

BYLAWS

OF

GLEN LAKE ESTATES HOMEOWNERS ASSOCIATION, INC.

A CORPORATION NOT FOR PROFIT

ARTICLE I. GENERAL

The provisions of this document constitute the Bylaws of GLEN LAKE ESTATES HOMEOWNERS ASSOCIATION, INC., (the "Association"), which Bylaws shall be utilized to govern the management and operation of the Association.

ARTICLE II. DEFINITIONS

The terms used in these Bylaws shall be defined as set forth in the Declaration and as follows, unless the context otherwise requires:

"Annual Assessment" shall mean each Lot's share of the funds required for the payment of Operating Expenses, which from time to time shall be assessed against the Owner based on the then current annual budget of the Association.

"Articles of Incorporation" shall mean the Articles of Incorporation of the Association, as amended from time to time.

"Assessment" shall mean Annual Assessments, Special Assessments, Extraordinary Special Assessments, Individual Assessments, and all other charges which are levied against an Owner by the Association pursuant to the Declaration or any other Land Use Document.

"Assessment Year" shall mean one (1) year commencing on January 1 of each year.

"Board" shall mean the Board of Directors or other representative body responsible for administration of the Association.

"Common Properties" shall mean the personal and real property owned by the Association, including without limitation, any of the following: entry signs, lift station, fountain, street lights, lighting, landscaping, utilities and street improvements, signs, easement and/or other legal rights, as well as any additional property acquired by the Association.

"Declaration" shall mean the Master Declaration of Covenants, Restrictions and Easements of Glen Lake Estates, as amended from time to time.

"Developer" shall mean ROGER B. BRODERICK, and his successors and assigns, provided there is an exclusive assignment of Developer's rights and obligations hereunder to such successor or assign. Additionally, Developer may assign all or only a portion of such rights and obligations ' as to all or only a portion of the Properties. In the event of any such partial assignment, the assignee shall not be deemed Developer as to the rights and obligations created by this Declaration, but shall have only those rights and obligations specifically set forth in such assignment. Any such assignment may be made on a non-exclusive basis.

"Governmental Body" shall mean any governmental body, agency or entity which has authority over the Properties or any portion thereof.

"Individual Assessment" shall mean any financial charge levied by the Board against a specific Owner pursuant to the terms of any Land Use Document, including those levied pursuant to the authority of the Board to enforce the provisions of the

Land Use Documents by imposing fines, late charges and interest, and those levied pursuant to any provision permitting the Association to collect attorneys' fees and costs.

"Land Use Document" shall mean the Declaration, the Articles of incorporation, the Bylaws, the Rules and any additional recorded or unrecorded subdivision documents governing the Properties, all as amended from time to time.

"Living Unit" shall mean any building situated upon the Properties designed and intended for use and occupancy as a residence by a Single Family.

"Lot" shall mean the individual parcels of land shown upon any recorded subdivision plat of the Properties which are intended to contain a Living Unit or to any reconfiguration of such parcels. In the event that any such parcels are combined or otherwise reconfigured, each reconfigured parcel on which a Living Unit is erected shall constitute one Lot.

"Member" shall mean those Owners who are members of the Association as provided in the Declaration and in Article IV, Section 1 hereof.

"Mortgagee" shall mean any institutional lender, including commercial or savings banks, savings and loan associations, mortgage companies, insurance companies, pension funds or business trusts, including but not limited to real estate investment trusts, and any other institutional lender engaged in financing the purchase, construction, or improvement of real estate, or any institutional assignee of loans made by such lender, or any private or governmental institution which has insured the loan of the lender or any combination of the foregoing entities.

"Operating Expenses" shall mean the expenses, reserves and other amounts incurred by the Association for management, construction, installation, improvement, maintenance, upkeep, repair, utilities, insurance, and such other obligations as required or permitted by any Land Use Document in the operation of the Properties.

"Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Properties but, notwithstanding any applicable theory of the mortgage, shall not mean or refer to a mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

"Plat" shall mean the plat(s) referred to in Exhibit "A" attached hereto.

"Properties" shall mean all property which is subject to the Declaration.

"Rules" shall mean any and all rules and regulations of the Association promulgated by the Board pursuant to its powers granted under the Declaration or any other Land Use Document.

"Single Family" shall mean either a single person occupying a Living Unit and maintaining a household, or two (2) to six (6) persons related by blood, marriage, or adoption occupying a Living Unit and living together and maintaining a common household, or not more than four (4) unrelated persons occupying a Living Unit.

"Special Assessment" shall mean an Assessment assessed in accordance with the provisions of the Declaration.

"Turnover Meeting" shall mean the membership meeting for the election of officers and directors which shall occur as provided in the Declaration.

"Voting Representative" shall mean the individual entitled to cast the vote for a Lot.

#### ARTICLE III. OFFICES AND AGENCY

1. Registered Office and Registered Agent. The registered office of the Association shall be located in the State of Florida at such place as may be fixed from time to time by the Board upon filing of such notices as may be required by law, and the registered agent shall have a business office identical with such registered office.

2. Principal Office. The initial principal office of the Association shall be located at 5504 Park Boulevard, Pinellas Park, Florida 33565, which principal office may be changed from time to time by the Board as provided in these Bylaws.

#### ARTICLE IV. MEMBERS

1. Qualifications of Members. Those individuals, corporations, partnerships, trusts or other legal entities who own a fee simple interest in a Lot shall be Members. Any Member which is not a natural person shall exercise its membership rights, including without limitation its right to be elected an officer of the Association, through the individual appointed as its Voting Representative.

2. Manner of Admission. Each qualified individual or entity designated in a deed or other instrument establishing fee simple title to a Lot shall automatically become a Member of the Association. The Member or Members from each Lot shall promptly deliver a copy of said instrument, duly recorded, to the Association and shall obtain a written acknowledgement of said delivery signed by an officer of the Association.

3. Members' Rights. Every Member who has complied with the requirements of Section 2 above shall have all the rights set forth in the Declaration and these Bylaws, including, but not limited to, the following;

- (a) The right to receive notice of every meeting of the membership, as set forth in Article VI below.
- (b) The right to attend every meeting of the membership.
- (c) The right to vote on each matter brought before the membership, such voting right being exercised by the Voting Representative as set forth in Article V below.
- (d) The right to receive a copy of the proposed annual budget at least fourteen (14) days prior to the Board meeting at which the budget shall be considered, together with a notice of such meeting.
- (e) The right to receive annually a written summary of the accounting records of the Association as set forth at Section 4 of Article XVIII below.
- (f) The right to inspect all books and records of the Association pursuant to Section 2 of Article XVIII below.
- (g) The right to inspect, at reasonable times, a copy of each insurance policy obtained by the Association.

