

BY-LAWS

ARTICLE I Name and Location

Section 1. Name and location. The name of the Association is as follows: WG Homeowners Association, Inc.

Its principal office and mailing address is initially located at: c/o Pulte Home Corporation, Two Concourse Parkway, Suite 200, Atlanta, Georgia 30328

ARTICLE II Definitions

Section 1. Declarant. “Declarant, as used herein, shall have the same meaning as the expression is defined to have in the Declaration.

Section 2. The project. The “Project”, as used here in, means that certain community being developed by the Declarant in Clayton County Georgia known as Windgate Subdivision.

Section 3. Declaration. “Declaration”, as used herein, means that certain Declaration made by the Declarant on the 29th day of June 1989, in Deed Book 1563, Page 810 through 834 Clayton County Records.

Section 4. Mortgagee. “Mortgagee”, as used here in, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed to secure debt encumbering one or more of the Units. “Mortgage”, as used here in, shall include Deed to Secure Debt. “First Mortgage”, as used herein, shall mean a Mortgage with priority over other Mortgages. As used in these By-Laws, the term “Mortgagee” shall mean any Mortgagee and shall not be limited to Institutional Mortgagees. As used in these By-Laws, the term “Institutional Mortgagee” or “Institutional Holder” shall include banks, trust companies, insurance companies, mortgage insurance companies’ savings and loan associations, mutual savings banks, credit unions, trusts, pension funds, mortgage companies, Federal National Mortgage Association (“FNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”) all corporations, and any state or municipal government. As used in these By-Laws, the term “Holder” or “Mortgagee” shall include the parties secured by any deed of trust or any beneficiary thereof.

Section 5. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration.

ARTICLE III Membership

Section 1. Membership. The Association shall have two (2) classes of voting membership which shall be known as “Class A” and “Class B”:

- (a) With the exception of the Declarant, every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, which is a record owner of a fee interest in any unit which is part of the premises described in the Declaration, or which otherwise becomes subject by the covenants set forth in the

Declaration to assessments by the Association, shall be a Class A Member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity which holds such interest solely as security for the performance of an obligation shall not be a Class A Member solely on account of such interest. Each Class A Member shall be entitled to one (1) vote for each Unit in which such Member holds the interest required for Class A membership.

(b) The Class B Member shall be the Declarant, its nominee, or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, which shall obtain any Class B membership by specific assignment from the Declarant. The Class B Member or Members shall have one (1) Class B membership for each Unit in which such Member holds the interest otherwise required for Class A Membership. Each Class B Member shall be entitled to three (3) votes for each Class B membership which it holds. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

- i. Thirty (30) days following the date on which the total authorized, issued and outstanding Class A memberships equal the total authorized, issued and outstanding Class B memberships multiplied by three (3); or
- ii. On January 1, 1993; or
- iii. Upon surrender of said Class B memberships by the then Holders thereof for cancellation on the books of the Corporation.

Upon the lapse or surrender of any of the Class B memberships as provided for in this Article, the Declarant shall thereafter remain a Class A Member of the Association as to every Unit in which the Declarant then holds the interest otherwise required for such Class A membership. In the event addition property is annexed to the property described in the Declaration subsequent to the lapse of surrender of the Class B memberships as provided for in this Article, then the Declarant shall have one (1) Class B membership for each Unit within such annexed property in which it holds the interest otherwise required for Class A memberships.

The members of the Association shall have no preemptive rights, as such Members, to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in this Article.

Section 2. Membership Certificates. In the event the Board of Directors considers it necessary or appropriate to issue membership certificates or the like, then each such membership certificate shall state that the Association is organized under the laws of the State of Georgia, the name of the registered holder or holders of the membership represented thereby and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to the transfer of title to the Unit to which such membership is appurtenant. Every membership certificate shall be signed by the President or a Vice-President and the Secretary of the or an Assistant Secretary and shall be sealed with the corporate seal. Such signature and seal may be the original or facsimile.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the associate an alleged

to have been destroyed or lost, upon the making of an affidavit of the fact by the person in claiming the membership certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered Holder or Holders of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Association a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Association on account of the issuance of such new certificate.

