

BYLAWS
OF
HIGHLAND RIDGE HOMEOWNERS ASSOCIATION

ARTICLE I.

NAME, LOCATION, APPLICABILITY

Section 1.01 Name. The name of this Association shall be Highland Ridge Homeowners Association, Inc. (hereinafter referred to as the "Association"), a Georgia nonprofit corporation.

Section 1.02 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 Development as the Board of Directors may from time to time designate.

Section 1.03 Applicability. These Bylaws provide for the self-government of the Association in accordance with and subject to the provisions of the Articles of Incorporation and the Georgia Nonprofit Corporation Code.

Section 1.04 Definitions. Unless the context otherwise requires, the terms used in these Bylaws, the Declaration and the Articles of Incorporation shall have the following meanings:

- (a) "Association" shall mean Highland Ridge Homeowners Association, Inc. and its successors.
- (b) "Board or Board of Directors" shall mean the governing body of the Association.
- (c) "Development" shall mean all that property located in Highland Ridge Subdivision, Unit I and Unit TI, relating to certain real property located in Land Lots 103 and 114 in the 16th District, 2nd Section of Cobb County, Georgia.
- (d) "Lot" shall mean any portion of the development intended for individual ownership and use, together with all improvements erected thereon, as such Lots are shown on any site plan of the Development filed with the Clerk of the Superior Court of Cobb County, Georgia.
- (e) "Mortgage" shall refer to any mortgage, deed to secure debt, deed of trust or other transfer or conveyance for the purpose of securing the performance of an obligation, including but not limited to a transfer or conveyance for such purpose of fee title.

(f). "Person" shall mean any individual, corporation, firm association, partnership or other legal entity.

Other terms shall have their natural meanings or the meanings given in the Georgia Nonprofit Corporation Code.

ARTICLE II.

PURPOSE

Section 2.01 Purpose. The Association shall have as its purpose the promotion of the welfare of its members and the residents of the Highland Ridge Subdivision and the community of which they are a part. More specifically, the Association shall manage such facilities for recreation and social activities of the membership as are provided for the use of the members and their guests. The Association will be responsible for enforcing the restrictions referred to in the protective covenants and any subsequent regulation made by the Association. It is expressly provided that it is not the purpose or object of the Association to realize a profit on its operations.

ARTICLE III.

MEMBERSHIP, DUES, AND VOTING RIGHTS

Section 3.01 Membership Eligibility. Every person who is the record owner of a fee or undivided fee interest in any Lot shall be eligible to be a member of the Association, excluding persons who hold such interest under a mortgage.

Section 3.02 Voting Procedures. If a Lot is owned by more than one person and if only one of those persons is present at a meeting of the Association, that person shall be entitled to cast the vote appertaining to that Lot; provided, however, if more than one of those persons is present, the vote appertaining thereto 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 vote appertaining to that Lot without protest being made by any of the others to the person presiding over the meeting.

Section 3.03 Voting Rights. The Association shall have one class of voting membership. Members shall be entitled to one vote per Lot owned. The vote attributable to a Lot shall be exercised as a whole. When more than one person or a person other than a natural person owns such interest in any Lot, the vote therefore shall be exercised in accordance with the provisions of Section 3.02 of these bylaws. The vote of any Member not a natural person or persons shall be cast pursuant to a proxy or proxies duly executed by or on behalf of the Member.

Section 3.04 Suspension of Voting Rights. During any period in which a Member shall be in default for more than thirty (30) days in the payment of any fees or dues to the Association, after at least ten (10) days prior written notice to such Member of such default, the voting rights of such Member may be suspended by the Board of Directors

until such fees have been paid. Such rights may also be suspended for a reasonable period for a violation of any provisions of these Bylaws or any of the published rules and regulations of the Association.

Section 3.05 Membership Election. The Board of Directors shall establish the procedures whereby any individual who owns a lot in Highland Ridge but has not previously been a Member shall become a Member of the Association and the record date by which any eligible individual must be a Member of the Association in order to vote at any membership meeting. Such procedures may provide for initiation or other membership fees as a condition of membership. No procedures adopted by the Board of Directors shall discriminate against any individual or lot owner eligible for membership as provided in Section 3.01 of these Bylaws.