4. Obligations of Members.

(a) Every Member shall be subject to the obligations and duties set forth in the Declaration and these Bylaws, as the same are now or may hereafter be constituted, including, but not limited to, the following obligations;

(1) To conform to and abide by the Land Use Documents and to see that all persons claiming rights within Glen Lake Estates by, through or under him do likewise.

(2) To promptly pay all Assessments levied by the Association.

(3) To not use or permit the use of his Living Unit, for any purpose other than as a Single Family residence.

(4) To promptly report to the Association any defect or need for repairs for which the Association is responsible.

(b) In the event of violation of any provision of this Section, the Association may bring appropriate action to enjoin such violator or to enforce the provisions of the documents enumerated in Subsection (a) above, or sue for damages, or file a written complaint to initiate hearing procedures as provided in these Bylaws, or seek such other legal remedy, as deemed appropriate, or take all such courses of action at the same time as more fully set forth in these Bylaws.

5. Assessments. Membership shall be assessable pursuant to the Declaration and these Bylaws.

6. Transferability of Membership. Membership in the Association may be transferred only as an incident to the transfer of the transferor's Lot. Transfers of membership shall be made only on the books of the Association, and notice of each transfer shall be given in writing as set forth in Section 2 above.

7. Restriction of Rights. A Member does not have any authority to act or speak for the Association by reason of being a Member.

8. Termination of Membership. Membership in the Association shall be terminated automatically when fee simple title to the Lot supporting said membership vests in another legal entity; provided, however, any party who owns more than one (1) Lot shall remain a Member of the Association so long as he shall retain title to any Lot.

ARTICLE V. VOTING

1. Voting Rights of Members. Unless otherwise provided, the record Owner, or all record Owners collectively if there are more than one, of each Lot shall be entitled to one vote on each matter brought before the membership of the Association, which vote shall be cast by the Voting Representative designated in the records of the Association. No vote may be divided, no fractional vote shall be cast. Any vote may be cast in person or by proxy as set forth herein.

2; Designation of Voting Representative.

(a) If title to a Lot is vested in one individual, including title held as trustee, that individual shall automatically be designated as Voting Representative on admission to membership.

b) If title to a Lot is vested in a husband and wife as tenants by the entirety, both persons shall be automatically jointly designated as Voting Representative on admission to membership, and either spouse may cast the Lot's one vote without further designation. If both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they will lose their right to vote on that subject at that meeting.

(c) If title to a Lot is vested in a corporation it shall designate an individual as Voting Representative in a written statement executed by an officer of the corporation and filed with the Secretary of the Association.

(d) If title to a Lot is vested in a partnership or any other non-corporate legal entity, said entity shall designate an individual as Voting Representative in a written statement executed by those persons or entities owning not less than a majority interest in said entity and filed with the Secretary of the Association.

(e) If title to a Lot is vested in more than one individual or entity, said individuals and/or entities shall designate one individual as Voting Representative in a written statement executed by those individuals and/or entities owning not less than a majority interest in such Lot and filed with the Secretary of the Association.

(f) An administrator, executor, personal representative, guardian or conservator of the Owner of a Lot, without a transfer of title to said Lot into his name, may designate or be designated as Voting Representative in the same manner as the owner would have been entitled to designate or be designated Voting Representative.

(g) Such designation shall be valid until revoked or until changed by a subsequent designation, or until a change occurs in the ownership in the Lot supporting said designation.

3. Failure to Designate. If no Voting Representative is duly designated for a Lot at least five (5) days prior to a membership meeting, such failure shall result in depriving the owners of the Lot of a vote at such meeting; unless the Board, in its discretion fixes a later date for determination of Voting Representatives entitled to vote at the meeting. Notwithstanding anything contained herein to the contrary, a designation can be made or changed any time prior to the appointed time of a meeting called pursuant to Article XI11 below to consider and adopt an annual budget.

#### 4. Records of Membership.

(a) The Association shall keep a membership book containing the name and address of each Member. A termination of membership shall be recorded in the membership book.

(b) At least fourteen (14) days before every membership meeting, a complete list, arranged numerically by Lot, of every Member entitled to vote at such meeting or any adjournment thereof, with the address to which notice is to be sent, shall be prepared by the Secretary of the Association. This list shall be kept on file, and in current status at the principal office of the Association; and any Member shall be entitled to inspect the list at any reasonable time. Said list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection at any time during the meeting.

(c) Notwithstanding anything contained in Subsection (a) above, to the contrary, if less than fourteen (14) days notice of the meeting is given, the list shall be prepared and kept on file from the date of such notice,

(d) If the requirements of Subsections (b) or (c) above have not been substantially complied with, on demand of any Member or Voting Representative, in person or by proxy, the meeting shall be adjourned until the Association has complied with the requirements. If no such demand is made, failure to comply with said requirements shall not affect the validity of any action at such meeting.

5. Adjourned Meetings. When a determination of Members entitled to vote at any meeting of the membership has been made as provided in this Article, such determination shall apply to any adjournment thereof, unless the Board provides otherwise.

6. Proxies.

(a) At any meeting of the Members, every Voting Representative having the right to vote shall be entitled to vote in person or by proxy. Each proxy must be in writing and filed with the Secretary at any time before the appointed time of the meeting and shall be effective only for the specific meeting for which it was originally given and any lawfully adjourned meeting thereof. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the Voting Representative executing it. The appearance at any meeting of any Voting Representative who has previously designated a proxy shall automatically revoke and terminate said proxy.

(b) Each proxy shall specifically set forth the name of the person voting by proxy, the name of the person authorized to vote the proxy for him, and the date the proxy was given. Each proxy shall contain the date, time and place of the meeting for which the proxy is given, and if a limited proxy, set forth those items which the holder of the proxy may vote, and the manner in which the vote is to be cast.

(c) If a proxy expressly provides, any proxy-holder may appoint, in writing, a substitute to act in his place. If such a provision is not made, substitution is not authorized.

(a) The Voting Representatives representing a majority of the votes entitled to be cast, represented in person or by proxy shall constitute a quorum at any meeting of the membership. If, however, such quorum shall not be present, a majority vote of the Voting Representatives present in person or represented by proxy shall reschedule said meeting for a later date and time, which date shall be not less than two (2) days nor more than thirty (30) days thereafter, and adjourn. Notice of the adjourned meeting shall be given as set forth in Section 7 of Article VI below. At said rescheduled meeting any business may be transacted which might have been transacted at the meeting originally called; however, thirty-four percent (34) of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum.

