

ARTICLE I

Definitions

Unless the context otherwise requires, the terms as used in these By-Laws shall have the same meanings as those terms defined in the Declaration. Additionally, the following terms shall have the following meanings:

Section 1. "Articles of Incorporation" shall mean the Articles of Incorporation of the Association as the same now exist or as may hereafter be amended.

Section 2. "Association" shall mean and refer to Paces Lake Homeowners Association, Inc., a Georgia non-profit corporation and its successors and assigns.

Section 3. "Board of Directors" or "Board" shall mean the Board of Directors of the Association, the members of which shall be elected from time to time as provided in the Declaration, the Articles of Incorporation, the By-Laws, and the Georgia Non-Profit Corporation Code. The Board of Directors shall be the governing body of the Association.

Section 4. "Common Area" or "Common Areas" shall mean all Property subject to the Declaration, less and except the Lots, and all other property now owned or hereafter acquired by the Association and designated by the Association as Common Area.

Section 5. "Declaration" shall mean that certain Declaration of Covenants, Conditions and Restrictions for Paces Lake Subdivision, recorded in the Office of the Clerk of Superior Court of Cobb County, Georgia, as such document may be amended from time to time.

Section 6. "Development" or "Paces Lake Subdivision" shall mean the Property subject to the Declaration and known as Paces Lake Subdivision.

Section 7. "Eligible Votes" shall mean and refer to those votes available to be cast on the matter at hand. A vote which is for any reason suspended is not available to be cast.

Section 8. "First Mortgage" shall mean a first priority Mortgage and "First Mortgagee" shall mean the holder of a First Mortgage.

Section 9. "Managing Agent" shall mean the person, company, or other legal entity who undertakes the duties, responsibilities, and obligations of the management of the Association and the Development. The Managing Agent may be employed and terminated by a vote of the Board of Directors of the Association, subject to any contract as might exist.

Section 10. "Mortgage" means a mortgage, deed to secure debt or deed of trust. "Mortgagee" shall mean the holder of a Mortgage.

Section 11. "Officer" shall mean and refer to those individuals who are elected by the Board to serve as President, Vice President, Secretary, or Treasurer, or such other subordinate officers as the Board may determine necessary.

Section 12. "Person" shall mean and refer to a natural person, corporation, partnership, limited liability company, trust or other legal entity, or any combination thereof.

Section 13. "Property" shall mean and refer to all of the property which is subject to the Declaration.

Section 14. "Rules and Regulations" shall mean the then current Rules and Regulations of the Association as may be adopted, amended, and repealed by the Board of Directors of the Association.

Section 15. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area.

Section 16. "Lot Owner", "Owner" or "Member" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Development, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Other terms shall have their natural meanings or the meanings given in the Declaration or the Georgia

Non-Profit Corporation Code.

ARTICLE II

General

Section 1. Applicability. These By-Laws provide for the governance of Paces Lake Subdivision in accordance with the Articles of Incorporation and the Declaration and are applicable to the Property and Lots in the Development. These By-Laws are binding on all present and future Owners, tenants, residents, or other persons occupying or using the Lots or facilities of the Property in any manner. The mere acquisition, rental or act of occupancy of any part of said Lots or Property will signify that these By-Laws are accepted, ratified and will be complied with. These By-Laws are subject to the provisions of the Georgia Non-Profit Corporation Code, the Articles of Incorporation, and the Declaration, as the same may be amended from time to time.

Section 2. Name. The name of the corporation is Paces Lake Homeowners Association, Inc., (hereinafter sometimes referred to as the "Association").

Section 3. Purpose. The Association shall have the responsibility of administering the Development, establishing the means and methods of collecting the contributions to the Association expenses, arranging for the management of the Development, and performing all of the other acts that may be required to be performed by the Association pursuant to the Declaration. Except as to those matters which either the Declaration or the Georgia Nonprofit Corporation Code specifically require to be performed by the vote of the Association, the administration of the foregoing responsibilities shall be performed by the Board of Directors, as more particularly set forth below.