Section 4. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each Class A Member of the Association shall be entitled to receive out of the assets of the Association available for distribution assets which the number of Class A memberships held by such Member bears to the total number of Class A memberships of the Association then issued an outstanding.

ARTICLE IV Meeting of members

Section 1. Place of Meeting. Meetings of the Members shall be held at the principal office or place of business of the Association or at such other suitable place within the State of Georgia which is reasonably convenient to the memberships and as may from time to time be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the Members of the Association shall be held at such time and place as may be designated by the Board of Directors; provided, however, that the first annual meeting of Members shall be held within one (1) year from the date of filing of the Articles of Incorporation of the Association with the Secretary of State. Thereafter, the annual meetings of the Members shall be held during the month of June of each succeeding year. At such meeting there shall be elected by ballot of the Members a Board of Directors in accordance with the requirements of Article V of these By-Laws. The members may also transact such other business as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by at least twenty (20%) percent of each class of the then Members, having been presented to the Secretary; provided, however, that no special meetings shall be called, except upon resolution of the Board of Directors, prior to the first annual meeting of Members as hereinabove provided for. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. Not business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meeting. It shall be the duty of the Secretary to mail a notice of each annual or special meeting stating the purpose thereof, as well as the time and place where it is to be held, to each member of record, at this address as it appears on the membership books of the Association or, if no such address appears, at his last known place of address, at least ten (10) but not more than ninety (90) days prior to such meeting. Notice by such method shall be considered as notice served. Attendance by a Member at any meeting of the Members shall be a waiver of notice by them of the time, place, and purpose thereof. Notice of any annual or

special meetings of the Members of the Association may also be waived by any member either prior to, at, or after any such meeting.

Section 5. Roster of Membership. The Board of Directors of the Association shall maintain a current roster of the names and addresses of each Member to which written notice of meetings of the Members of the association shall be delivered or mailed. Each Unit Owner shall furnish the Board of Directors with his name and current mailing address.

Section 6. Quorum. The presence, either in person or by proxy, of Members representing at least fifty-one (51%) percent of the then Members of record, shall be requisite for, and shall constitute a quorum for the transaction of business of all meeting of Members. If the number of Members at a meeting drops below the quorum and the question of lack of a quorum is raised, no business may thereafter be transacted.

Section 7. Adjourned Meetings. If any meetings of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 8. Voting. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which they own on each question. Each Class B Member shall have the right to cast three (3) votes for each Class B membership which they own on each question. The vote of the Members representing fifty-one (51%) percent of the total of votes of the membership present at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting unless the questions is one upon which, by the express provision of law or of the Articles of Incorporation, or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control.

The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the Co-Owners of any membership who are present at any meeting of the Members are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary or an Assistant Secretary of the Association, prior to or during the meeting. Any such certificate shall remain valid until revoked or superseded in writing.

The vote of any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof and unless any objection or protest by any other such trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due to the Association.

Whenever in these By-Laws any action is required to be taken by a specified percentage of “each class of the ten Members” of the Association, then such action shall be required to be taken separately by the specified percentage of the votes of the then outstanding Class B Members of the Association. Whenever in these By-Laws any action is required to be taken by a specified percentage of “both classes of the then Members” of the Association, then such action shall be required to be taken by a specified percentage of the votes of the then outstanding cumulative membership of the association.

Section 9. Proxies. A member may appoint any other member or the Declarant as his proxy. In no case may any Member (except the Declarant) cast more than one (1) vote by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors before the appointed time of each meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the Member, provided, however, that no proxy shall be effective for a period in excess of one hundred eighty (180) days unless granted to a Mortgagee or lessee of the unit to which the votes are appurtenant.

Section 10. Right of Mortgagees. Any Institutional Mortgagee of any Unit who desires notice of the annual and special meetings of the Members shall notify the Secretary to that effect by Registered Mail – Return Receipt Requested. Any such notice shall contain the name and post office address of such Institutional Mortgagee and the name of the person to whom notice of the annual special meeting of the Members should be addressed. The Secretary of the Association shall maintain a roster of all Institutional Mortgagees from whom such notices are received, and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the Members to each such Institutional Mortgagee, in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice of the Members. Any such Institutional Mortgagee shall be entitled to designate a representative to such representative may participate in the discussion at any such advance of the meeting, address the Members present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Members upon request made in writing to the Secretary.