(b) If a quorum is present, the decision of a majority of the votes cast shall be the act of the Members unless otherwise provided by law, the Declaration, the Articles of Incorporation or these Bylaws. However, election of directors shall be by a plurality of votes cast.

(c) After a quorum has been established at a membership meeting, the subsequent withdrawal of Voting Representatives, so as to reduce the number of votes available to be cast at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof. The decision by a majority of the votes

cast shall be the act of the membership unless otherwise provided by law, the Declaration, the Articles of Incorporation, or these Bylaws.

#### ARTICLE VI. MEMBER'S MEETINGS

1. Annual Meetings. The annual meeting of the Members for the election of directors to serve on the Board and for the transaction of such other business as may properly come before the meeting, shall be held each year in the month of November on such day and at such time as the Board shall direct; provided, however, that said date may be changed by resolution of the Board so long as the annual meeting for any year shall be held not later than thirteen (13) months after the last preceding annual meeting of the Members.

2. Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President, by the Board, or by the written request of the Voting Representatives entitled to cast not less than ten percent (10%) of the votes entitled to be cast. Such request shall state the purpose or purposes of the proposed meeting and the date said meeting shall be held; provided however, except in an emergency, at least fourteen (14) days notice shall be given to each Member. No business other than that specified as the purpose in said notice shall be discussed or transacted at such special meeting.

3. Turnover Meeting. Within sixty (60) days after the occurrence of any event described in items b(1), b(2), or b(3) of Section 2 of Article III of the Declaration, the Association shall call, upon not less than thirty (30) days nor more than forty (40) days notice, a meeting of the Members for the purpose of electing officers and directors as required in the Declaration. Said Turnover Meeting may be called and the notice given by any Owner if the Association fails to do so.

4. Time and Place of Meetings. All meetings of the membership shall be at such place as the Board may from time to time designate, on the date and hour set forth in the notice of said meeting; provided, however, no meeting shall be held on a legal holiday.

5. Notice. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than fourteen (14) nor more than forty (40) days before the meeting, unless otherwise provided herein, by or at the direction of the President, the Secretary or other persons calling the meeting. Notice shall be given to each Member either personally or by first class mail. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the Member at his address as it appears on the books of the Association, with postage thereon prepaid.

6. Waiver of Notice. A written waiver of notice signed by any Member, whether before or after the meeting, shall be equivalent to the giving of notice to such Member. Attendance of a Member or his Voting\* Representative at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when the Member or Voting Representative attends a meeting for the express purpose as stated at the beginning of the meeting, of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the membership need be specified in any written waiver of notice.

7. Adjourned Meetings. The Voting Representatives representing a majority of the voting rights present, whether or not a quorum exists, may adjourn any meeting of the Membership to

.another, time and place. Notice of such adjourned meeting shall be given to the Members by posting such notice in a conspicuous place in the Properties. No further notice shall be required.

8. Action by Members Without a Meeting.

(a) Any action required by law or any Land Use Document; to be taken at any annual or special meeting of the membership, or any action which may be taken at any annual or special meeting of the membership, may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken, shall be signed by Voting Representatives representing not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all persons entitled to vote thereon were present and voted.

(b) Within ten (10) days after obtaining such authorization by written consent, notice shall be given to those Members whose Voting Representatives have not consented in writing. The notice shall fairly summarize the material features of the authorized action.

9. Recordation of Actions. All actions of the membership shall be recorded in minutes, if taken during a meeting, or in an Action by Written Consent, if taken without a meeting; and such documents shall be made available, upon request, to Members, or their authorized representatives, and directors at any reasonable time.

10. Procedure. The Members may adopt their own rules of procedure which shall be consistent with the Land Use Documents and applicable law.

## ARTICLE VII. DIRECTORS

1. Function. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be managed under the direction of, the Board. The Board shall make appropriate delegations of authority to the Officers; and, to the extent permitted by law and these Bylaws the Board may authorize one or more committees to act on its behalf.

2. Qualification of Directors. The qualifications for becoming and remaining a director of the Association are as follows:

(a) Any director elected prior to the Turnover Meeting need not be a Member of the Association.

(b) Every director elected at the Turnover meeting and at all times thereafter shall be a Member of the Association, provided however, no director entitled to be elected or appointed by Developer need be a Member of the Association.

(c) Directors must be persons who are competent to contract.

3. Duties of Directors.

(a) A director shall be expected to attend all meetings of the Board and of any committee of the Board to which he has been appointed.

(b) A Director shall perform his duties as a director, including his duties as a Member of any committee of the Board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Association, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.



(c) In performing his duties, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by;

(1) One or more officers or employees of the Association whom the director reasonably believes to be reliable and competent in the matters presented;

(2) Counsel, public accountants or other persons as to matters which the director reasonably believes to be to be within such person's professional or expert competence; or

(3) A committee upon which he does not serve, duly designated in accordance with a provision of these Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

(d) A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance described above to be unwarranted.

(e) A person who performs his duties in compliance with this Section shall have no liability by reason of being or having been a director of the Association.

4. Number. The number of directors of the Association until the Turnover Meeting shall be three (3). At that meeting and each annual meeting of the membership thereafter the number of directors may be altered to a greater or lesser number provided the number shall not be less than three (3).

#### 5. Election and Term.

(a) Each person named in the Articles of Incorporation as a member of the initial Board shall hold office until the Turnover Meeting of the membership and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

(b) At the Turnover Meeting, one half (1/2) of the directors entitled to be elected by the membership, or as close to such number as possible, shall be elected to serve until the next annual meeting. The remaining directors shall be elected to serve for an additional year and until the following annual meeting.

(c) At the annual meeting first described at Subsection (b) above and at each annual meeting thereafter, directors shall ordinarily be elected to serve a term of two (2) years, it is the intention of the Association that the terms of the directors shall be staggered so that at each annual meeting only one-half (1/2) of the number of directors specified in Section 4 above, or as close to such number as possible, shall be elected; therefore, directors may be elected for a term of one (1) year whenever the circumstances dictate such abbreviated term in order to maintain the intended balance.

(d) Each director elected under this Article shall hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier resignation, disqualification, removal from office or death.

6. Compensation. At the Turnover Meeting and thereafter, the membership shall have the authority to fix the compensation, if any, of the directors.

7. Removal of Directors.

(a) Any director who fails to attend three (3) consecutive meetings, whether annual, regular or special, of the Board without an excused absence, may be removed from the Board by a vote of a majority of the remaining directors, though less than a quorum of the Board. For purposes of this Subsection (a), the nature of an absence, whether excused or unexcused, shall be determined by the President of the Association; provided, however, any absence deemed by the President to be unexcused shall be submitted to the Board (without the affected director being entitled to a vote) for its determination of the nature of the absence, which determination shall be final and binding on all parties concerned.