Section 4. Ownership. As provided in the Declaration, an Owner of a Lot shall automatically become a Member of the Association upon taking title to the Lot and shall remain an Member for the entire period of ownership. As may be more fully provided below, a spouse of an Owner may exercise the powers and privileges of the Member. If title to a Lot is held by more than one Person, the ownership shall be shared in the same proportion as the title, but there shall be only one (1) ownership and one (1) vote per Lot.

Ownership does not include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's ownership. Ownership shall be appurtenant to the Lot to which it pertains and shall be transferred automatically by conveyance of that Lot and may be transferred only in connection with the transfer of title.

Section 5. Voting. The Association shall have one (1) class of voting ownership which shall consist of all Members. Each Lot shall be entitled to one (1) vote which may be cast in accordance with the terms herein and the terms of the Declaration. A vote may be cast by the Member, the Member's spouse, or by a lawful proxy as provided below and shall be allocated as provided in the Declaration. When a Lot is owned by other than one (1) or more natural persons, the person entitled to cast the vote for such Lot may be designated by a certificate signed by the record Owner of such Lot and filed with the Secretary of the Association. Each such certificate shall be valid until revoked, superseded by a subsequent certificate, or a change occurs in the ownership of such Lot. When a Lot is owned by more than one natural person, they may, without being required to do so, so designate the person entitled to cast a vote for such Lot as provided above. In the event they fail to designate such a person, the following provisions shall apply:

(a) If only one (1) person is present at a meeting, the person present shall be counted for the purposes of a quorum and may cast a vote for the Lot, just as though he owned it individually, and without establishing the concurrence of the absent person or persons.

(b) If more than one (1) of such Owners, whether or not all of them, are present at a meeting and concur in their decision upon any subject requiring a vote, any one of the Owners may cast the vote for the Owners. The concurrence of such Owners shall be conclusively presumed if any one of them purports to cast a vote appertaining to that Lot without protest being made forthwith by any of the others to the person presiding over the meeting.

(c) If more than one (1) of such Owners, whether or not all of them, are present at a meeting and they are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at the meeting.

The votes of Members shall be cast under such rules and procedures as may be prescribed in the Declaration or in these By-Laws, as may be amended from time to time, or by law.

Section 6. Suspension of Voting Rights. The Board of Directors may suspend the voting rights of any Member who is shown on the books and records of the Association or management accounts to be more than thirty (30) days delinquent in the payment of any assessments or other amounts due to the Association until such assessments or other amounts have been paid in full. Such voting rights of a Member may also be suspended for the infraction of any provision of the Declaration, these By-Laws or any Rule or Regulation established and published by the Board of Directors for the period of such infraction, plus an additional period not to exceed thirty (30) days. Any Member whose voting rights have been suspended shall not be counted for purposes of establishing a quorum or be permitted to vote until such voting rights have been reinstated by the Association.

Section 7. Suspension of Use of Common Areas. The Association shall be empowered to suspend temporarily a Member's right to use the facilities as may be located on the Common Areas or to benefit from any service provided or paid for by the Association (including, without limitation, water and cable television service) in order to enforce compliance with the Declaration, these By-Laws or the Rules and Regulations of the Association.

ARTICLE III

Meetings of Members

Section 1. Annual Meetings. The regular annual meeting of the Members shall be held during the month of June or July of each year, on a day, and at a time and place established by the Board. Notwithstanding the foregoing, the Board of Directors may cause the annual meeting of Members to be on such other date in any year as they shall determine to be in the best interests of the Association, and any business transacted at said meeting shall have the same validity as if transacted at a meeting held during the month designated herein. At the annual meeting, reports of the affairs, finances and budget projections of the Association shall be made to the Members.

Section 2. Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President, the Secretary, or Treasurer, and shall be called by request of any two or more members of the Board of Directors, or upon written request of at least fifteen (15%) percent of the Members. Unless by consent of at least seventy-five percent (75%) of the voting weight of the Members present in person or by proxy, only the business stated in the notice may be transacted at a special meeting.