Section 3.06 Membership Approval Of Rules. Any rules or regulations adopted by the Board of Directors shall be submitted to a special meeting of the Members for consideration and approval. Copies of the rules or regulations to be considered shall be distributed to the Members with the notice for a special meeting distributed at least fifteen (15) days prior to the date of that meeting. A majority vote of those present, in person or by proxy, at the special meeting where a quorum has been established shall be required to approve any proposed rules and regulations adopted by the Board of Directors. If a quorum of the Members is not present at the special meeting called for approval of rules or regulations, the rules shall take effect without further vote of the Members but only after notice in the manner provided in the Declaration.

ARTICLE IV.

MEETINGS, VOTING, PROXIES

Section 4.01 Place of Meeting. Membership meetings of the Association shall be held at the Development or at such other suitable place convenient to the members as may be designated in the notice thereof by the Board of Directors.

Section 4.02 Annual Meeting. Annual meetings of the membership of the Association may be held within the thirty (30) days prior to the beginning of the fiscal year (November 1 st) on such date as the Board shall determine to be in the best interests of the Association. At the annual meeting, comprehensive reports of the affairs, finances and budget projections of the Association shall be made to the Members.

Section 4.03 Special Meetings. The Secretary of the Association shall be required to call a special meeting of the members as directed by the President of the Association, or upon the resolution of a majority of the Board of Directors, or upon presentation to the Secretary of the Association of a petition signed by Members entitled to cast at least twenty-five percent (25%) of the votes of the Association.

Section 4.04 Notice of Meetings. It shall be the duty of the Secretary of the Association to mail a notice of each annual or special membership meeting, stating the

purpose thereof as well as the date, time, and place where it is to be held. Such notice shall be delivered personally or sent by United States Mail, postage prepaid, to all Members at such address or addresses as any of them may have designated, or if no address has been so designated, at the address of their respective Lots. Except as may be otherwise required by law, notice shall be given to each Member at least twenty-one (21) days in advance of any annual or regularly scheduled meeting, and at least seven (7) days in advance of any other meeting. The mailing of a notice in the manner provided in this Section 4.04 shall be considered notice given. Any member may waive the notice of the meeting by doing so in writing before or after the meeting. Attendance at a meeting, either in person or by proxy, shall of itself constitute a waiver of notice and waiver of any and all objections to the place or time of the meeting or the manner in which it has been called or convened, unless a member or other person entitled to notice attends such meeting solely for the purpose of stating, at the beginning of the meeting, any such objection or objections to the transaction of business. 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. A recitation in the minutes of any membership meeting that notice of such meeting was properly given shall be prima facie evidence that such notice was so given.

Section 4.05 Order of Business. The order of business at all annual membership meetings shall be as follows:

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

Section 4.06 Quorum. At all membership meetings, annual or special, a quorum shall be deemed present throughout any meeting until adjourned if Members entitled to cast one third of the votes of the Association are present in person or by proxy. No Member whose voting rights have been suspended pursuant to Section 4.03 of these Bylaws shall be counted for a quorum.

Section 4.07 Adjourned Meetings. Any meeting of the membership which cannot be organized because a quorum has not attended may be adjourned from time to time by the vote of a majority of the Members present in person or represented by proxy. When any membership meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

Section 4.08 Proxy. The vote of any Member may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Member delivered to the Secretary of the Association. No such proxy shall be revocable except by written notice delivered to the Secretary of the Association by the Member or by any such persons. Any proxy shall be void if it is not dated or if it purports to be revocable without notice. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. The transfer of title to any Lot shall void any outstanding proxy pertaining to the voting rights appurtenant to that Lot. The presence of any Member at the meeting for which a proxy is given shall automatically revoke the proxy.

Section 4.09 Action Taken by Association. Except as otherwise provided by these Bylaws, any action taken at any meeting of members shall be effective and valid if taken or authorized by not less than a majority of all the votes taken thereon to which all of the members present in person or by proxy at a duly constituted meeting shall be entitled. In the event of any tie vote at any regular, special, or adjourned meeting of the Association, the President, or the Vice President in the absence of the President, shall cast a separate vote to break the tie, unless otherwise provided in these Bylaws.