Section 11. Order of Business. The order of business at all regularly schedule meetings of the Members shall be as follows:

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

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

Section 12. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the Members shall be determined by the Chairman of such meeting.

Section 13. Inspectors of Election. The Board of Directors may, in advance of any annual or special meetings of the Members, appoint an uneven number of one or more inspectors of election to act at the meeting and at any Adjournment thereof. In the event inspectors are not so appointed, the Chairman of any annual or special meetings of Members shall appoint such inspectors of election. Each inspector so appointed, before entering upon the discharge of his duties. Of inspector of election at such meeting. The oath so taken shall be files with the Secretary of the Association. No officer or Directors of the Association shall act at an inspector of election at any meeting of the members of one of the purposes of such meeting is to elect Directors.

ARTICLE V Directors

Section 1. Number and Qualifications. The affairs of the Association shall be governed by the Board of Directors composed of an uneven number of at least three (3) natural persons and not more than nine (9) natural persons, a majority of whom (after the lapse of all of the Class B Memberships, either as originally created or as established pursuant to the annexation of all or part of the Additional Property, as provided in these By-Laws) shall be Members of the Association.

Prior to the lapse of all the Class B memberships as provided in these By-Laws, the number of Directors shall be determined, from time to time, by a vote of the initial Directors hereinafter named. Thereafter, the number of Directors may be changed by a vote or the Members at any subsequent annual or special meetings of the Members; provided, however that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of the incumbent Director.

Section 2. Initial Directors. The initial Directors shall be selected by the Declarant and need to be members of the Association. The names of the Directors who shall act as such from the date upon which the Articles of Incorporation of the Association are accepted for record by the Georgia Secretary of State, and until the first annual meeting of the Members or until such time as their successors are duly chosen and qualified, whichever shall last occur, are as set forth in the Articles of Incorporation of the Association.

Section 3. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Declaration or these By-Laws directed to be exercised and done by the Members. The powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

To provide for the:

- (a) Care, upkeep and surveillance of the Subdivision Improvements and services in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

- (b) Establishment, collection, use and expenditure of the assessments and carrying charges from the Members and for the assessment, the filing and enforcement of liens therefore in a manner consistent with law and the provisions of these By-Laws and the Declaration;
- (c) Promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the Subdivision Improvements as are designated to prevent unreasonable interference with the use of the Subdivision Improvements by the Members and others, all of which shall be consistent with law and provisions of these By-Laws and the Declaration; and
- (d) Authorization, in his discretion, of the payment of patronage refunds from residual receipts when and as reflected in the annual reports; and
- (e) To purchase such polices of insurance as shall from time to time be considered appropriate by the Board of Directors including, without limitation, casualty insurance, public liability insurance, workmen's compensation insurance to the extent necessary to comply with any applicable law, so-called "legal expense indemnity insurance" affording protection for the officers and directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim or cause of action to which any such officer or Director shall have been made a part by reason of his or her services as such, fidelity coverage and the like; and
- (f) To repair, restore, or reconstruct all or any part of the Subdivision Improvements after any casualty loss in a manner consistent with law and the provisions of these By-Laws and to otherwise improve the common areas and community facilities; and
- (g) To lease, grant licenses, easements, rights-of-way and his rights of use in all or any part of the common areas and community facilities; and
- (h) To purchase Units and to lease, Mortgage or convey the same, subject to the provisions of these By-Laws and the Declaration; and
- (i) To appoint the Members of the Architectural and Environmental Control Committee provided for in the Declaration and to appoint the Members of such other committees as the Board of Directors may from time to time designate.