Section 3. Place of Meetings. Ownership meetings of the Association, whether annual or special meetings, shall be held at such suitable place convenient to the Members as may be designated by the Board of Directors.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to each Member a notice of each annual or special meeting of the Association at least twenty-one (21) days prior to each annual meeting and at least seven (7) days prior to each special meeting. The notice shall state the time, place and purpose of such meeting. Notices shall be delivered personally or mailed by United States Mail, postage prepaid, to each Member at the address of his or her Lot or at such other address designated by such Member by

notice in writing to the Secretary. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 5. Waiver of Notice. Waiver of notice of meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by an Member, whether in person or by proxy, shall be deemed a waiver of all objections to lack of notice or defective notice of the meeting, unless the Member at the

beginning of the meeting objects to the holding of the meeting or transacting business at the meeting. A Member's attendance at a meeting shall also be deemed waiver of all objections to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented. The recitation in the minutes of any meeting of the Members that notice of such meeting was properly given shall be prima facie evidence that such notice was so given.

Section 6. Quorum. Except as otherwise provided in the Declaration, at any meeting of the Members, whether annual or special, a quorum shall be deemed present throughout any meeting if Members entitled to cast more than one-third (1/3) of the votes of the Association are present in person or by proxy at the beginning of such meeting.

Section 7. Adjournment. Any meeting of the Members may be adjourned from time to time by the vote of a majority of the Members present in person or represented by proxy, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required other than by an announcement at the meeting at which such adjournment is taken. The quorum required by Section 6 hereof shall be required at the adjourned session. Notwithstanding the above, when any meeting of the Members, 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.

Section 8. Proxy. Any Member entitled to vote may do so by written proxy duly executed by the Member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be filed with the Association prior to the opening of the meeting for which it is to be used and must be dated. No proxy shall be revocable except by written notice delivered to the Secretary of the Association. Any proxy shall be void if it purports to be revocable without notice as aforesaid. A proxy shall be automatically revoked if the Member who has given such proxy is in attendance at the meeting. A proxy shall also automatically be revoked upon the conveyance by a Member of his or her Lot and no proxy shall be valid after eleven (11) months from the date of its execution. If more than one person is an Owner and a certificate has not been filed with the Secretary pursuant to Article II, Section 5 of these By-Laws, a proxy signed by any such person shall be valid. Notwithstanding the previous sentence, if more than one proxy is received relating to a single Lot, such proxies shall be void unless all of such proxies that relate to a single Lot designate the same person to act as proxy.

Section 9. Consents. Any action which may be taken by a vote of the Members may also be taken by written consent, without a meeting, provided, that such action is taken in accordance with the provisions of the Georgia Non-profit Corporation Code.

Section 10. Written Ballot. Any action to be taken at any annual, regular or special meeting of Members may be taken without a meeting if approved by written ballot as provided herein. The Association shall deliver a written ballot to each Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot of any action shall be valid when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting held to authorize such action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements, state the percentage of approvals necessary to approve each matter other than the election of directors and specify the time by which a ballot must be received by the Association in order to be counted. A timely written ballot received by the Association may not be revoked without the consent of the Board of Directors. The results of each action by written ballot shall be certified by the Secretary and shall be included in the minutes of meetings of Members filed in the permanent records of the Association.

Section 11. Decision of Members. Unless otherwise expressly provided in the Declaration or these By-Laws, and provided a quorum is present, the affirmative vote of Members in attendance in person or by proxy holding at least a majority of the votes of the Members represented at the meeting shall be the act of the Members. For purposes of these By-Laws, "majority" shall mean more than fifty percent (50%).

Notwithstanding the foregoing, any action which by law or pursuant to the provisions of the Declaration requires the assent of a special percentage of the votes of the Members greater than that herein specified, shall not be considered the act of the Members unless such requisite percentage so prescribed by law or by the Declaration is obtained. In the event of any tie vote at any regular, special, or adjourned meeting, the President, or the Vice President in the absence of the President, shall cast a separate vote to break the tie.

Section 12. Conduct of Business. The President shall preside over all meetings of the Members and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions duly adopted as well as all other transactions occurring at such meetings.