Section 4.10 Action by Association Without Meeting. Any action which may be taken at a meeting of the members may be taken without a meeting if written approval and consent, setting forth the action authorized, shall be signed by each of the members entitled to vote on the date on which the last such member signs approval and consent and upon the filing of such approval and consent with the Secretary of the Association. Such approval and consent so filed shall have the same effect as the unanimous vote of the members at a special meeting called for the purpose of considering the action authorized.

ARTICLE V.

BOARD OF DIRECTORS: NUMBER POWERS, MEETINGS

Section 5.01 Number. The affairs of the Association shall be governed by a Board of Directors composed of from five (5) to nine (9) persons as determined from time to time by resolution of the Board of Directors. At all times, an odd number of board members shall be maintained. Except as otherwise provided herein, each Director shall serve for a term of two (2) years. Directors must be Members or spouses of Members at all times during their service as Directors; provided, however, that only one person per Lot may serve on the Board at the same time; provided, further, that the term "Member", for purposes of this Section 5.01 and Section 6.01 hereof: shall be deemed to include, without limitation, any shareholder, director, officer, partner in, or trustee of any person which is, either alone or in conjunction with any other person or persons, a Member. Any individual who would not be eligible to serve as a member of the Board of Directors were he not a shareholder, director, officer, partner in, or trustee of such a person, shall be deemed to have disqualified himself from continuing in office if he ceases to have any such affiliation with that person.

Section 5.02 Powers and Duties. The Board of Directors shall have the powers and duties necessary to administer the affairs of the Association including, but not necessarily limited to, those powers and duties specifically assigned to the Board of Directors in the Articles of Incorporation and these Bylaws. Duties of the Board include, but are not limited to, the following:

- a. Maintenance, repair, renovation restoration replacement, care, upkeep and surveillance of the entrances to the Highland Ridge Subdivision, common areas and facilities, and other portions of the Development to be maintained by the Association;
- b. Levy and collection of assessments or dues levied by the Association in accordance with the annual budget;
- c. Designation and dismissal of th personnel necessary for the maintenance and operation of the common elements and facilities;
- d. Publishing and enforcing rules and regulations for the use and enjoyment of the recreational facilities and common areas, or rules governing the enforcement of provisions of the Declaration of Covenants covering the Development;
- e. Authorizing the payment of bills, obligations and indebtedness of the Association as provided by the annual budget

6Section 5.03 Limitation on Borrowing Authority. The Board of Directors shall not have the power to pay bills, obligations or debts of the Association if such payment will exceed 10% of the total budget for expenses in excess of those established in the annual budget without the approval of the majority of members present, in person or by proxy, and eligible to vote at any regular or special meeting of the membership called to present the proposed excess expenditures; provided, however, that this limitation shall not apply to unforeseen emergency operational expenditures. Any emergency operational expenditures in excess of 10% of the total budget shall be reported to the membership by written notice within thirty (30) days of the expenditure. Further, in no event shall the Board be empowered or authorized to execute, sign, or deliver on behalf of the Association any contract of indebtedness, guaranty, surety, deed, mortgage, bond for title, deed to secure debt or deed of trust without the approval of two-thirds (2/3) of the membership.

Section 5.04 Preparation of the Annual Budget. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated costs of operating the common areas during the coming fiscal year, capital improvements, and a reasonable reserve for operating funds, repairs, contingencies, capital expenditures, and other appropriate purposes including those defined in the Article of Declaration. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least fifteen (15) days prior to the meeting. The budget and the assessment shall become effective unless disapproved at the annual meeting by a vote of a majority of

the total association membership. Notwithstanding the foregoing, however, in the event that the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the current year shall continue for the succeeding year.

Section 5.05 Election of Directors and Term of Office. The members shall elect, in accordance with the procedures hereinafter set forth in Section 5.06 of these Bylaws, Directors to succeed to the office of all Directors whose terms have expired at the time of such meeting for a term of two (2) years each. Except in the case of death, resignation, disqualification, or removal, each Director elected by the members shall serve until the annual meeting at which his term expires and until his successor has been duly chosen and qualified.

