

BY-LAWS
OF
SUN CITY PEACHTREE COMMUNITY ASSOCIATION

ARTICLE I

Name, Principal Office, Definitions and Purpose

1.1 Name. The name of the Association shall be Sun City Peachtree Community Association, Inc. ("Association").

1.2 Principal Office. The principal office of the Association shall be located in Spalding County, State of Georgia. The Association may have such other offices as the Board may determine or as the affairs of the Association may require.

1.3 Definitions. The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Sun City Peachtree filed in Book 3179, Page 171 of the official records of Spalding County, Georgia ("Declaration") as may be supplemented and amended from time to time, unless the context indicates otherwise.

1.4 Purpose. The purposes for which the Association is organized are set forth in the Declaration and Articles of Incorporation.

ARTICLE II

Association: Membership, Meetings, Quorum, Voting, Proxies

2.1 Membership. Every Owner shall be a Member of the Association. The provisions pertaining to membership in the Declaration and the Articles of Incorporation are incorporated herein by this reference.

2.2 Place of Meetings. Meetings of the Association shall be held within the Properties or at such other suitable place within Spalding County, State of Georgia as may be designated by the Board.

2.3 Annual Meetings. The initial meeting of the Members of the Association ("Initial Meeting") shall be held within 30 days after the end of the Declarant Control Period. After the Initial Meeting, regular annual meetings shall be set by the Board so as to occur at least 30 days but not more than 120 days before the close of the Association's fiscal year on a date and at a

time set by the Board. During the Declarant Control Period informational meetings of the Members shall be held as provided in Section 3.4 of the Declaration.

2.4 Special Meetings. The President may call a special meeting of the Members. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Voting Members representing at least 10% of the Dwelling Units.

2.5 Notice of Meetings. The Association's Secretary shall cause written notice stating the place, day, and hour of any Association meeting to be delivered by hand delivery or United States mail, postage prepaid, to each Member, or, if permitted by Georgia law, by facsimile, computer, fiber optics, cable, or other similar communication devices, or such other manner which is reasonably calculated, as determined in the discretion of the Board, to provide personal notice to the Members entitled to notice. Such notice shall be delivered not less than 10 nor more than thirty (30) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or Persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No other business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his or her address as it appears on the Association's records, with postage prepaid. If sent by facsimile, computer, fiber optics, cable, or such other similar communication device, notice shall be deemed to be delivered when transmitted to the Member at his or her address or number as it appears on the Association's records. The failure of any Member to receive actual notice of a meeting of the Members shall not affect the validity of any action taken at such meeting.

2.6 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, the Voting Members who represent a majority of the votes present at the meeting may adjourn the meeting to a date not less than five nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of

the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

2.8 Attendance at Meetings/Voting. Any Member may be present at any meeting of the Members, but the voting rights shall be vested exclusively in the Voting Members; provided that during the Declarant Control Period, unless expressly provided in the Declaration or these By-Laws, including, without limitation, as provided in Section 3.5 of these By-Laws, as amended, all voting rights shall be vested exclusively in the Declarant and the Voting Members shall have no voting rights. From and after the end of the Declarant Control Period, each Voting Member shall be entitled to one vote for each Dwelling Unit which the Voting Member represents. Voting for the election of Directors by the Voting Members may be by ballots mailed to the Voting Members. Ballots shall be returned to the Secretary by the date specified on the ballot. The Board shall determine the method of voting, the form of all ballots, the wording of questions thereon and the deadline for return of ballots. The Board may include on ballots any questions on which it seeks an advisory vote. Any other matters may be voted on by mail-in ballot to the extent not prohibited by law.

2.9 Proxies. Except as otherwise provided herein, Voting Members may vote in person or by proxy. Voting Members may not vote by proxy in any election of any Director. Each proxy shall be in writing, dated, signed and filed with the Secretary prior to the meeting for which it is to be effective. Proxies may be delivered to the Secretary by personal delivery, U.S. mail or telecopy to any Board member or the professional management agent, if any. Unless otherwise provided in the proxy, a proxy shall cover all votes which the Voting Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. No proxy shall be valid beyond the meeting for which it was given. Every proxy shall be revocable and shall automatically cease upon conveyance of the Dwelling Unit which the Voting Member represents.

