Action.** Except as otherwise provided in this section or by law, the act of a majority of the directors present at the meeting at which a quorum is present at the time shall be the act of the Board of Directors. Vacancies in the Board of Directors may be filled as provided in Section 4.5 of these By-Laws.

**5.9 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.

**5.10 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 VI

### Notice and Waiver

**6.1 Procedure.** Whenever these By-Laws require notice to be given to any member or director, the notice shall be given as prescribed in Sections 3.4 or 5.5 for any member or director, respectively. Whenever notice is given to a member or director by mail, the notice shall be sent by first class mail by depositing the same in a post office or letter box in a postage prepaid sealed envelope, addressed to the member or director at his address as it appears on the books of the corporation, and such notice shall be deemed to have been given at the time the same is deposited in the United States mail.

**6.2 Waiver.** Whenever any notice is required to be given to any member or director by law, by the Articles of Incorporation or by these By-Laws, a waiver thereof in writing, signed by the director or member entitled to such notice or by the proxy of such member, whether before or after the meeting to which the waiver pertains, shall be deemed equivalent thereto.

## ARTICLE VII

### Officers

**7.1 Number.** The officers of the corporation shall consist of a President, a Vice President, a Secretary and a Treasurer. The Board of Directors shall from time to time create and establish the duties of such other 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 corporation. Any two or more offices may be held by the same person, except the offices of President and Secretary. All officers shall be elected annually by the Board of Directors.

**7.2 Qualification.** Officers shall be natural persons residing in the State of Georgia who have attained the age of twenty-one (21) years. Only members who serve on the Board of Directors shall be officers.

**7.3 Compensation.** The compensation of all officers of the corporation shall be fixed by the Board of Directors. Officers shall also be reimbursed for reasonable expenses incurred by them on behalf of the corporation in the performance of their duties; provided, however, any such expense in excess of \$100.00 must first be approved by the Board of Directors.

**7.4 Removal.** Any officer or agent elected by the Board of Directors may be removed without cause from office by the Board of Directors whenever in their judgment the best interest of the corporation will be served thereby.

**7.5 Vacancies.** Any vacancy in an office resulting from any cause may be filled by the Board of Directors.

**7.6 Powers and Duties.** The officers of the corporation shall have the powers and duties set forth below:

(a) **President.** The President of the corporation shall have the following powers and duties:

(i) To preside at all meetings of the members;

(ii) To appoint, subject to confirmation by the Board of Directors, all committee chairmen;

(iii) To see that all order and resolutions of the Board of Directors are carried into effect;

(iv) To have general superintendence and direction of all the other officers of the corporation and of the agents and employees thereof and to see that their respective duties are properly performed; and

(v) To submit at each annual meeting of members and directors a report of the operations of the corporation and from time to time to report to the directors all matters within his knowledge that should be brought to their attention in the best interests of the corporation.

(b) **Vice President.** The Vice President shall have and exercise all the powers, authority and duties of the President during his absence or inability to act. He shall act as assistant to the President.

(c) **Secretary.** The Secretary of the corporation shall be the

custodian of and shall maintain the corporate books and records and shall be the recorder of the corporation's formal actions and transactions. The Secretary shall have the following specific powers and duties:

(i) To attend all meetings of the Board of Directors and to record all proceedings of such meetings in a book to be kept for that purpose and to perform like duties for any committees when required;

(ii) To give or cause to be given notice of all meetings of members and special meetings of the Board of Directors and any meetings of committees required by law, the Articles of Incorporation or these By-Laws;

(iii) To keep the corporate seal of the corporation and affix it to all papers and documents requiring said seal, and to attest by his signature all corporate documents which may give general authority to any other officer; to affix the seal of the corporation, and to attest the affixing thereof by his signature;

(iv) To keep at the registered agent's office, open for inspection by members at all reasonable times, the original or a certified copy of these By-Laws of the corporation, as amended or otherwise altered to date;

(v) To post conspicuously at the recreational facilities, on a timely basis, the current minutes of the meetings of the Board of Directors; and

(vi) To maintain a list of current members of the corporation.