ARTICLE IV

Board of Directors

A. Composition and Selection.

Section 1. Composition. The affairs of the Association shall be governed by a Board of Directors consisting of not less than three (3) or more than seven (7) Board Members, as determined from time to time by the Board of Directors. The directors shall be Owners of Lots or spouses of such Owners; provided, however, that no Owner and his or her spouse may serve on the Board at the same time. Any director who ceases to be an Owner or a spouse of an Owner shall not be eligible to serve as a director. No Owner who is more than sixty (60) days delinquent in the payment of any assessment or other amount owed to the Association shall be eligible to serve as a director. Notwithstanding the above, the term "Owner" 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, an Owner. However, 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 Person, shall be deemed to have disqualified himself or herself from continuing in office if he or she ceases to have any such affiliation with that Person. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

Section 2. Term of Office. Directors shall be elected for staggered two (2) year terms such that as nearly as possible one half of the directors shall be designated as Class One and one half as Class Two directors. Class One Directors' terms shall expire in odd-years and Class Two Directors' terms shall expire in even years. Directors shall hold office for the term as determined by the particular class for which he or she was elected and until his or her successors are elected and qualified or until his or her early resignation, death, or removal.

Section 3. Removal of Members of the Board of Directors. At any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a majority vote of the total authorized vote of the Members and a successor may then and there be elected to fill the vacancy thus created for the term so remaining. Any such director whose removal has been proposed by the ownership shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Any member of the Board of Directors who has not attended three (3) consecutive Board meetings, at least two of which shall be regular meetings of the Board of Directors, may be removed from the Board by a majority vote of the Board Members present at such third consecutive Board meeting, a quorum being had.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by vote of the Members shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors. Each person so selected shall serve for the remainder of the vacating director's term. Vacancies in the Board of Directors caused by removal of a director by vote of the Members shall be filled by the Membership in accordance with Section 3 hereof.

Section 5. Compensation. Directors shall not be compensated for their services as directors unless and to the extent authorized by majority vote of the Members present in person or by proxy at any meeting duly called for that purpose. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Nomination and Election of Directors. Election to the Board of Directors shall be by written ballot cast at the annual meeting, unless dispensed with by unanimous consent of those present at such meeting. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Directors shall be elected by a plurality of the votes cast. Cumulative voting shall not be permitted.

B. Meetings.

Section 7. Organizational Meetings. The first meeting of a newly elected Board of Directors shall be held within thirty (30) days of election at such time and place as may be determined by the directors.

Section 8. Regular Meetings. Meetings of the Board of Directors shall be held monthly, without notice, at such time and place as shall be determined from time to time by the Board. A Board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on two (2) days' notice to each director given by mail with notice deemed given upon receipt, in person, by telephone or by facsimile, which notice shall state the time, date, place, and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President, Secretary, or Treasurer in like manner and on like notice on the written request of at least two (2) directors.

Section 10. Waiver of Notice. Any director may, at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance at or participation by a director at any meeting of the Board of Directors shall constitute a waiver by him of any required notice to him of the meeting unless the director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or consent to any action taken at the meeting. Whenever any director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be prima facie evidence that due notice of such special meeting was given such director as required hereunder and by Georgia law. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in any written waiver of notice. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 11. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

Section 12. Quorum. A quorum shall be deemed present throughout any meeting of the Board of Directors if a majority of the number of directors is present at the beginning of such meeting. A decision of the Board of Directors shall be by a majority of those directors present at a duly called meeting and every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. The President may vote. If any Board of Directors meeting cannot be held because of the absence of a quorum, a majority of the votes present and voting may adjourn the meeting to a later time. The necessary quorum shall be required at the adjourned session. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Action Without A Meeting. Any action by the Board of Directors or by any committee appointed

by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if, prior to such action, one or more written consents describing the action taken are signed by all of the Members of the Board of Directors or all members of such committee, as the case may be. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors or of the appropriate committee and such consent or consents shall be treated for all purposes as a vote at a meeting. Action taken under this provision is effective when the last director or committee member signs the consent, unless the consent specifies a different effective date.

Section 14. Voting, Tie Votes. At all meetings of the Board of Directors, each director, including the President, shall be entitled to cast one (1) vote. In the event of a tie vote by the Board of Directors, the President may, in addition to his or her vote as a Board Member, exercise a supplemental vote to break the tie vote.