2.10 Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners, Voting Members, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

2.11 Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence of the Voting Members (in person or by proxy) representing at least fifteen percent (15%) of the total votes in the Association shall constitute a quorum at all meetings of the Association.

2.12 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. All meetings shall be conducted in accordance with Roberts Rules of Order, as published from time to time.

ARTICLE III
Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1 Governing Body; Composition. The affairs of the Association shall be governed by a board of directors (the "Board"), each member of which (a "Director") shall have one equal vote. Except with respect to Directors appointed by the Declarant, each Director shall be an Owner, a Voting Member or a Resident of a Dwelling Unit; provided, however, no more than one representative from a Dwelling Unit may serve on the Board at the same time.

3.2 Number of Directors. The number of Directors shall be not less than three nor more than seven, as provided in Section 3.5. The initial Board shall consist of three Directors.

3.3 Directors During Declarant Control Period. During the Declarant Control Period all of the Directors shall be appointed by the Declarant, as the delegate of the Association. Each of the directors so appointed by the Declarant shall serve at the pleasure of the Declarant.

3.4 Nomination of Directors. Except with respect to directors appointed by the Declarant as the delegate of the Association, nominations for election to the Board shall be made in accordance with policies and procedures established, from time to time, by the Board. Such policies and procedures may include, but are not limited to, requiring a specified number of signatures as a precondition to appearing on the ballot or permitting nominations through a Nominating Committee.

The Board shall establish policies and procedures for nominations no later than 90 days prior to any election. Except with respect to "write-in candidates" or nominations made from the floor at any meeting, nominations shall be made no later than 45 days before the election shall be held.

The Board shall provide for as many nominations on each slate for election to the Board as it, in its discretion, shall determine.

For any election, the Board may, but shall not be obligated to, appoint a Nominating Committee. If appointed, the Nominating committee shall consist of three or more persons and a Chairperson, who shall be a member of the Board. The remaining members of the Nominating Committee shall be Members, Residents, or Voting Members.

3.5 Election and Term of Office. In an election which shall be held prior to the end of the Declarant Control Period as determined by the Board, the Voting Members shall elect a full Board of seven (7) Directors by ballots as further described in Section 2.8 of these By-Laws. Ballots shall be counted and the term of each Director so elected shall commence upon the end of the Declarant Control Period. The four (4) candidates receiving the greatest number of votes shall each serve a two year term and the three (3) candidates receiving the next greatest number of votes shall each serve a one year term. Thereafter, in any subsequent election of Directors

which is conducted by ballots as further described in Section 2.8 of these By-Laws, the election shall be conducted at least 30 days prior to the next annual meeting of Members, and ballots shall be counted and each Director so elected shall serve a two year term to commence on the date that such annual meeting is held. Each Director shall hold office until his term expires or until his successor shall have been elected and qualified. Directors may succeed themselves in office. In all elections for members of the Board, the Voting Member for each Dwelling Unit shall be entitled to the number of votes equal to the number of Directors to be elected (cumulative voting shall not be permitted).

3.6 Removal of Directors/Vacancies.

(a) Any Director, other than a Director appointed by the Declarant, may be removed, with or without cause, by action of the Voting Members. Any Director whose removal is sought shall be given notice prior to any meeting called and noticed for that purpose. Upon removal of a Director, a successor shall be elected by the Voting Members to fill the vacancy for the remainder of the term of such Director at the meeting at which any Director was removed from the Board.

(b) Any Director who has three consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent in the payment of any assessment or other charge due the Association, may be removed by a majority of the Directors present at a regular or special meeting of the Board at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

(c) In the event of the death, disability, or resignation of a Director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Members may elect a successor for the remainder of the term.

B. Meetings.

3.7 Organizational Meetings. Except during the Declarant Control Period, the Board shall hold a meeting within thirty (30) days after each annual meeting of the Members.

3.8 Meetings. Regular meetings of the Board may be held at such time and place as the Board shall determine, but at least one such meeting shall be held each quarter, except during the Declarant Control Period. Special meetings of the Board shall be held when requested by the President, Vice President or any two Directors.