(b) Subject to Developer's rights to appoint Directors, any director or the entire Board may be recalled and removed from office with or without cause, by the Members; provided, however, the question of removal shall be divided so that the removal of each director is considered separately. A special meeting of the membership to recall a director or directors may be called by Voting Representatives holding not less than ten percent (10) of the votes entitled to be cast giving notice of the meeting as required for a meeting of the membership. The notice shall state the purpose of the meeting and shall be accompanied by a dated copy of a signature list of the Voting Representatives holding at least ten percent (10%) of the votes entitled to be cast. The list must state that the purpose of the signatures is for recall.

8. Resignation of Directors. A director may resign from the Board by providing written notification of such resignation to the President of the Association, and such resignation shall become effective immediately upon receipt by the President of said written notification or at such later date as may be specified in the notification.

9. Vacancies. Any vacancy occurring in the membership of the Board, including any vacancy created by reason of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board; provided, however, any vacancy resulting from the removal of a director by the membership may be filled by the membership. A director so elected shall hold office for the term for which he is elected or for the remainder of the unexpired term of the director he is replacing. Nothing in this section shall impair any rights of Developer to appoint one (1) or more directors.

10. Directors' Conflict of Interest.

(a) No contract or other transaction between the Association and one or more of its directors or any other corporation, firm, association or entity in which one or more of the directors are directors or officers or are financially interested shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose,

(1) The fact of such relationship or interest is disclosed or known to the Board or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or

(2) The fact of such relationship or interest is disclosed or known to the Voting Representatives entitled to vote, and they authorize, approve or ratify such contract or transaction by vote or written consent; or

(3) The contract or transaction is fair and reasonable as to the Association at the time it is authorized by the Board, a committee or the Members.

(b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies such contract or transaction.

#### ARTICLE VIII. DIRECTORS' MEETINGS

1. Annual Meetings. The annual meeting of the Board shall be held without notice immediately after the adjournment of the annual meeting of the Members, provided a quorum shall then be present. If a quorum is not present, said annual meeting shall be held as soon thereafter as may be practicable on notice as provided at Section 7 below.

2. Regular Meetings. The Board may, by resolution duly adopted, establish regular meetings, which shall thereafter be held without further notice until subsequent resolution altering same.

3. Special Meetings. Special meetings of the Board for any purpose may be called at any time by the President or any two (2) directors.

4. Annual Budget Meetings. An Annual Budget Meeting shall be held during the last month of each accounting year or at such time as the Board shall direct for the purpose of adopting an annual budget for the Association for the coming accounting year. Written notice stating the place, day and hour of the meeting shall be delivered personally or by registered certified mail to each director at his address as it appears on the books of the Association no more than forty (40) days nor less than fourteen (14) days before the meeting. Notice shall be given each Member pursuant to Section 1 of Article XIII below. The Annual Meeting and Annual Budget Meeting may be combined.

5. Place of Meetings. Meetings of the Board shall be held at such place as the directors may from time to time designate.

6. Open Meetings. Meetings of the Board shall be open to all Members and Voting Representatives; provided, however, such right of attendance shall not prohibit the Board from acting by written consent as hereinafter provided.

#### 7. Notice of Meetings.

(a) Unless otherwise provided, written notice stating the place, day and hour of any meeting of the Board must be given to each director not less than five (5) nor more than thirty (30) days before the directors' meeting, by or at the direction of the President, the Secretary or other persons calling the meeting; provided, however, in the case of an emergency, only such notice as is reasonable under the circumstances need be given. Notice must be given either personally or by telegram, cablegram or first class mail; and if mailed, the notice shall be deemed to be given when deposited in the United States mail addressed to the director at his address, as it appears in the records of the Association, with postage thereon prepaid. Except as otherwise specified in these Bylaws, the notice need not specify the business to be transacted at, nor the purpose of, any meeting.

(b) Additionally, notice of every meeting of the Board, stating the place and time thereof, shall be posted conspicuously within the Properties at least forty-eight (48) hours prior to any such meeting to call the Member's attention

thereto; provided, however, in the event of an emergency only such notice as is reasonable under the circumstances shall be required.

(c) Notice of any meeting in which Assessments against Owners are to be considered for any reason shall specifically contain a statement that Assessments will be considered and the nature of any such Assessments.

8 Waiver of Notice. A written waiver of notice signed by any director, whether before or after any meeting, shall be equivalent to the giving of notice to said director. Attendance of a director at a meeting shall constitute a waiver of notice of said meeting and waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director attends a meeting for the express purpose, as stated at the beginning of the meeting, of objecting to the transaction of business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the directors need be specified in any written waiver of notice.

9 Presumption of Assent. A director of the Association who is Present at a meeting of the Board at which action on any corporate matter is taken Shall be presumed to have assented to the action taken unless he votes against such Action or abstains from voting in respect thereto because of an asserted conflict of interest.

10. Adjourned Meeting. A majority of the directors present, whether or not a quorum exists, may adjourn any meeting of the Board to another place and time. Notice of any such adjourned meeting shall be given to the directors who were not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors.

11. Quorum. A majority of the number of directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board.

12. Voting.

(a) Each director present at any meeting of the Board shall be entitled to one (1) vote on each matter submitted to a vote of the directors. Proxy voting shall not be permitted.

(b) A majority vote by the directors present at a meeting of the Board at which a quorum is present shall be the act of the Board, unless a greater number is required under any provision of the Declaration, the Articles of Incorporation or these Bylaws.

(c) A director may join by written concurrence in any action taken at a meeting of the Board, but such concurrence may not be used for the purposes of creating a quorum.

13. Action by Directors without a Meeting. Any action required to be taken at a meeting of the directors, or any action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing setting forth the action so to be taken signed by all of the directors is filed in the minutes of the proceedings of the Board. Such consent shall have the same effect as a unanimous vote.

14. Meeting By Communications Equipment. Any action required or permitted to be taken at a meeting of the Board, at which a proper notice or a waiver thereof has been given pursuant hereto may be taken by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. When

a telephone conference is used, a telephone speaker shall be attached so that any Members or Voting Representatives present may hear the discussion.

15. Recordation of Actions. All actions of the Board shall be recorded in minutes, if taken during a meeting, or in an Action By Written Consent, if taken without a meeting. Upon request, such minutes shall be made available for inspection by Members, their authorized representatives, and directors, at any reasonable time.