Section 4. Election and Term of Office. The term of the director's names here in shall expire when their successors have been elected at the first annual meeting of Members and are duly qualified. The election of Directors shall be by secret written ballot unless balloting is dispensed with by the person or by proxy. There shall be no cumulative voting. At the first annual meeting of the Members, the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the Director receiving the second greatest number of votes shall be fixed for two (2) years, and the term of the office of the other director or Directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. In the alternative, the membership may, by resolution duly made and adopted at the first annual meeting, resolve to fix the term for each Director elected at any such meeting at one (1) year. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 5. Resignation and Removal of Directors. Any Director may resign at any time upon written notice to the Board of Directors. At an annual meeting of Members, or at any special meeting duly called for such purpose (but only after the lapse of all of the Class B memberships as provided in these By-Laws), any Directors may be removed with or without cause by the affirmative vote of the majority of the votes of the Members present and voting, in person or by

proxy, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. The term of any Director who is a Class A Member of the Association and who becomes more than sixty (60) days delinquent in payment of any assessments or carrying charges due the Association may be terminated by resolution of the remaining Directors, and the remaining Directors shall appoint the successor as provided in this Article.

Section 6. Compensation. No compensation shall be paid to Directors for their services as Directors. After the first annual meeting of the Members, no remuneration shall be paid to any Directors who is also a Member for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have also been adopted by the Board of Directors before such services are undertaken. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.

Section 7. Organization Meetings. The first meeting of the newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present at such first meeting.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice of each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-half (1/2) of the Directors.

Section 10. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place, and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required, and any business may be transacted at such meeting.

Section 11. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at any meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the Members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 13. Rights of Mortgagees. Any Institutional Mortgagee of any lot who desires notice of the Regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail – Return Receipt Requested. Any such notice shall contain the name and post office address of such Institutional Mortgagee and the name of the person to whom notice of the Regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all Institutional Mortgagees from whom such notices are received, and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such Institutional Mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the Members of the Board of Directors. Any such Institutional Mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors, and such representatives may participate in the discussion at any such representatives may participate in the discussion at any such meeting and may, upon this request made to the Chairman in advance of the meeting, address the Members of the Board of Directors present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 14. Fidelity Bonds. With the exception of the initial officers and directors set forth in the Articles of the incorporation, the Board of Directors shall require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty. The premiums on such bond or insurance shall be paid by the Association.

ARTICLE VI Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by a Board of Directors. Prior to the lapse of all the Class B memberships as provided in these By-Laws, the officers of the Association need not be members of the Association. The Board of Directors may appoint an assistance secretary and an assistant treasurer and such other officers as in their judgement may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 3. Resignation – Removal of Officers. Any officer may resign at any time upon written notice to the Board of Directors. Upon an affirmative vote of a majority of the Members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other Member of the Board to do so on an interim basis. The Vice President shall also assist the President generally and shall perform such other duties as shall from time to time be delegated to him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members of the Association. The Secretary shall give notice of all annual and special meetings to the Members of the Association in conformity with the requirements of these By-Laws. The Secretary shall have custody of the seal of the Association, if any. The Secretary shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct and he shall, in general, perform all of the duties incident to the office of the Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for funds and securities of the Association and shall be responsible for keeping, or causing to be kept, in full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for causing the deposit of all monies and other valuable effects in the name, and to the credit of the Association, in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association, which shall begin on the date when the Articles of Incorporation of the Association are accepted for record by the Georgia Secretary of State. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 2. Principal Office – Change of Same. The principal office of the Association shall be as set forth in Article I of the By-Laws. The Board of Directors, by appropriate resolution, shall have the Authority to change the location of the principal office of the Association from time to time.

Section 3. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the common areas and community facilities, services requires, or provided with respect to the same, and any other expenses incurred by the Association. The amount of any assessment or portion of any assessment, required for payment of any capital expenditures or reserves of the Association,

may be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the Members.

Section 4. Auditing. At the close of each fiscal year, the books and records of the Association shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Association shall furnish the Members and any Mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association, within ninety (90) days following the end of each fiscal year.

Section 5. Inspection of Books. The books and accounts of the Association, vouchers accrediting and entries made thereupon, and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys, and to the Institutional Holder of any First Mortgage on any Unit and its and their duly authorized agents or attorneys, during normal business hours and for purposes reasonable related to their respective interests and after reasonable notice.

Section 6. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or a Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

Section 7. Seal. The Board of Directors may provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary. If so directed by the Board of directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE VIII Amendment

Section 1. Amendments. Subject to the other limitations set forth in these By-Laws, these By-laws may be amended by the affirmative vote of Members representing two-thirds (2/3) of the Members duly called for such purpose in accordance with the provisions and requirements of these By-Laws.