Section 5.06 Procedure for Election. Persons may be nominated for election to the Board of Directors by a nominating committee appointed by the incumbent Board of Directors prior to the annual meeting and by nominations made FROM the floor at the meeting for such election. Election to the Board of Directors shall be by secret written ballot, unless dispensed by unanimous consent. At such election members or their proxies may cast their votes with respect to each vacancy; cumulative voting shall not apply. At the meeting of the Association at which Directors are to be elected, nominations shall be accepted for not less than the number of positions to be filled by the Board of Directors.

7Upon the closing of such nominations, each Member entitled to vote shall cast a ballot by listing thereon the names of nominees only for the number of positions to be filled. The persons receiving the greatest number of votes shall be elected to fill the vacancies on the Board of Directors. In the event of a tie vote as to anyone or more positions, 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, on the preceding ballot received such tie vote. In the event that the number of persons nominated equals the number of vacancies on the Board of Directors, such persons shall be elected by acclamation. Notwithstanding the foregoing, at the first meeting at which Directors are elected, the two persons receiving the greatest number of votes shall be elected to two year terms, and the person receiving the next greatest number of votes shall be elected to a one year term. If the Directors are elected by acclamation, each Member entitled to vote shall cast a ballot only by writing thereon the names of the persons thus elected whom such person wishes to serve for a term of two years; the ballots shall then be collected and tallied whereupon the two persons receiving the greatest number of votes shall serve two year terms, and the one person receiving the next greatest number of votes shall serve a one year term. In the event the Board expands or contracts the number of members of the Board, the terms of said directors shall be set so that, as nearly as possible, one-half of all directors terms expire in anyone year.

Section 5.07 Removal or Resignation. At any regular or special membership meeting of the Association duly called, anyone or more of the Directors may be removed with or without cause by a majority vote of the total authorized vote of the Members. The

Board shall establish a time for a meeting for the purpose of holding an election by the Members to fill the vacancy or vacancies created by the removal. Any Director whose removal has been proposed by any Member or Members shall be given an opportunity to be heard at the meeting. Any Director may resign at any time by giving written notice to the members of the Board of Directors. Such resignation shall take effect on the date of the receipt of the notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective. The sale of a Lot by a Director or termination of his interest in a Lot shall automatically terminate his directorship. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum and each person so elected shall serve until a successor is elected and qualified at the next annual meeting of the Members.

Section 5.08 Fees and Compensation. No fee or compensation shall be paid by the Association to Directors for their service as Directors unless such fee or compensation is first fixed by a resolution adopted by a two thirds (2/3) majority vote of the total authorized vote of the Members.

Section 5.09 Organizational Meeting. The first and organizational meeting of each Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the meeting of the Members at which such Board of Directors or certain members of the Board of Directors have been elected. The purpose of this organizational meeting is defined in Section 6.02 of these Bylaws.

Section 5.10 Regular Meetings. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings, in addition to the organizational meeting, without notice other than such resolution. The Board of Directors shall keep minutes of its meetings and full account of its transactions.

Section 5.11 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board on three (3) days notice to each Director, given personally or by mail or telephone. The notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors may also be called by the Secretary of the Association in like manner and on like notice on the written request of at least a majority of the Directors.

Section 5.12 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice of such meeting and waiver of any and all objections to the place or time of the meeting or the manner in which it has been called or convened, except when a Director states, at the beginning of the meeting any such objection or objections to the transaction of business.

Section 5.13 Entry of Notice. Whenever any Director has been absent from any

special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given such Director, as required by law and the Bylaws of the Association.

Section 5.14 Board of Directors Quorum. At all meetings of the Board of Directors, a majority of the Directors then in office shall constitute a quorum for the transaction of business.

Section 5. 15 Action Taken by Directors. Except as otherwise provided in these Bylaws or by law, every act or decision by a majority of the Directors present in person at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. Any Director may participate in a meeting through any means of communication by which all directors participating can simultaneously hear each other during the meeting and shall be deemed in attendance at such meeting. In the event of any tie vote, the President, or Vice President in the absence of the President, shall cast a separate vote to break the tie.