3.9 Notice of Meetings. Notice of the time and place of a regular or special meeting shall be communicated to Directors as provided in this Section. The notice shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by facsimile, computer,

fiber optics, or any such other communication device. All such notices shall be given at the director's telephone or facsimile, or e-mail number or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox not less than four days before the time set for the meeting. Notices given by personal delivery, telephone, facsimile, or other device shall be delivered, telephoned, or transmitted at least 72 hours before the time set for the meeting.

3.10 Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11 Quorum of Board of Directors. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the Directors present at such meeting may adjourn the meeting to a time not more than thirty (30) days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.12 Compensation. No Director shall receive any compensation from the Association for acting as such; provided however, any Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors. Nothing herein shall prohibit the Association from compensating a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that such Director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested Director.

3.13 Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of meetings of the Board, recording all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings. All meetings shall be conducted in accordance with Roberts Rules of Order, as published from time to time.

3.14 Attendance at Meetings by Members: Members may attend meetings of the Board only if, and to the extent, permitted by the Board in its discretion. Also, after the Declarant Control Period the Board shall be required to hold informational meetings from time to time, but

not less frequently than once each year, to which all Members shall be invited and at which the Board shall report to the Members on what the Board has worked on and accomplished since the preceding meeting and shall open the meeting for questions and comments from Members.

3.15 Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that 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 taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote. Written consent or consents shall be filed with the minutes of the proceedings of the Board.

3.16 Telephonic Participation. One or more Directors may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all Persons participating in the meeting can hear each other at the same time, and those Directors so participating shall be present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

C. Powers and Duties.

3.17 Powers. The Board shall have all of the powers and duties necessary and appropriate for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these By-Laws, the Articles, and as provided by law. The Board may do or cause to be done all acts and things as are not by the Declaration, Articles, these By-Laws, or Georgia law directed to be done and exercised exclusively by the Voting Members or the membership generally.

3.18 Duties. The duties of the Board shall include, without limitation:

(a) preparation and adoption of annual budgets and establishing each Owner's share of the Common Expenses, Limited Common Area Expenses and Neighborhood Expenses, if any;

(b) levying and collecting assessments from the Owners to fund the Common Expenses, Limited Common Area Expenses and Neighborhood Expenses, if any;

(c) levying and collecting Assessments;

(d) providing for the operation, care, upkeep, and maintenance of the recreational and other areas of common responsibility;

(e) providing for the recreation and social activities for the members of the Association;

(f) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and, where appropriate, providing for the

compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(g) depositing all funds received on behalf of the Association in a bank depository which the Board shall approve and using such funds to operate the Association; provided, any reserve fund may be deposited, in the Directors' best business judgment, in depositories other than banks;

(h) making and amending rules and regulations, including use restrictions, and establishing penalties for infractions thereof;

(i) opening of bank accounts on behalf of the Association and designating the signatories required;

(j) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area, and Neighborhood Facilities in accordance with the Declaration and these By-Laws;

(k) subject to limitations provided for in the Declaration, enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules adopted by the Board and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(l) obtaining and carrying property, liability and commercial crime insurance, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(m) paying all taxes and/or assessments which are or could become a lien on the Common Area or Neighborhood Facilities or a portion thereof;

(n) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(o) keeping books with detailed accounts of the receipts and expenditures of the Association;

(p) making available (at a reasonable cost) to any prospective purchaser of a Dwelling Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Dwelling Unit, current copies of the Declaration, the Articles, the By-Laws, rules and annual financial statements of the Association;

(q) permitting utility suppliers to use portions of the Common Area and Neighborhood Facilities reasonably necessary to the ongoing development or operation of the Properties;

(r) indemnifying a Director, officer or committee member, or former Director, officer or committee member of the Association to the extent such indemnity is required by Georgia law, the Articles, and these By-Laws; and

(s) assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration.