Section 2. Proposal of Amendments. Amendments to these By-Laws may be proposed by the Board of Directors of the Association or by petition signed by at least twenty-five (25%) percent of the total vote of the Members, which petition shall be delivered to the Secretary. A description of any proposed amendment shall accompany the notice of any annual or special meetings of the Members at which such proposed amendment is to be considered and voted upon.

ARTICLE IX Mortgages – Notice – Other Rights of Mortgagees – FHA – Veterans Administration

Section 1. Notice to Board of Directors. Any Owner of any Unit in the project who Mortgages such Unit shall promptly notify the Board of Directors of the name and address of his Mortgage and, if requested so to do, shall file a conformed copy of such Mortgage with the Board of Directors. The Board of Directors shall maintain a suitable roster pertaining to such Mortgages.

Section 2. Consents. Any other provisions of these By-Laws or of the Declaration to the contrary notwithstanding, neither the Members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the Institutional Holders of all First Mortgages of record on the Units:

- (a) Abandon, partition, subdivide, encumber, sell, or transfer any of the Subdivision Improvements, provided, however, that the granting of rights-of-way, easements, and the like for public utilities or for other purposes consistent with the use of the Subdivision Improvements by the Members of the Association shall not be considered a transfer within the meaning of this section; or
- (b) Abandon or terminate the Declaration; or
- (c) Modify the method of determining and collecting common expense assessments or other assessments as provided for in the Declaration; or
- (d) Resolve to use the proceeds of casualty insurance for any purpose other than the repair, replacement, or reconstruction of the Subdivision Improvements; or
- (e) Modify or amend any material or substantive provision of the Declaration or these By-Laws.

Section 3. Casualty Losses. In the event of damage or destruction to the Subdivision Improvements, if any, by fire or other casualty, the same shall be promptly repaired, replaced, or reconstructed in substantial conformity with the original plans and specifications for the Subdivision Improvements with the proceeds of insurance available for that purpose. In the event that the proceeds of insurance are not sufficient to repair damage of destruction of the Subdivision Improvements caused by fire or other casualty or, in the event such damage or destruction is caused by any casualty not insured against, then and in either of those events, upon resolution of the Board of Directors, the repair, replacement or reconstruction of the damage shall be accomplished promptly by the Association at its common expense. The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of the Subdivision Improvements for purposes other than the repair, replacement, or reconstruction of the Subdivision Improvements without the prior written consent and approval of the Institutional Holders of all First Mortgages of record on the Units.

In the event of substantial damage or destruction to any part of the Subdivision Improvements, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the Holders of all First Mortgages of record on the units. No provision of these By-Laws shall entitle any Member of the Association to any priority over the Holder of any First Mortgage on his Unit with respect to the distribution to such Member of any insurance proceeds paid or payable on account of any damage or destruction any of the Subdivision Improvements.

Section 4. Condemnation or Eminent Domain. In the event any portion of the Subdivision Improvements is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition not the holders of all First Mortgages on the Units. No Provisions of these By-Laws shall entitle any Member of the Association to any priority over the Holder of any First Mortgage on his Unit with respect to the distribution of such Member of the proceeds of any condemnation award or settlement relating to a taking of any of the Subdivision Improvements.

Section 5. Veterans Administration, Federal Housing Administration and Federal National Mortgage Association. Provided that any Unit in the project is then encumbered by a Mortgage which is insured by the Veterans Administration, Federal Housing Administration, or by the Federal National Mortgage Association, and provided further that there are then Class B memberships of the Association outstanding, either the Members, the Board of Directors not eh Association shall by act or omission, take any oof the following actions without the prior written consent and approval of the above mentioned institution or institutions insuring Mortgages on any Units:

- (a) Abandon, partition, subdivide, encumber, sell or transfer any of the Subdivision Improvements; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Subdivision Improvements by the Members of the Association shall not be considered a transfer within the meaning of this Section; or
- (b) Abandon or terminate the Declaration; or
- (c) Modify or amend any material or substantive provisions of the Declaration of these By-Laws.