Section 5. 16 Action Without Formal Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or any Committee appointed by the Board of Directors may be taken without a meeting if written consent, setting forth the action so taken., shall be signed by all members of the Board of Directors or of such Committee, as the case may be and such written consent is filed with the minutes of the proceedings of the Board or Committee. Such consent shall have the same force and effect as a unanimous vote by the Board of Directors or by such Committee, as may be applicable.

Section 5.17 Committees. There shall be such committees as the Board shall determine with the powers and duties that the Board shall authorize. When creating the committee, the Board shall determine by resolution whether or not the chairperson of the committee shall be a member of the Board.

Section 5.18 Architectural Control Committee. The ACC shall constitute a standing committee of the Association. The Committee shall consist of the Board of Directors unless the Board delegates to other Lot owners the authority to serve on the Committee. The Board may delegate such authority to individual Lot owners by resolution or the Board may call for a special election by the Association., in a manner specified in Section 4.03 of these bylaws to select the Lot owners to whom the authority may be delegated.

ARTICLE VI.

OFFICERS

Section 6.01 Enumeration of Officers. The officers of the Association shall be a President and Vice President, who shall be members of the Board of Directors, a

Secretary, a Treasurer, and such other officers as the Board may from time to time by resolution create. Each officer must be eligible to be a Director as established in Section 5.01 of these Bylaws.

Section 6.02 Election. The President/Chairman of the Board and Vice President/Vice Chairman shall be elected by the members of the Association at the annual meeting. Such election shall take place after the election of members of the Board, as provided in Section 5.06, and said officers shall be elected for one year terms from among those individuals who shall serve on the board for the ensuing year. The Board of Directors shall elect the remaining officers of the Association at each organizational meeting thereof. The Board of Directors at any time and from time to time may appoint such other officers, in addition to those named in these Bylaws, as it shall deem necessary who shall hold their offices for such terms as shall be determined by the Board of Directors and shall exercise such powers and perform such duties as are specified by these Bylaws or as shall be determined from time to time by the Board of Directors. No person may hold more than one officer's position at any time.

Section 6.03 Compensation. No fee or compensation shall be paid by the Association to any officer for his services as an officer unless such fee or compensation is first fixed by a resolution adopted by a two thirds (2/3) majority vote of the total authorized vote of the Members.

Section 6.04 Term. The President and Vice President shall be elected at each annual meeting of the members, and each other officer of this Association shall be elected at the time of each organizational meeting of the Board of Directors, and each shall hold office until the next organizational meeting of the Board and until his successor is duly elected and qualified, or until his earlier resignation, death, removal or other disqualification. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. The sale of his Lot by an officer or a termination of his interest in a Lot shall automatically terminate his term as an officer.

Section 6.05 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term; provided, however, that a vacancy in the office of President shall be filled by the Vice President until the next annual meeting of the members.

Section 6.06 President. The President shall be a Director and shall be Chairman of the Board of Directors. The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall in general manage, supervise, and control all of the business and affairs of the Association and perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall, when present, preside at all membership meetings. The President may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any contracts, deeds, notes, mortgages, bonds, policies of insurance, checks, or other instruments which the

Board of Directors has authorized to be executed, except in cases where signing or execution thereof shall be expressly delegated by the Declaration or these Bylaws or by the Board of Directors to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed.

Section 6.07 Vice President. In the absence of the President, or in the event of his death or inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President may perform such duties as shall from time to time be assigned to him by the Board of Directors.

Section 6.08 Secretary. The Secretary shall: (a) attend and keep the minutes of meetings of the Members, and of the Board of Directors; (b) maintain files of all minutes of all committees having any of the authority of the Board of Directors; (c) see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; (d) be custodian of the Association records; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

Section 6.09 Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association, receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall from time to time be selected by the Board of Directors; (b) authorize vouchers and sign checks for all monies due and payable by the Association; (c) promptly render to the President and to the Board of Directors an account of the financial condition of the Association whenever requested; and (d) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

ARTICLE VII.

FISCAL MATTERS, BOOKS AND RECORDS

Section 7.01 Fidelity Bonds. The Board of Directors may require that any contractor or employee of the Association handling or responsible for Association funds shall furnish an adequate fidelity bond. The premium for any such bond shall be paid by the Association from the common expense fund.