16. Procedure. The directors may adopt their own rules of procedure which shall not be inconsistent with the Declaration, the Articles of Incorporation, these Bylaws or applicable law.

#### ARTICLE IX. COMMITTEES

1. Function. Except where specifically delegated authority to act, committees shall serve in an advisory capacity to the Board and the membership, and shall make specific recommendations to the Board and the Members regarding those aspects of the business and affairs of the Association to which they have been delegated responsibility.

2. Types of Committees. The Board, by resolution adopted by a majority of the full Board, may appoint such standing committees or ad hoc committees as it deems necessary from time to time.

3. Committee Powers. Any committee shall have and may exercise all the authority granted to it by the Board, except that no committee shall have the authority to:

(a) Fill vacancies on the Board or any committee thereof.

(b) Adopt, amend or repeal the Bylaws;

(c) Amend or repeal any resolution of the Board;

(d) Act on matters committed by Bylaws or resolution of the Board to another committee of the Board.

4. Appointment. The Board shall appoint committee members from among the directors, Voting Representatives, and Members of the Association, and shall designate a chairman and a secretary for each committee.

5. Term. The members and officers of each committee shall be initially appointed at any meeting of the Board and thereafter shall be appointed at the annual meeting of the Board: Said appointees shall take office on the day of such Board Meeting and shall hold office until the next annual meeting of The Board and until a successor shall have been appointed, or Until his earlier resignation, disqualification, removal from office, Death, or until such committee shall terminate, whichever first occurs.

6. Removal of Committee Members. Any committee members may be removed from office at any time, with or without cause, by the Board

7. Resignation of Committee Members. Any committee member may resign therefrom by providing written notification of such resignation to the President of the Association, and any such resignation shall become effective immediately upon receipt by the President of said written notification or at such later date as may be specified in the notification.

8. Vacancies. Any vacancy occurring in the membership of any committee and any membership thereon to be filled by reason of an increase in the number of members of a committee shall be filled by the Board.

#### ARTICLE X. COMMITTEE MEETINGS

1- Regular Meetings. Regular meetings of each standing committee shall be held, as determined by the chairman of the committee. There shall be no regular meetings of any ad hoc committee unless established by the chairman of said committee.

2. Special Meetings. Special meetings of any committee may be called at any time by the chairman of the committee or by any two (2) members thereof.

3. Place of Meetings. Committee meetings shall be held at the principal office of the Association or at such other place as the chairman of the committee may from time to time designate.

4- Notice of Meetings. Written or oral notice stating the place, day and hour of any regular or special meeting of the committee must be given to each committee member not less than three (3) nor more than thirty (30) days before the committee meeting. The notice need not specify the business to be transacted at, nor the purpose of any meeting. A written waiver of notice signed by any committee member, whether before or after any meeting, shall be equivalent to the giving of notice to said committee member. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of a committee need be specified in any written waiver of notice.

5. Quorum. A majority of the number of members of any committee' shall constitute a quorum for the transaction of business at any committee meeting.

(a) Each committee member present at any meeting of a committee shall be entitled to one (1) vote on each matter submitted to a vote of the committee members; provided, however proxy voting shall not be permitted.

(b) A majority vote by the committee members present at a committee meeting at which a quorum is present shall be the act of the committee, unless a greater number is required by resolution of the Board.

#### 7. Action Without a Meeting.

(a) By Written Consent. Any action required or which may be taken at a committee meeting may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the members of the committee. such consent shall have the same effect as a unanimous vote.

(b) By Communications Equipment. Any action required or which may be taken at a committee meeting may be taken by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

#### ARTICLE XI. OFFICERS

1. Designation. The officers of the Association shall consist of a president, past president, (when appropriate), one or more vice-presidents (as determined necessary by the

Board), a secretary and a treasurer. The Association shall also have such other officers, assistant officers and agents as may be deemed necessary or appropriate by the Board" from time to time.

2. Duties. The officers of the Association shall have the following duties;

(a) President. The President shall be the chief executive officer of the Association, having general overall supervision of all the business and officers of the Association, subject to the directions of the Board. He shall preside at all meetings of the Members and Board, and shall be an ex officio member of all standing committees. He shall execute with the Secretary or any other officer authorized by the Board, any deeds, mortgages, bonds, contracts or other instruments which are duly authorized to be executed, except where the same are required or permitted by law to be otherwise signed and executed, and except where the execution thereof is expressly delegated by the Board to some other officer or agent of the Association. He shall perform any and all other duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

(b) Past President. The immediate past President of the Association shall, at the conclusion of his term in office, assume the office of Past President. The primary function of the Past President shall be to provide continuity from his administration to that of his successor and be a source of information and guidance to all officers of the Association.

(c) Vice-president. In the absence of the President or in the event of his death, inability or refusal to act, the Vice-president (or in the event there be more than one vice-president, the Vice-presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) 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. Any Vice-president shall perform such duties as from time to time may be assigned to him by the President or by the Board.

(d) Secretary. The Secretary shall have custody of and maintain all of the corporate records except those maintained by the Treasurer; shall have custody of the corporate seal, shall record the minutes of all meetings of the membership and of the Board; shall have the primary responsibility, but not the exclusive right, to give notices required by these Bylaws; and shall perform any and all other duties incident to the office of Secretary and such other duties as from time to time may be prescribed by the Board or the President. The Secretary may attest to any agreement or recordable instrument on behalf of the Association, but such attestation is not required.

(e) Treasurer.

(1) The Treasurer shall have charge and custody of all corporate funds and financial records, shall keep full and accurate accounts of receipts and disbursements and render accounts thereof at the annual meetings of the Board and the membership and whenever else required by the Board or the President; shall deposit all monies and other valuable effects in the name of and to the credit of the Association in such depositories as may be designated from time to time by the Board; and shall perform any and all other duties incident to the office of Treasurer and such other duties as may be prescribed by the Board or the President. The Treasurer shall be bonded by the Association.

(2) He shall collect the Assessments and shall promptly report the status of collections and of all delinquencies to the Board.

(3) He shall give status reports to potential transferees on which reports the transferees may rely.

(4) The Association may hire a manager or other qualified person to perform any or all of the duties of the Treasurer.

### 3. Election and Term.

(a) Each person named as an officer in the Articles of Incorporation shall hold office until the first annual meeting of the Board and until his successor shall have been elected and qualified, or until his earlier resignation, disqualification, removal from office or death.

(b) At each annual meeting of the Board, a majority of the directors then in office shall elect the officers of the Association for the ensuing year. The Board may elect the same person to fill any two or more offices, and the failure to elect a president, vice-president, secretary or treasurer shall not affect the existence of the Association.