ARTICLE X Interpretation - Miscellaneous

Section 1. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the Terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these By-Laws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 2. Notices. Unless another type of notice is herein elsewhere or by law specifically provided for, any and all notices called for in these By-Laws shall be given in writing.

Section 3. Severability. In the even any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provision hereof which can be given effect.

Section 4. Waiver. No restriction, condition, obligation, or provisions of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 5. Captions. The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws.

BYLAWS OF CHANCELLOR'S RIDGE HOMEOWNERS ASSOCIATION

ARTICLE I General

- 1.01 Applicability:** These bylaws provide for the self-government of CHANCELLOR'S RIDGE HOMEOWNERS ASSOCIATION, INC., in accordance with the Secretary of State and Declaration of Covenants, Conditions and Restrictions for Chancellor's Ridge recorded in the real estate records of Cobb County, Georgia in Book 4867 Page 209.
- 1.02 Name:** The name of the corporation is Chancellor's Ridge Homeowners Association, Inc ("Association"), as incorporated on July 15, 1988.
- 1.03 Membership:** Every Owner shall automatically be a Member of the Association and shall remain a Member until such time as provided in the Declaration.
- 1.04 Voting:** Each Member shall be entitled to cast votes as set forth and subject to the provisions of ARTICLE 9 of the Declaration.
- 1.05 Majority:** As used in these bylaws, the term "Majority" shall mean those votes totaling more than fifty (50%) percent of the total number of eligible votes. Unless otherwise specifically stated, the word "majority vote" means more than fifty (50%) percent of those voting in person or by proxy. Unless otherwise provide in the Declaration of these Bylaws, all votes shall be decided by a majority vote.
- 1.06 Purpose:** The Association shall have the responsibility of administering the Community, establishing the means and methods of collecting the contributions to the common expenses, arranging for the management of the Community, and performing all of the other acts that may be required to be performed by the Association pursuant to the Declaration. Except as to those matters which either the Declaration or the Georgia Nonprofit Corporation Code specifically require to be performed by the vote of the Association, the administration of the foregoing responsibilities shall be performed by the Board of Directors as particularly set forth below.
- 1.07 Definitions:** Generally, terms shall have their natural meanings, or the meanings given in the Declaration, the Articles of Incorporation, or the Georgia Nonprofit Corporation Code.

ARTICLE II Meetings of Members

- 2.01 Annual Meetings:** The regular annual meeting of the Members shall be held within the first ten (10) days of the month August in each year on a day and at an hour set by the Board.
- 2.02 Special Meetings:** Special Meetings of the Members for any purpose may be called at any time by the President or at the request of any two or more Board members, or upon written request of a group of the Members constituting one-fourth (1/4) of the Members who have a right to vote.
- 2.03 Notice of Meetings:** It shall be the responsibility of the Board to notify Members of meetings of the Association seven (7) days prior to the meeting date.
- 2.04 Waiver of Notice:** Waiver of notice of meeting of the Association shall be deemed the equivalent of proper notice. Any member may, in writing waive notice of any meeting either before or after such meeting. Attendance at a meeting by a member whether in person or by proxy, shall be deemed waiver by such member of the notice of the time, date, and place thereof unless such member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.
- 2.05 Quorum:** Except as may be provided elsewhere, the presence of Members, in person or by proxy, entitled to cast one-fifth (1/5) of the eligible votes of the Association shall constitute a quorum. Once a quorum is established for a meeting, it shall conclusively be presumed to exist until the meeting is adjourned.
- 2.06 Adjournment:** Any meeting of the Members may be adjourned from time to time to reconvene at a specific time and place by vote of the members holding the majority of the votes represented at the meeting, regardless of whether a quorum is present. Any business which could be transacted at the original meeting may be transacted at a reconvened meeting, and no additional notice of such reconvened meeting shall be required.
- 2.07 Proxies:** The votes appertaining to any Lot may (and shall, in the case of any owner not a natural person or persons) be cast pursuant to a proxy or proxies duly executed by or on behalf of the Member. To be valid, a proxy must be filed with the secretary prior to the opening of the meeting for which it is used. Proxies must be dated and may be revoked only by written notice delivered to the secretary. Presence in person by the giver of a proxy at the meeting for which a proxy is given shall automatically invalidate the proxy. Any proxy not dated shall be considered void. No proxy shall be valid more than thirty (30) days after its date of execution, unless otherwise provided in the proxy.
- 2.08 Presiding Officer:** The President or in his absence the Vice-President shall serve as a chairman of every Members' meeting unless some other person is elected to chair the meeting by a majority vote of the votes represented at the meetings.