C. Powers and Duties.

Section 15. Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Development and may do all such acts and things as are not by the Declaration, Articles of Incorporation, or these By-Laws directed to be done and exercised exclusively by the Members. In exercising its powers and duties, the Board of Directors shall take as its standard the maintenance of the general character of the Development as a first-class residential community in the quality of its maintenance, use, and occupancy. Such powers and duties of the Board of Directors shall be exercised in accordance with and subject to all provisions of the Declaration, the Georgia Non-Profit Corporation Code and these By-Laws, and shall include, by way of example and not limitation, the powers and duties to:

- (a) Operate, care for, maintain, repair, and replace the Common Areas and employ personnel necessary or desirable therefor.
- (b) Determine expenses of the Association.
- (c) Levy and collect assessments from the Members.
- (d) Adopt, modify, and repeal such reasonable Rules and Regulations as it deems necessary and appropriate for the governance of the Development including, but not limited to, the use of the Common Areas and the personal conduct of the Members and their guests thereon, or the administration of the affairs of the Association and to impose sanctions for violations thereof, as provided in the Declaration and these Bylaws; provided, however, the Membership may repeal and rescind any rule or regulation adopted by the Board upon call of a meeting and consent of a majority of the total number of Eligible Votes in the Association.
- (e) Open bank accounts on behalf of the Association and designate the signatories required therefor.
- (f) Manage, control, lease as lessor, and otherwise deal with the Common Areas, including the right to grant permits, licenses and easements over, under and across the Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper operation or maintenance of the Development, as well as the power to make shut-offs of common services and other interruptions of the normal functioning of the buildings to facilitate performance of any maintenance or repair work or the making of additions, alterations, or improvements by the Association or the Members pursuant to provisions of the Declaration. The Board of Directors shall use reasonable efforts to disrupt the Members and occupants as little as possible in exercising such power to make shut-offs and other interruptions.
- (g) Purchase, lease, or otherwise acquire Lots offered for sale or lease or surrendered by Members to the Association.
- (h) Own, sell, lease, encumber, and otherwise deal in, but not vote with respect to, Lots owned by the Association.
- (i) Obtain and maintain insurance for the Development pursuant to the provisions of these By-Laws and the Declaration.
- (j) Make additions, improvements, and alterations to the Common Areas, and make repairs to and

restoration of the Property after damage or destruction by fire or other casualty, or as a result of condemnation.

(k) Enforce by any legal or equitable remedies available all obligations of the Members or any of them to the Association.

(l) Appoint auditors and accountants for the Association and make and file tax returns for and on behalf of the Association.

(m) To enter into management agreements with third parties in order to facilitate efficient operation of the Development. It shall be the primary purpose of such management agreement or agreements to provide for the administration of the Development, the maintenance, repair, replacement and operation of the Common Areas, and the receipt and disbursement of funds as may be authorized by the Board of Directors. The terms, including compensation and duties and services to be performed, of said management agreement, shall be as determined by the Board of Directors to be in the best interest of the Association and shall be subject in all respects to the By-Laws and the Declaration.

(n) Conduct litigation as to any cause of action involving the Common Areas or arising out of the enforcement of the provisions of the Declaration or these By-Laws.

(o) Make contracts in connection with the exercise of any of the powers and duties of the Board of Directors. The Board of Directors may authorize any officer or officers, agent or agents, of the Association, in addition to the officers or agents so authorized by the Declaration and these By-Laws, to enter into any contract or execute and deliver any instrument in the name, or on behalf of, the Association, and such authority may be general or confined to a specific instances.

(p) To borrow money for the purpose of repair or restoration of Common Areas and facilities without the approval of the Members of the Association, except as otherwise provided in the Declaration.

(q) Take all other actions the Board of Directors deems necessary or proper for the sound management of the Development and fulfillment of the terms and provisions of the Declaration and these By-Laws.

In the case of those powers and duties specified in the foregoing clauses (g), (h), (j), and (m), the Board of Directors need exercise the same only to the extent, if any, it deems necessary or desirable or is required to do so by the vote of the Members. The Board of Directors shall not be obligated to take any action or perform any duty imposed upon it requiring an expenditure of funds unless in its opinion it shall have funds of the Association sufficient therefor.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to perform and be responsible for any and all functions necessary or proper for the administration and operation of the Development, unless otherwise particularly and specifically given to the ownership.