(c) Each officer shall hold office for the term of one (1) year and until his successor shall have been elected and qualified, or until his earlier resignation, disqualification removal from office or death.

4. Removal of Officers. Any officer or agent elected or appointed by the Board may be removed by the Board, with or without cause whenever in its judgment the best interests of the Association will be served thereby.

5. Resignation of Officers. Any officer or agent elected or appointed by the Board may resign such office by providing written notification of such resignation to the President or to the Secretary of the Association, and such resignation shall become effective immediately upon receipt of said notification or at such later date as may be specified in the notification.

6. Vacancies. Any vacancy, however occurring, in any office, may be filled by the Board. Any officer so elected shall hold office for the unexpired term of the officer he is replacing.

7. Compensation. At any time after the Turnover Meeting, the Board shall have the authority to fix and pay compensation in a reasonable amount to any of its officers for services rendered by reason of said office.

8. Bonding. The Association shall provide for fidelity bonding of all officers, directors or other persons who control or disburse funds of the Association as set forth at Section 4 of Article XVII below. The Association may bond any officer of the Association and shall bear the cost of such bonding.

## ARTICLE XII. INDEMNIFICATION OF OFFICERS AND DIRECTORS

### 1. Indemnification for Actions, Suits or Proceedings.

(a) The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director or officer of the Association, or is or was serving at the request of the Association as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection



with such action, suit or proceeding, including any appeal thereof, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe this conduct was unlawful. The adverse termination of any action, suit or proceeding by judgment, order, settlement, conviction, or a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner in which he reasonably believed to be in, or not opposed to, the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

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

(c) To the extent that a director or officer, of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Subsections (a) and (b) , or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Notwithstanding anything contained herein to the contrary, any indemnification under Subsections (a) or (b) (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper under the circumstances because he has met the applicable standard of conduct set forth in Subsection (a) or (b). Such determination shall be made;

(1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or

(2) by the Members.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Subsection (d) upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Section.

2. Other Indemnification. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any

Bylaw, agreement, vote of the Members or disinterested directors, or otherwise, both as to actions in his official capacity and as to actions in another capacity while holding such position and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

3. Liability Insurance. Upon the majority vote of a quorum of the Board, the Association may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Association, or is or was serving at the request of the Association, as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association shall have indemnified him against such liability under the provisions of this Article XII.

#### ARTICLE XIII. ANNUAL BUDGET

1. Adoption by Board. The proposed annual budget for Operating Expenses for the Association shall be adopted by the Board. Said budget shall be detailed and shall show the amounts budgeted by accounts and expense classifications. A copy of the proposed annual budget of Operating Expenses shall be mailed, by regular mail, to the Members not less than fourteen (14) days prior to the meeting at which the budget shall be considered together with a notice of such meeting. Such meeting shall be open to the Members.

2. Excessive Assessments. In the event the adopted budget requires Annual Assessments against Lot Owners in any accounting year exceeding one hundred fifteen percent (115) of such Annual Assessments for the preceding year, and upon written application (within fifteen (15) days- of adoption) of Voting Representatives entitled to vote at least ten percent (10) of the votes entitled to be cast, the Board shall call a special meeting of the membership within thirty (30) days of such written application, upon not less than ten (10) days written notice to each Member. The purpose of the special meeting shall be to consider and enact a budget. The Board may propose a revised budget to the Members at such membership meeting, or in writing prior to said meeting. At the special meeting or any adjournment thereof, the membership shall consider and enact a budget. The adoption of the annual budget by the membership shall require the approval of a majority of all votes eligible to be cast. In the event the membership is unable to adopt a budget at the special meeting or adjournment thereof, within five (5) days the Board shall hold a special meeting and adopt an annual budget which does not require Annual Assessments against Owners in the accounting year exceeding one hundred fifteen percent (115%) of such Annual Assessments for the preceding year.

3. Limit on Increase of Budget. As long as Developer is in control of the Board, said Board shall not impose an Annual Assessment for a year greater than one hundred fifteen percent (115) of the prior accounting year's Annual Assessment without the approval of a majority of all votes eligible to be cast by Members.

#### ARTICLE XIV. ASSESSMENTS

1. Determination and Payment. After adoption of a budget, a determination of the Annual Assessment shall be made by equally apportioning the total sum of said budget among the Lots. The Annual Assessment shall be payable in monthly installments on the first (1st) day of each month. The Board shall promptly deliver or mail to the Owner of each Lot which is assessed or to

such other person designated, in writing, to receive such notice, a statement setting forth the amount of the Annual Assessment, the amount of each monthly installment and the dates on which payment is due. Such payments shall be due and payable regardless of whether or not Owners are sent or actually receive a written notice.

2. Failure to Adopt a Budget. If an annual budget has not been adopted for the accounting year at the start of said year, an Annual Assessment in the amount of the last prior Annual Assessment shall continue in force until changed by an amended Annual Assessment.

3. Excess Income. Subject to the Board's right to amend the budget, as provided in Section 4 next below, if for any reason, the budget provides income in excess of the Association's needs, such over-assessments shall be retained by the Association in its account to be applied to any reserve account or to the next ensuing year's expenses or rebated to the Owners, at the direction of the Board.

4. Amended Budget. Subject to the requirements of Article XIII above, in the event the Annual Assessments prove to be insufficient or to exceed the funds required to cover expenses of the Association, the budget and Assessments may be amended at any time by the Board.

5. Other Assessments. The Board shall have power to levy Special Assessments as necessary for actual economic needs of the Association. Additionally, Individual Assessments may be levied against individual Owners in accordance with the terms of any Land Use Document.

6. Exemption of Developer. Notwithstanding anything contained in any Land Use Document to the contrary, Developer shall not be assessed as an Owner for capital improvements without its written approval.

7. Reserves. Funds reserved pursuant to an annual budget or resolution of the Board shall be used for the purposes for which they are reserved unless their use for another purpose is approved by the membership.

#### ARTICLE XV. RULES AND REGULATIONS

1. Purpose. The Rules of the Association shall be a list of certain reasonable restrictions on and requirements for the use, maintenance, and appearance of the Properties or portions thereof and any land or facilities which may become subject to Association powers. The Rules shall be in addition to all other requirements of the Declaration, the Articles and these Bylaws and all other applicable documents.

2. Modification. Certain Rules may be promulgated by Developer and a copy thereof kept on file with the Secretary of the Association. These Rules may be modified, amended or repealed and new Rules may be adopted from time to time by the the Board.