3.19 Right of the Declarant to Disapprove Actions. During the Development Period, the Declarant shall have a right to disapprove any action, policy or program of the Association, the Board and any committee which, in the judgment of the Declarant, would tend to impair rights of the Declarant or its designees under the Declaration or these By-Laws, or interfere with development, construction or marketing of any portion of the Properties, or diminish the level of services being provided by the Association. This right to disapprove is in addition to, and not in lieu of, any right to approve or disapprove specific actions of the Association, the Board or any committee as may be granted to the Declarant in the Declaration or these By-Laws. During the Development Period, the following shall apply:

(a) The Declarant shall be given written notice of all meetings of the Association, the Board or any committee thereof, and of all proposed actions of the Association, the Board or any committee thereof to be approved at such meetings or by written consent in lieu of a meeting. Such notice shall be given by certified mail, return receipt requested, by personal delivery at the address the Declarant has registered with the Secretary of the Association, as it may change from time to time, or by confirmed facsimile transmission at the facsimile number the Declarant has registered with the Secretary of the Association, as it may change from time to time, which notice complies with the requirements for Board meetings set forth in these By-Laws and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting.

(b) The Declarant shall be given the opportunity at each such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein. The Declarant, its representatives or agents may make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee.

(c) No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met and the time period set forth in subsection (d) below has expired.

(d) The Declarant, acting through any officer or Director, agent or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block

proposed actions, but shall not extend to the requiring of any action or counteraction on behalf of any committee, the Board, or the Association unless such action or counteraction countermands an action, policy or program that was not properly noticed and implemented in accordance with these By-Laws. The Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.20 Management. The Association does not have any compensated employees. The Board may, but shall not be required to contract with a professional management company at an amount established by the Board to perform such duties and services as the Board shall authorize for the Association; provided, however, that during the Development Period the management agent may not be terminated by the Board without the prior written consent of the Declarant. The Declarant, or an affiliate of the Declarant, may be employed as the management company. The Board may delegate to such management company such powers as are necessary to perform its assigned duties, but shall not delegate policy making authority. The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the management company, if any, which might arise between meetings of the Board.

3.21 Accounts and Reports. The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed; provided however, that any "shortage" shall be calculated on a cash basis of accounting as provided in the Declaration;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;
- (e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board; and
- (f) the following financial and related information shall be regularly prepared by the Board and copies made available to all Members of the Association at the expense of the Association:

(i) The Board shall cause a reserve budget and an expense budget (collectively referred to as the "Budget") for the Association (which shall include the budget for each of the Neighborhoods, if any, and all Common Areas and Limited Common Areas), to be prepared for each fiscal year of the Association. The Board shall post written notice in a prominent place within the Properties that the Budget is available at the business office of the Association or at another suitable location within the Properties. If any Member requests a copy of the Budget, the Association shall provide one copy to the Member without charge by first-class United States mail and deliver such copy within 7 days of such request.

(ii) The Board shall cause an annual financial statement or annual audit report ("Financial Statement") to be prepared in accordance with generally accepted accounting principles within 120 days after close of the Association's fiscal year. The Board shall post written notice in a prominent place within the Properties that the Financial Statement is available at the business office of the Association or at another suitable location within the Properties. If any Member requests a copy of the Financial Statement, the Association shall provide one copy to the Member without charge by first-class United States mail and deliver such copy within 7 days of such request. The Financial Statement shall consist of:

(A) a balance sheet as of the end of the fiscal year;

(B) an income and expense statement for the fiscal year (this statement shall include a schedule of assessments received and receivables identified by the numbers of the Dwelling Units and the names of the Owners assessed); and

(C) a statement of changes in financial position for the fiscal year.

Such Financial Statement shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant.

(iii) The Board shall do the following at least quarterly:

(A) cause a current reconciliation of the Association's operating accounts to be made and review the same;

(B) cause a current reconciliation of the Association's reserve accounts to be made and review the same;

(C) review the current year's actual reserve revenues and expenses compared to the current year's Budget;

(D) review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts;

(E) review an income and expense statement for the Association's operating and reserve accounts; and

(F) review the delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent.