D. Committees.

Section 16. Architectural Standards. The Board may establish an Architectural Standards Committee for the purpose of establishing and maintaining architectural standards on the Property.

Section 17. Additional Committees. The Board of Directors shall have the power and authority to create and establish other committees as it deems desirable. Any such committee shall advise the Board of Directors of matters pertaining to the purpose for which any such committee shall have been created and shall have and exercise such powers as may be provided by resolution of the Board of Directors. Each such committee shall be comprised of one (1) or more Members and may, but need not, include one or more members of the Board of Directors. The members, including the chairman, of any such committee, shall be appointed by and shall serve at the pleasure of the Board of Directors. A majority of the members of any such committee shall constitute a quorum.

ARTICLE V

Officers

Section 1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by and from the Board of Directors. The

Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary, and such other subordinate officers as in its judgment may be necessary and such officers shall hold their offices for such terms and shall exercise such powers and perform such duties as directed from time to time by the Board of Directors. Such subordinate officers shall not be required to be members of the Board of Directors, but shall be Owners of Lots or spouses of such Owners. Except for the offices of Secretary and Treasurer, which may be held by the same person, no person may hold more than one (1) office.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the first meeting (organizational meeting) of the Board following the annual meeting of the Members and shall hold office for one year unless he shall resign or shall be removed, or is otherwise disqualified to serve.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the office he replaces.

Section 5. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Georgia Nonprofit Corporation Code, and shall in general, manage, supervise, and control all of the business and affairs of the Association. Without limiting the foregoing, the President shall have the authority to sign 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 By-Laws or 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. Vice President. The Vice President shall act in the President's absence, or in the event of his death or inability or refusal to act and shall have all powers, duties, and responsibilities provided for the President when so acting. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Member of the Board of Directors to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall, from time to time, be imposed upon him by the Board of Directors or by the President. The Vice President shall serve as an ex-officio Member of all committees established by the Board and shall serve as the parliamentarian at all meetings of the Association.

Section 7. Secretary. The Secretary shall attend, record the votes and keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Georgia law. Without limiting the foregoing, the Secretary shall keep the Association's seal, if any, and affix it on such papers and documents requiring it; shall keep appropriate current records showing the Members of the Association and their addresses which shall be furnished to the Secretary by such Member; shall see that all notices are duly given in accordance with the Declaration, these By-Laws, or if required by law; and shall, in general, perform all other duties incident to the office of the Secretary as from time to time may be imposed by the Board of Directors or by the President.

Section 8. Treasurer. The Treasurer shall have the responsibility, together with any agent retained by the Association, for the Association's funds and securities and shall be responsible, together with such agent, for

keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements, for preparing and executing all checks payable by the Association and for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall in general, perform all duties incident to the office of the treasurer of a corporation organized in accordance with Georgia law and such other duties, as from time to time, may be imposed upon him by the Board of Directors or by the President.

Section 9. Compensation. Unless otherwise expressly provided by the majority vote of the Association, no officer shall receive compensation from the Association for acting as such, but shall be entitled to reimbursement from the Association as a expense for reasonable out-of-pocket disbursements made by him in the performance of his duties. No officer shall be obligated to make any such disbursements.

Section 10. Contracts with Interested Parties. No contract or transaction between the Association and one or more of its officers or directors, or between the Association and any other entity in which one or more of the Association's officers or directors are officers, directors, partners, or trustees, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Association's officer or director is present at or participates in the meeting of the Board of Directors which authorizes the contract or transaction, or solely because his or their votes are counted for such purposes, if (a) the material facts as to his interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board of Directors in good faith authorizes the contract or transaction by a vote sufficient for such purpose without counting the vote or votes of the interested director or directors; or (b) the material facts as to his interest and as to the contract or transaction are disclosed or are known to Members entitled to vote thereon, and the contract or transaction is specifically approved or ratified in good faith by vote of such Members; or (c) the contract or transaction is fair as to the Association as of the time it is authorized, approved, or ratified by the Board of Directors or the Members. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes the contract or transaction.