(d) **Treasurer.** The Treasurer of the corporation shall be its chief fiscal officer and the custodian of its funds and properties. The Treasurer shall have the following specific powers and duties:

(i) To keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and to deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors;

(ii) To disburse the funds of the corporation for proper expenses and dividends and, as may be ordered by the Board of Directors, taking proper vouchers for such disbursements;

(iii) To render to the President and the Board of Directors, at its regular meetings, or when they so require, an account of his transactions as Treasurer and financial

statements in form satisfactory to them of the condition of the corporation;

(iv) To maintain accurate lists and descriptions of all capital assets of the corporation, including land, buildings and plants; and

(v) To oversee the proper drafting of all checks, drafts, notes and orders for the payment of money as required in the business of the corporation and to see that all such instruments are properly executed.

**7.7 Bonds.** The Board of Directors may by resolution require any or all of the officers, agents or employees of the corporation to give bonds to the corporation, with sufficient surety or sureties, conditioned on the faithful performance of the duties of their respective offices or positions, and to comply with such other conditions as may from time to time be required by the Board of Directors.

**7.8 Checks.** All checks and other instruments shall be signed by any two (2) of the following: the President, Vice President, Secretary and Treasurer.

## **ARTICLE VIII**

### **Fiscal Affairs**

#### **8.1 Annual Budget.**

(a) A proposed annual operating budget setting forth anticipated revenue and proposed expenditures for the fiscal year shall be prepared by the Board of Directors no later than April 15 of each year.

(b) A proposed annual capital budget setting forth anticipated revenue and proposed expenditures for the fiscal year shall be prepared by the Board of Directors no later than April 15 of each year.

(c) A proposed annual budget, as approved by the Board of Directors, shall be distributed to the members no later than April 30 of each year. The budget as approved by the Board of Directors shall be submitted to the members at the annual meeting.

(d) The budget shall be reviewed periodically and updated as required.

#### **8.2 Dues.**

(a) The amount of the annual dues shall be established by the Board of Directors. The annual dues may vary from year to year but shall be the same for all members of the same sub-class. Notwithstanding the foregoing, the Class B member shall be exempt from dues.

(b) Dues shall be paid in the manner set forth by the Board of Directors. Written notice of the amount of such dues will be given to the members no later than fourteen (14) days before such dues must be paid.

(c) A member is responsible for all dues until the certificate of membership is transferred in accordance with the provisions of these By-Laws. No dues or special assessments shall be refunded unless specifically approved by the Board of Directors.

(d) In the event a member does not pay his dues or other indebtedness within fifteen (15) days after the due date thereof, said member shall be deemed to be delinquent and shall be notified of such delinquency by the Treasurer. If payment is not made within five (5) days after such notice, the delinquent member shall be subject to a late payment penalty not to exceed ten percent (10%) of the annual dues. In addition, all rights and privileges of such member during the period of delinquency shall be suspended. In the event such default is not corrected within forty-five (45) days after the notice of delinquency, the certificate of membership shall be forfeited to the corporation, in which case the Secretary shall remove the member's name from the membership list.

### **8.3 Finances.**

(a) The fiscal year shall be May 1 through April 30.

(b) At each annual meeting (or special meeting held in lieu thereof), the Board of Directors shall have prepared and shall submit for membership approval an annual budget consisting of:

- (i) A general budget; and
- (ii) A recreational facilities budget.

(c) The annual budget shall include provision for reserves for major repairs and replacements; such reserves shall be carried to succeeding years until used. Any excess of revenues over expenses in any year shall be retained by the corporation as additional reserves, unless determined otherwise by a vote of the membership.

(d) The general budget and the recreational facilities budget shall each include both specific plans for major expenditures and member dues and fees to finance the budget. Both the proposed expenses and revenues shall be approved together and shall require

a majority of votes cast by eligible voting members.

(e) No special assessments shall be levied against the members of any class except by a two-thirds (2/3) vote of the eligible votes cast at a regular or special meeting of the members of such class at which the assessment is proposed.

**8.4 Special Assessments.** At any regular or special meeting of the members of the corporation, the Board of Directors may recommend that a special assessment be assessed against the members. In order to impose such special assessment, the affirmative vote of members holding two-thirds of the votes entitled to vote thereon shall be required. Written notice of the reason for and nature of the special assessment shall be given all members no later than fifteen (15) days before the meeting.

**8.5 Deposits.** The funds of the corporation shall be deposited only in national banks, state banks or trust companies operating in accordance with the laws of the State of Georgia; and then only in an institution where the deposits are insured by the FDIC.

**8.6 Capital Reserve Fund.** All revenues collected as a result of allowances for capital reserves in the annual operating budget shall be appropriated only for the specific purpose of providing for unforeseen and unexpected major repairs and replacements to existing facilities. A separate account designated "Capital Reserve Fund" shall be established to accumulate such allowances.