Section 7.02 Books and Records Kept by Association. The Association shall keep detailed, complete, and accurate financial records, including itemized records of all receipts and disbursements; shall keep detailed minutes of the proceedings of all meetings of the members and of the Board of Directors, and committees having any of the authority of the Board of Directors; and shall keep such other books and records as may be required by law or necessary to reflect accurately the affairs and activities of the Association. The Association shall keep at the office of the Association a record giving the names and addresses of the Directors, and of all members of the Association.

Section 7.03 Inspection. The books, records, and papers of the Association, subject to such restrictions consistent with the Georgia Non-Profit Corporation Code as are adopted by the Association, shall at all times, during reasonable business hours, be subject to inspection by any member or his agent or attorney for any proper purpose. True and correct copies of the Articles of Incorporation of the Association, these Bylaws, and all rules and regulations of the Association with all amendments thereto, shall be maintained at the principal and the registered offices of the Association, and copies thereof shall be furnished to any Member on request on payment of a reasonable charge.

Section 7.04 Contracts. The Board of Directors may authorize any officer or officers, or agent or agents of the Association, in addition to the officers so authorized by the Declaration and these Bylaws, to enter into any contract or execute and deliver any instrument in the name of or on behalf of, the Association, and such authority may be general or confined to specific instances.

Section 7.05 Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by the Treasurer and countersigned by the President or Vice President of the Association. In special circumstances, an officer or officers, or agent or agents of the Association, as shall from time to time be determined by resolution of the Board of Directors, may sign such instruments.

Section 7.06 Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

Section 7.07 Gifts. The Board of Directors may accept, on behalf of the Association, any contribution, gift, or bequest or devise for the general purposes, or for any special purpose, of the Association.

Section 7.08 Fiscal Year. The fiscal year of the Association shall begin November 1st and end October 31st.

Section 7.09 Annual Statements. Not later than three (3) months after the close of each fiscal year, the Board of Directors shall prepare or cause to be prepared (a) a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its fiscal year and (b) an income and expense statement showing the results of its operations during its fiscal year. Such statements may, in the discretion of the Board, be audited statements. The Treasurer promptly shall mail to each member copies of the balance sheet and income and expense statement. At any time during the fiscal year, upon written request, the Treasurer shall mail to any members copies of the most recent balance sheet and income and expense statement.

Section 7.10 Audits. The Membership of the Association may call for an audit by

a certified public accountant of any Association financial records. Such audit at the members initiative shall be performed only by the affirmative approval of a majority of the membership present, in person or by proxy, and eligible to vote at any annual or special meeting. The Board of Directors, by a 2/3 vote of the members present at any regular or special meeting of the Board, may also call for such an audit. The audits initiated by the members of the Association shall occur no more frequently than once a year. The certified public accountant shall be selected by the Board of Directors.

Section 7.11 Notices. Each Member shall be obligated to furnish to the Secretary of the Association the address, if other than the Member's Lot, to which any notice or demand to the Member under these Bylaws, is to be given. If no address other than such Lot has been designated, all such notices and demands shall be mailed or delivered to such Lot.

Section 7.12 Payment of Taxes on Common Areas and Insurance Premiums. The Board shall cause payment to be made, in a timely manner, of all taxes assessed against the common areas or Association property and of all insurance premiums. The Board shall have the authority to enter into agreements with institutional holders of first mortgages on individual lots to permit said holders to pay past due taxes or insurance premiums owed by the Association subject to an immediate right of said holders to reimbursement by the Association.

ARTICLE VIII.

INSURANCE

Section 8.01 Types of Coverage. The Association shall maintain in effect at all times as a common expense the types of insurance coverage required by law, and such other insurance as the Board may from time to time deem appropriate. The Board shall review the amount and terms of such insurance annually.

Section 8.02 Policy Provisions. The Board shall consider and endeavor to obtain insurance on the following terms and conditions if the Board considers them advisable:

- (a) The insurer shall waive its rights of subrogation against the Association the Board of Directors, any directors or officers of the Association any managing agent or other agent or employees of the Association all Lot Owners, and all other persons entitled to occupying the Lot or other portions of the Development.
- (b) The policy shall not be canceled, 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 to cure the defect and the allowance of reasonable time thereafter within which to cure such defect.
- (c) Any "no other insurance" provision in the policy shall expressly exclude the individual owners' policies from its operation.