3. Application. Every Owner, occupant, guest and invitee shall be subject to the Rules. A copy of such Rules, as amended from time to time, shall be made available by the Association to all Owners and occupants of any Lot on request, although the failure to furnish a copy thereof in any instance shall not affect the enforceability of any Rule.

4. Exceptions. The Board may, under special circumstances, waive or vary specific Rules in individual cases upon a vote of two-thirds (2/3) of the entire Board. The Board may impose conditions on any waiver or variance.

ARTICLE XVI. REMEDIES FOR VIOLATION AND DISPUTES

1. Legal Remedies.

(a) In the event of violation of any provisions of any Land Use Document, the Association, on its own behalf, may, but is not required to, bring appropriate action to enjoin such violation or to enforce the provisions of such document or sue for damages, or take all such courses of action at the same time, or bring appropriate action for such other legal or equitable remedy as it may deem appropriate. Failure by the Association to enforce any such provision shall in no event be deemed a waiver of the right to enforce later violations. Initiation and conclusion of the hearing procedures described in Section 2 herein below shall not be a condition precedent to an action under this section.

(b) In the event of such legal action brought against an Owner, the losing defendant shall pay all costs and expenses, including, but not limited to, legal fees incurred prior to litigation, filing and service of process fees, reasonable attorneys' fees and court costs incurred by the Association incident to the proceeding, during trial, upon any appeal and in any post judgment proceedings. Each Owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions, regardless of the harshness of the remedy available to the Association, and with the intent of all Owners to give to the Association a method and procedure which will enable it at all times to operate on a businesslike basis, to collect those monies due and owing it from Owners and to preserve each Owner's right to enjoy his Lot free from unreasonable restraint and nuisance.

(c) The costs and expenses authorized at Subsection (b) above shall be assessed against the Owner as an Individual Assessment collectible in the same manner as any other Assessment of the Association.

2. Hearing Procedures. In the event of violation of any of the provisions of any Land Use Document, the Association shall have the right to initiate in-house hearing procedures as described in this Section 2. These hearing procedures shall constitute a separate remedy for the Association, and they are not a condition precedent to the remedies described in Section 1 next above.

(a) Written Complaint. An action under this Section is initiated upon the filing of a written complaint with the Board by any Member, officer or director of the Association. The complaint shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged.

(b) Service of Complaint. Upon the filing of the complaint, the Board shall serve a copy thereon on the respondent by personal delivery, or registered or certified mail, return receipt requested, and addressed to respondent, at the address appearing on the books of the Association.

(c). Notice of Hearing. Along with service of complaint, the Board shall serve a Notice of Hearing, as provided herein, on all parties giving at least twenty (20) days notice of said hearing. The Notice to the respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before the Board of Directors of the Association at \_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_, 19\_\_, at the hour of \_\_\_\_\_ upon the charges made in the complaint served upon you.

If any of the parties can, within forty-eight (48) hours of service, show good cause as to why they cannot attend the hearing on the set date and indicate times and dates on which they would be available, the Board may reset the time and date of hearing and promptly deliver notice of the new hearing date.

(d) Cease and Desist Orders. The Board may, at its own discretion, issue a cease and desist order, along with the complaint statement to respondent, such cease and desist order to be substantially in the following form:

"The Board of Directors has received the attached complaint."

"By authority of Article XVI, Section 2 of the By-laws, the Board hereby requests that you CEASE AND DESIST such acts or actions until such time, if any, as a ruling of the Board of Directors or court of law permits."

"Failure to comply with this request may result in penalty greater than that which would otherwise be imposed."

(e) Amended or Supplemental Complaints. At any time prior to the hearing date, the Board may file or permit the filing of an amended or supplemental complaint. All parties shall be notified thereof in the manner herein provided. If the amended or supplemental complaint presents new charges, the Board shall afford the respondent a reasonable opportunity to prepare his defense thereto.

(f) Constraints on the Board. It shall be incumbent upon each director to make a determination as to whether he is able to function in a disinterested and objective manner in consideration of the case before it. Any director incapable of such objective consideration of the case shall disclose such to the Board and remove himself from the proceedings and have it so recorded in the minutes.

(g) Hearing.

(1) Each hearing shall be before at least three (3) directors and their action shall be the action of the Board, provided, however, whenever the Board has commenced to hear the matter and a director is forced to withdraw prior to a final determination, the remaining directors shall continue to hear the case.

(2) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine opposing witnesses; and to rebut the evidence against him. Even if the respondent does not testify on his own behalf, he may still be called and examined as if under cross-examination. Oral evidence shall be taken only on oath or affirmation administered by an officer of the Association.

(3) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence, but shall not be sufficient in itself to support a finding.

(4) The Board shall choose one director who shall serve as hearing officer and preside over the hearing. At the beginning of the hearing, the hearing officer shall explain the rules and procedures by which the hearing is to be conducted.

Generally, each principal is entitled to make an opening statement, starting with the complainant. Then each party is entitled to produce evidence, witnesses and testimony and to cross-examine the witnesses and opposing party. Then each party is entitled to make a closing statement. Any party may waive the rights to exercise any part of this process, and the Board is entitled to exercise its discretion as to the specific manner in which the hearing will be conducted, so long as the above rights are protected.

(h) Authorized Action. At the conclusion of testimony, the Board shall deliberate the evidence. By a vote of the directors, the Board shall determine whether the allegations as presented constitute a violation of the Land Use Documents. If the Board concludes that a violation has taken place, it shall have the right to elect any one or combination of the following remedies:

- (1) Reprimand the appropriate party;
- (2) Levy a fine;
- (3) Authorize the initiation of appropriate

action under Section 1 above.

(i) Fines. Fines levied by the Board pursuant to Subsection (h)(1) shall be considered an Individual Assessment against the Owner, collectible in the same manner as any other Assessment of the Association.

#### ARTICLE XVII. INSURANCE. BONDING

1. Liability Insurance. The Association shall maintain comprehensive general liability insurance insuring the Association and the Owners, as their interests appear, in an amount not less than \$1,000,000.00 for bodily injury and property damage for any single occurrence.

2.. Hazard Insurance. The Association shall obtain hazard insurance protecting against loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement and the standard "all risk" endorsement. Such insurance shall insure all insurable improvements comprising the Common Properties, as well as all improvements which are to be maintained by the Association, including personal property owned by the Association, in an amount equal to one hundred percent (100%) of the current replacement value, as determined annually by the Board.