ARTICLE VI

Fiscal Matters

Section 1. Assessments. Members shall pay assessments imposed pursuant to the provisions of the Declaration. In any year in which there is an excess of assessments over expenditures, the Board of Directors, by resolution and without the necessity of a vote of the Members, shall determine either to apply such excess or any portion thereof against and reduce the subsequent year's assessments, or to allocate the same to the general operating account or one or more reserve accounts. In the absence of an affirmative act on the part of the Board of directors such excess shall be allocated to the general operating account.

Section 2. Fidelity Bonds. The Board of Directors may require that any manager, contractor or employee of the Association handling or responsible for Association funds furnish an adequate fidelity bond.

ARTICLE VII

Use Restrictions and Rule Making

Section 1. Authority and Enforcement. The Property shall be used only for those uses and purposes set out in the Declaration and herein. In addition, the Board of Directors shall have the authority to make, modify, repeal, and enforce reasonable Rules and Regulations governing the conduct, use, and enjoyment of Lots and the Common Areas, provided that copies of all such Rules and Regulations are furnished to all Members. The Board shall have the power to suspend a Member's right to vote or to use any facilities as may be located on the Common Areas or to benefit from any services provided or paid for by the Association for violation of any duty imposed under the Declaration, these By-Laws, or any Rules and Regulations duly adopted hereunder.

Section 2. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through its Board of Directors, may elect to enforce any provision of the Declaration,

these By-Laws, or the Rules and Regulations by self-help (specifically including, but not limited to, the towing of vehicles without notice that are in violation of parking Rules and Regulations or by suit at law or in equity or enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Member or occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE VIII

Miscellaneous

Section 1. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws or the Declaration shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. Mail, first class postage pre-paid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or the Managing Agent or, if no such address has been designated, at the address of the Lot of such Member; or

(b) if to the Association, the Board of Directors or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by the notice to the Members in accordance with subsection (a) hereof.

All such notices shall be deemed effective upon personal delivery, or, if mailed, on the postmarked date of the notice.

Section 2. Severability. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these By-Laws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision thereof.

Section 4. Gender and Grammar. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. Fiscal Year. The fiscal year shall be set by resolution of the Board of Directors. In the absence of a resolution by the Board, the fiscal year shall run from January 1 of each year until December 31 of that year.

Section 6. Conflicts. In the event of conflicts between the Declaration and these By-Laws, the Declaration shall control.

Section 7. Amendment. These By-Laws shall be amended in accordance with the procedure set forth in this Section 7. The Board of Directors shall recommend each amendment to the Members unless the Board elects, because of a conflict of interest or other special circumstances, to make no recommendation and communicates the basis for its election to the Members with the amendment. The By-Laws may thereafter be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of Members holding two-thirds (2/3) of the votes cast or a majority of the voting power, whichever is less.

Section 8. Books and Records. All Members of the Association and all holders, insurers or guarantors of First Mortgages shall, upon written request, be entitled to inspect current copies of the Declaration, these By-Laws and the Rules and Regulations of the Association during normal business hours at the office of the Association or other place designated reasonably by the Board of Directors as the depository of such items. All other books and records of the Association shall be subject to inspection by the Members to the extent provided for and in accordance with the provisions of the Georgia Non-Profit Corporation Code.

Section 9. 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 determine.

Section 10. Gifts. The Board of Directors may accept, on behalf of the Association, any contribution, gift, bequest, or device for the general purposes, or for any special purpose, of the Association.

Section 11. Agreements. Subject to the provisions of the Declaration or these By-Laws, 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 Property, and in performing its responsibilities hereunder, the Association, through the Board of Directors, shall have the authority to delegate to such Persons of its choice such duties of the Association as may be determined by the Board of Directors.

Section 12. Rights of Action. The Association and any aggrieved Member shall be granted a right of action against Members for failure to comply with the provisions of the Declaration, these By-Laws, the Rules and Regulations of the Association or equivalent documents, or with decisions of the Association which are made pursuant to authority granted the Association in such documents.