- (d) The policy shall include a mortgagee's clause for the benefit of all mortgagees of lots.
- (e) The policy shall not be canceled 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.
- (g) The policy shall include an agreed value endorsement.
- (h) The policy shall include a waiver of the insurer's right to repair or reconstruct instead of paying cash.
- (i) The policy shall include a deductible amount per occurrence not in excess of \$1:1000:1 unless a higher deductible shall first be approved by a majority vote of the Association.
- (j) The insurer shall provide appropriate certificates to each Lot Owner and each mortgagee, together with duplicate originals of the policies and proof of payment of the premiums.
- (k) The insurer shall be financially sound and responsible and qualified to do business in the State of Georgia.
- (l) Any other provisions as the Board may deem appropriate FROM time to time.

Section 8.03 Repair and Restoration of Common Areas. In the event-of any damage to or destruction of the common areas or on any Lots required to be insured by the Association the structures shall be repaired or restored unless, within thirty (30) days of the occurrence of the damage or destruction, two-thirds (2/3) of all lot owners agree not to repair or restore the damaged or destroyed structure. If the cost of repairing or restoring any damage exceeds the insurance proceeds available for such purposes, then any excess funds required shall be a common expense shared by all the Lot Owners and the Board shall have the power to determine if a special assessment of the Members is required.

ARTICLE IX.

MISCELLANEOUS

Section 9.01 Parliamentary Rules. Unless waived by majority vote of the Members in attendance, in person or by proxy, at any duly called membership meeting, or unless waived by a majority of the Directors present at any duly called meeting of the

Board of Directors, Roberts' Rules of Order (latest edition) shall govern the conduct of the proceedings of such meeting when not in conflict with Georgia law or these Bylaws.

Section 9.02 Conflicts. If there are any conflicts or inconsistencies between the provisions of Georgia law and these Bylaws, the provisions of Georgia law shall prevail

Section 9.03 Amendment. The Articles of Incorporation and these Bylaws may be amended, at a regular or special meeting of the members of the Association duly called and held for such purpose, pursuant to a resolution proposing the amendment adopted by the Board of Directors or proposed by twenty five percent (25%) of the members of the Association.. Such resolution must be approved by at least two-thirds (2/3) of the members of the Association entitled to cast votes. Notwithstanding the foregoing, any amendment to these Bylaws which would alter, modify or rescind any right or privilege herein expressly granted to the holder of any mortgage affecting any Lot shall require the prior written approval of such holder. Any amendment to these Bylaws shall at no time contain any provisions inconsistent with Georgia law or the Articles of Incorporation.

Section 9.04 Indemnification. Each Director and officer of the Association who was, or is, a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, by reason of the fact that he is or was a Director or officer of the Association, shall be indemnified by the Association against those expenses and costs which are allowed by the laws of the State of Georgia and which are actually and reasonably incurred by him in connection with such action, suit, or proceeding. Such indemnification shall be made only in accordance with the laws of the State of Georgia and subject to the conditions prescribed therein. To the extent obtainable, the Association shall maintain insurance on behalf of Directors and officers of the Association against all liabilities asserted against, and incurred by, any such person in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify such Directors and officers against such liabilities under the laws of the State of Georgia.

Section 9.05 Agreements. All agreements and determinations lawfully authorized by the Board of Directors of the Association shall be binding upon all Members, their heirs, legal representatives, successors, assigns or others having an interest in the Development. In performing its responsibilities hereunder, the Association, through the Board of Directors, shall have the authority to delegate to such persons of its choice, such duties of the Association as may be determined by the Board of Directors.

Section 9.06 Severability. Invalidation of any covenant, condition restriction provision, sentence, clause, phrase or word of these Bylaws, or the application thereof in any circumstances, shall not affect the validity of the remaining portions thereof and of the application thereof: which shall remain in full force and effect.

Section 9.07 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions apply either to corporations or individuals, men or

women shall in all cases be assumed as though in each case fully expressed.

Section 9.08 Headings and Captions. The articles, section headings, and captions are for convenience and reference only and in no way define or limit the scope and content of these Bylaws or in any way affect the provisions hereof.