3.22 Borrowing. The Association, acting through its Board, shall have the power to borrow money for any legal purpose; provided, the Board shall obtain the approval by vote or written consent of Voting Members representing at least a majority of the total votes if the proposed borrowing is for the purpose of making discretionary capital improvements or purchasing additional capital assets and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 10% of the budgeted gross Common Expenses of the Association for that fiscal year. No mortgage lien shall be placed on any portion of the Common Area or a Neighborhood Facility without the affirmative vote or written consent of Voting Members representing at least a majority of the total votes of Dwelling Units entitled to use such portion.

3.23 Rights of the Association. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominium associations, cooperative associations, non-condominium homeowners associations and other owners or residents associations, both within and outside the Properties:

3.24 Enforcement.

(a) Notice. Prior to imposition of any sanction as provided in the Declaration, the Board or, if so directed by the Board, the covenants committee, if any is established by the Board pursuant to Article V, or the management agent shall serve the alleged violator with written notice including (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a statement that the alleged violator may present a written request for a hearing to the Board or the covenants committee, if any, within 15 days of the notice; and a statement that the proposed sanction shall be imposed as contained in the notice unless a request for a hearing is received by the Board or the covenants committee, if any, within such time period. If a timely request for a hearing is not received by the Board or the covenants committee, if any, the sanction stated in the notice shall be imposed; provided the Board or the covenants committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured or if a cure is diligently commenced within the 15 day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted 15 day period, the hearing shall be held before the covenants committee, if any, or if none, before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. If a hearing is held before a covenants committee, the violator shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the management agent, President, or Secretary of the Association within 15 days after the hearing date.

3.25 Board Training. Each Director, other than Directors appointed by the Declarant, shall attend a Board training seminar within the first six months he or she serves as a Director. Such seminar shall educate the Directors about their responsibilities and duties and may be live, video or audio tape, or other format. The Board shall offer the seminar at a time reasonably convenient for the subject Director. In conjunction with this requirement, prior to serving as a Director, each board member shall certify in writing that he or she has read and understands the Governing Documents.

3.26 Board Standards. In the performance of their duties, Directors and officers shall act as fiduciaries and are subject to insulation from liability provided for Directors and officers of corporations by Georgia laws and as otherwise provided in the Governing Documents.

As defined herein, a Director shall be acting in accordance with the business judgment rules so long as the Director: (a) acts within the express or implied terms of the Governing Documents and his or her actions are not *ultra vires*; (b) affirmatively undertakes to make decisions which are necessary for the continued and successful operation of the Association and, when decisions are made, they are made on an informed basis; (c) acts on a disinterested basis, promptly disclosed any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and (d) acts in a non-fraudulent manner and without reckless indifference to the affairs of the Association. A Director acting in accordance with the business judgment rule shall be protected from personal liability.

Board determinations of the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair and non-discriminatory manner and shall adhere to the procedures established in the Governing Documents.

ARTICLE IV Officers

4.1 Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President, Vice President, Secretary and Treasurer shall be elected from among the members of the Board; other officers may, but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed by the Board. Any two or more offices may be held by the same person, except the offices of President, Secretary and Treasurer.

4.2 Election and Term of Office. The officers of the Association shall be elected annually by the Board at the first meeting of the Board following the election of Board members.

4.3 Removal and Vacancies. Any officer may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

4.4 Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Vice President shall act in the President's absence and shall have all powers, duties and responsibilities provided for the President when so acting. The Secretary (or the managing agent) shall keep the minutes of all meetings of the Association and the Board and shall have charge of such books and papers as the Board may direct. In the Secretary's absence, any officer directed by the Board shall perform all duties incident to the office of secretary. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5 Resignation. 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 the 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.

4.6 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by resolution of the Board.

4.7 Compensation. Compensation of officers shall be subject to the same limitations as compensation of Directors under Section 3.12 hereof.

ARTICLE V

Committees Designated by the Board

5.1 General. The Board may establish such committees and as it deems appropriate to perform such tasks and functions as the Board may designate by resolution. Committee members

serve at the Board's discretion for such periods as the Board may designate by resolution; provided, however, any committee member, including the committee chair, may be removed by the vote of a majority of the Directors. Each committee shall operate in accordance with the terms of the resolution establishing such committee.