## ARTICLE IX

### Indemnification

**9.1 General.** The corporation may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself,

create a presumption that the person did not act in a manner which he reasonable believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceedings, had reasonable cause to believe that his conduct was unlawful.

**9.2 Derivative Actions.** The corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

**9.3 Successful Defense.** To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 9.1 or 9.2 above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys fees) actually and reasonably incurred by him in connection therewith.

**9.4 Authorization.** Any indemnification under Sections 9.1 or 9.2 above (unless ordered by a court), shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 9.1 or 9.2 above. Such determination shall be made **(a)** by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or **(b)** if such quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or by the affirmative vote of a majority of the members entitled to vote thereon.

**9.5 Expenses in Advance of Disposition.** Expenses incurred in

defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this Article.

**9.6 Non-Exclusive Remedy.** The indemnification provided for hereunder shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any By-Law or resolution approved by the affirmative vote of members holding a majority of votes entitled to vote thereon taken at a meeting, the notice of which specified that such By-Law or resolution would be placed before the members, both as to action by a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

**9.7 Insurance.** The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

**9.8 Notice.** If any expenses or other amounts are paid by way of indemnification, otherwise than by court order or action by the members or by an insurance carrier pursuant to insurance maintained by the corporation, the corporation shall, not later than the next annual meeting of members, unless such meeting is held within three (3) months from the date of such payment and, in any event, within fifteen (15) months from the date of such payment, send by first class mail to its members of record at the time entitled to vote for the election of directors, a statement specifying the persons paid, the amounts paid and the nature and status at the time of such payment of the litigation or threatened litigation.

## **ARTICLE X**

### **Amendments**

These By-Laws may be amended, modified or rescinded, from time to time, in the following manner:

**10.1 Notice.** Notice of the subject matter of a proposed amendment

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

**10.2 Adoption.** The Board of Directors shall have the power to alter, amend or repeal any of the By-Laws or to adopt new By-Laws by the affirmative vote of the majority of all the directors. Any By-Laws adopted by the Board shall be considered by the members at their next annual or special meeting, and may be altered, omitted or repealed by the affirmative vote of 2/3 of the eligible members of the corporation, cast, in person, by proxy, or by a proper absentee ballot.

New By-Laws may be proposed by petition signed by not less than 33-1/3% of the current members of the Association at the time the petition is submitted to the Board. The Board shall either adopt said proposed By-Laws, or shall submit the proposal to the members at their next meeting. The text of said By-Laws shall be distributed to all members at least 14 days prior to the meeting at which said proposal is to be considered. The members may prescribe in any By-Law adopted by them that such By-Laws shall not be altered, omitted, or repealed by the Board of Directors.

**10.3 Proviso.** No amendment that is in conflict with the Articles of Incorporation of the Association shall be adopted.

## ARTICLE XI

### Miscellaneous

**11.1 Inspection of Books and Records.** All books and records of the corporation may be inspected by any member, his agent or attorney-in-fact for any proper purpose at any reasonable time.

**11.2 Fiscal Year.** The Board of Directors is authorized to fix the fiscal year of the corporation and to change the same from time to time as it deems appropriate.

**11.3 Seal.** The corporate seal shall be in such forms as the Board of Directors may from time to time determine. In the event it is inconvenient to use such corporate seal at any time, the signature of the President of the corporation, followed by the word "Seal" enclosed in parentheses, shall be deemed the seal of the corporation.

**11.4 Rental of Recreational Facilities.** Rental regulations and rates shall be established by the Board of Directors.

**11.5 Guests.** The Board of Directors shall establish rules and regulations governing use of the recreational facilities by guests of members. The term "guest" shall not apply to any member of an

organized group at the time he is participating in a group function. All guest fees shall be paid by the member bringing such guest. Resident non-members do not qualify as guests.

**11.6 Insurance.** The corporation shall obtain insurance in such amounts and for such coverage as the Board of Directors shall deem necessary, including but not limited to a general liability policy.

I, Mary A. Thompson, Secretary of Highland Ridge Recreation Association, Inc., do hereby certify that the above and foregoing By-Laws were duly adopted as the By-Laws of said corporation by virtue of action taken by consent by the directors at the organizational meeting of the corporation, and that the same do now constitute the By-Laws of said corporation.

**IN WITNESS WHEREOF,** I have hereunto set my hand and affixed the seal of said corporation, this \_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
Mary A. Thompson

(CORPORATE SEAL)