3. Flood Insurance. The Association shall obtain flood insurance on any insurable portion of the Common Properties or the improvements which are to be maintained by the Association which are located in a special flood hazard area, as defined by the Federal Emergency Management Agency. The amount of such insurance shall be at least equal to the lesser of one hundred percent (100) of the current replacement cost of all insured property, as determined annually by the Board, or the maximum coverage available for such property under the National Flood Insurance Program.

4. Fidelity Bonds. The Association shall obtain and maintain blanket fidelity bonds for all persons who control or disburse funds of the Association. Such bonds shall name the Association as an obligee and shall include a provision that requires ten (10) days written notice to the Association before any bond can be cancelled or substantially modified for any reason. The fidelity bonds shall cover the greater of (a) the maximum funds that will be in the custody of the Association at any time while the bond is in force, or (b) the sum of one hundred fifty percent (150%) of the annual budget of the Associa-

tion. The Association shall require any management agent that handles funds for the Association to be covered by its own fidelity bond.

5. Worker's Compensation. The Association shall obtain worker's compensation insurance to meet the requirements of law.

.6. Unit Owner's Responsibility. Each individual Owner shall be responsible to the Association for payment of any deductible from the insurance proceeds required by the Association's insurance policies for any claim arising as a result of such Owner's act or omission, or that of any guest, invitee, or lessee of such Owner. The Association shall have the power to assess the Owner for any such deductible.

7. Association's Power to Compromise Claims. The Association is hereby irrevocably appointed agent for each Owner, for the purpose of compromising and settling claims arising under insurance policies purchased by the Association and for the purpose of executing and delivering releases therefore upon the payment of claims.

#### ARTICLE XVIII. BOOKS, RECORDS AND FINANCES

1. Accounting Year. The accounting year of the Association shall begin on the first day of January in each year. The Board is expressly authorized to change this accounting year by resolution at any time for the convenience of the Association.

##### 2. Books and Records.

(a) The Association shall keep correct and complete records of the proceedings of its Members, the Board, and its committees. Such records shall be retained for at least seven (7) years. Owners (and their authorized representatives) and holders, insurers, or guarantors of any first mortgage encumbering a Lot shall be entitled to inspect, upon request, during normal business hours, or at any other reasonable time, the following; (1) current copies of the Declaration, Articles of Incorporation, Bylaws, and Rules (2) the books, records and financial statements of the Association, and (3) the records of the proceedings of the Members, the Board, and the committees of the Association.

(b) The Association shall maintain correct and complete books and records of account. These records shall be open to inspection by Owners or their authorized representatives at reasonable times. Failure to permit inspection of the Association's accounting records by Owners or their authorized representatives shall entitle any person prevailing in an action for enforcement to recover reasonable attorneys' fees from the person or persons in control of the books and records who, directly or indirectly, denied access to the books and records for inspection. The accounting records shall be maintained according to good accounting practices. The records shall include, but are not limited to:

(1) A record of all receipts and expenditures.

(2) An account for each Lot, designating the name and current mailing address of the Owner, the amount of each Assessment, the dates and amounts in which the Assessments come due, the amount paid upon the account, and the balance due.

(c) A copy of each insurance policy obtained by the Association shall be made available for inspection by Owners at reasonable times.

### 3. Funds.

(a) All funds of the Association shall be deposited from time to time to the credit of the Association in one or more such banks, trust companies or other depositories as the Board may from time to time designate, upon such terms and conditions as shall be fixed by the Board. The Board may from time to time authorize the opening and keeping, with any such depository, as it may designate, of general and special bank accounts and may make such special rules and regulations with respect thereto, not inconsistent with the provisions of these Bylaws, as it may deem necessary.

(b) The authorized signers on all depository accounts shall be the President, Vice-president, Secretary, Treasurer, or such other officers or persons as the Board may from time to time designate. Checks shall be issued only for bills within the provisions of the budget adopted by the Board or pursuant to special appropriations made by the Board.

(c) Drafts or other orders for the payment of money, excepting depository accounts, and all notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or an Assistant Treasurer, if any, and counter-signed by the President.

### ARTICLE XIX. EMINENT DOMAIN

The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with any condemning authority for acquisition of the Common Properties or any portion of the Properties which the Association is required to maintain.

### ARTICLE XX. NON-PROFIT OPERATIONS

The Association shall not authorize nor issue shares of stock. No dividend will be paid, and no part of the income of this Association will be distributed to its Members, directors or officers. However, the Association may pay compensation in a reasonable amount to Members, officers or directors for services rendered, subject to the limitations of Section 6 of Article VII and Section 7 of Article XI.

### ARTICLE XXI. CORPORATE SEAL

The Board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, the year of incorporation, and the words "corporation not for profit".

### ARTICLE XXII. MODIFICATION OF BYLAWS

These Bylaws may be revised, amended or repealed, unless specifically prohibited herein, by the Board or the membership by a majority of all votes entitled to be cast, provided that notice of said meeting is given in accordance with these Bylaws, and that said notice contains a full statement of the proposed amendment. No Bylaw shall be revised or amended by reference to its title or number only. Proposals to amend existing Bylaws shall contain the full text of the Section of the the Bylaws to be amended, new words shall be inserted in the text underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that



this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language;

"Substantial rewording of Bylaw. See Bylaw \_\_\_\_ for present text."

Nonmaterial errors or omissions in the above process shall not invalidate an otherwise properly promulgated amendment. No amendment to said Bylaws shall be adopted which would affect or impair the validity or priority of any mortgage on a Lot.

#### ARTICLE XXIII. RIGHTS OF MORTGAGEES

Mortgagees shall, upon specific written request to the Association, be entitled to timely written notice of:

- (i) any condemnation or casualty loss that affects a material portion of the Properties or the Lot encumbered by its mortgage;
- (ii) any sixty (60) days delinquency in the payment of Assessments or charges owed by the Owner of the Lot encumbered by its mortgage; or
- (iii) a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

#### ARTICLE XXIV. MISCELLANEOUS

1. Articles and Other Headings. The Article and Section headings contained in these Bylaws are for reference purposes only and shall not affect the meaning or interpretation of these Bylaws.
2. Gender and Number. Whenever the context requires, the gender of all words used herein shall include the masculine, feminine and neuter, and the number of all words shall include the singular and plural thereof.
3. Revocability of Authorizations. No authorization, assignment, referral or delegation of authority by the Board to any committee, officer, agent or other official of the Association shall preclude the Board from exercising the authority required to meet its responsibility for the operation of the Properties. The Board shall retain the right to rescind any such authorization, assignment, referral or delegation in its sole discretion.
4. Validity. Should any of the covenants herein imposed be void or become unenforceable at law or in equity, the remaining provisions of this instrument shall, nevertheless, be and remain in full force and effect.