5.2 Covenants Committee. In addition to any other committees which the Board may establish pursuant to Section 5.1, the Board may appoint a covenants committee consisting of at least three and no more than seven members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the covenants committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.24 of these By-Laws. The Board may also appoint a subcommittee consisting of at least three and no more than seven members to function as the jury or trier of facts for all hearings held pursuant to Section 3.24.

5.3 Modifications Committee. The Board shall appoint a Modifications Committee as provided in Section 9.2 of the Declaration.

ARTICLE VI

Miscellaneous

6.1 Fiscal Year. The fiscal year of the Association shall be July 1 through June 30 unless otherwise established by Board resolution.

6.2 Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Georgia law, the Articles, the Declaration, or these By-Laws.

6.3 Conflicts. If there are conflicts between the provisions of Georgia law, the Articles, the Declaration, and these By-Laws, the provisions of Georgia law, the Declaration, the Articles, and the By-Laws (in that order) shall prevail.

6.4 Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Dwelling Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Dwelling Unit: the Declaration, By-Laws, and Articles, any amendments to the foregoing, the rules of the Association, the membership register, the most recent Financial Statement, the current Budget, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within the Properties as the Board shall designate.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make a copy of relevant documents at the expense of the Association in furtherance of such Director's duties as a Director.

6.5 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

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

(b) if to the Association, the Board, 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 notice in writing to the Members pursuant to this Section.

6.6 Indemnification. Each person who is or was a director or officer of the Association shall be indemnified by the Association against those expenses (including attorneys' fees) judgments, fines and amounts paid in settlement which are allowed to be paid or reimbursed by the Association under the laws of the State of Georgia and which are actually and reasonably incurred in connection with any action, suit, or proceeding, pending or threatened, whether civil, criminal, administrative or investigative, in which such person may be involved by reason of his being or having been a director or officer of the Association. Such indemnification shall be made only in accordance with the laws of the State of Georgia and subject to the conditions prescribed therein.

In any instance where the laws of the State of Georgia permit indemnification to be provided to persons who are or have been an officer or director of the Association only on a determination that certain specified standards of conduct have been met, upon application for indemnification by any such person the Association shall promptly cause such determination to be made (i) by the Board of Directors by majority vote of a quorum consisting of directors not at the time parties to the proceeding; (ii) if a quorum cannot be obtained by majority vote of a committee duly designated by the Board of Directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding; (iii) by special legal counsel selected by the Board of Directors or its committee in

the manner prescribed in (i) or (ii), or if a quorum of the Board of Directors cannot be obtained under (i), and a committee cannot be designated under (ii), selected by majority vote of the full Board of Directors (in which selection directors who are parties may participate); or (iv) by the members, but members who are also directors who are at the time parties to the proceeding may not vote on the determination.

As a condition to any such right of indemnification, the Association may require that it be permitted to participate in the defense of any such action or proceeding through legal counsel designated by the Association and at the expense of the Association.

The Association may purchase and maintain insurance on behalf of any such persons whether or not the Association would have the power to indemnify such officers and directors against any liability under the laws of the State of Georgia. If any expenses or other amounts are paid by way of indemnification, other than by court order, action by the members or by an insurance carrier, the Association shall provide notice of such payment to the members in accordance with the provisions of the laws of the State of Georgia.

6.7 Amendment.

(a) By Declarant. During the Declarant Control Period, Declarant may unilaterally amend these By-Laws. After termination of the Declarant Control Period but during the Development Period, Declarant may unilaterally amend these By-Laws in the same manner that it may amend the Declaration under Section 17.2. Thereafter, these By-Laws may be amended in accordance with Section 6.7(b).

(b) By Board. Except as provided above, these By-Laws may be amended only by resolution duly adopted by the Board and, during the Development Period, consented to, in writing, by the Declarant.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective when adopted unless otherwise provided in the amendment. Any procedural challenge to an amendment must be made within six months of its adoption or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

If an Owner consents to any amendment to these By-Laws, it will be conclusively presumed that such Owner has the authority to do so, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

During the Development Period, no amendment may remove, revoke, or modify any power, right or privilege of Declarant without the written consent of Declarant or the assignee of any such power, right or privilege.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Association;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board thereof held on the _____ day of _____, 200__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 200__.

[SEAL]

Secretary