2.09 Order of Business: All meetings shall be conducted according to the latest edition of Robert Rules of Order when not in conflict with the Declaration or these Bylaws. Unless otherwise provided in the notice calling the meetings, the order of the business shall be: Roll Call, Reading of the Minutes, Officers; Reports (if any), Old Business, Elections (if any), New Business, Adjournment.

2.10 Action of the Members Without a Meeting: Any action which may be taken at a meeting of the Owners may be taken without a meeting if a written approval and consent, setting forth the action authorized, shall be signed by each member entitled to vote. Such approval and consent shall have the same effect as a unanimous vote of the Members at a special meeting called for the purpose of considering the action authorized.

ARTICLE III The Board of Directors

3.01 General Powers: The business and affairs of the corporation shall be managed by the Board of Directors. In addition to the powers and authority expressly conferred upon it by these Bylaws. The Board of Directors may exercise all such powers of the corporation and do all such lawful acts and things as are not by law or by the Declaration of Articles of Incorporation directed or required to be exercised by the Members. The Board shall have the power to adopt such rules and regulations as it deems necessary and appropriate and to impose sanctions for violations thereof, including, without limitation, monetary fines.

3.02 Express Powers: In addition to the powers authorized by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to and be responsible for, the following, in way of explanation by not limitation:

- (a) Preparation and adoption of an annual budget, in which there shall be established the contribution of each Member to the common expenses of the Association.
- (b) Making assessments to defray the common expenses, establishing the means and methods of collection such assessments, and establishing the period of the installment payments of the annual assessment.
- (c) Overseeing and causing by reasonable means, and/or providing for the care, upkeep, and maintenance of all of the Area of Common Responsibility.
- (d) Designating, hiring, and dismissing the personnel necessary for the maintenance, repair, and replacement of the Area of Common Responsibility.
- (e) Collecting the assessments, depositing the proceed thereof in a bank depository which it shall approve, and using the proceeds to administer the Association.
- (f) Opening of bank accounts on behalf of the Association and designating the signatures required.
- (g) Making and amending rules and regulations.
- (h) Enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association.
- (i) Keeping books with detailed accounts of the receipts and expenditures affecting the Association.

(j) Where not specifically prohibited by law, delegating its powers and responsibilities to any officers, committees, or subcommittees of the Association.

3.03 Number, Election and Term of Office: There shall be three officers: President, Vice-President, and Secretary/Treasurer elected to one (1) year terms. Officers may serve multiple terms but no more than two (2) consecutive terms.

3.04 Removal: Any officer may be removed by a majority vote of the Members. At the time of such removal, the Numbers shall elect a replacement to complete the term of the displaced officer.

3.05 Vacancies: Vacancies shall be filled by special election by the Members.

3.06 Insurance and Fidelity Bonds: The Board shall utilize every reasonable effort to cause the Association to obtain the following:

(a) Liability insurance covering all Common Property in an amount deemed reasonable by the Board for bodily injury and property damage for any single occurrence. Any such policy should provide coverage for bodily injury and property damage that results from the use of the Common Area and any legal liability that results from lawsuits related to employment contracts in which the Association is a party.

(b) Fidelity Bonds covering officers who handle or are responsible for handling Association funds. Such bonds shall be in an amount which in the best business judgement of the Board reflects the estimated maximum amount of funds in the custody of the Board.

3.07 Annual Budget: The Board of Directors shall cause to be prepared and shall adopt and distribute to all Members a detailed estimated proposed annual budget for each fiscal year of the Association. Such budget shall set forth all anticipated Member assessments, all anticipated cash requirements including, but not limited to, supplies, materials, services, maintenance, repairs, landscaping, insurance, and other expected expenses. Each Member shall receive a copy of the proposed annual budget at least fifteen (15) days prior to the Board's adoption of an annual budget.

3.08 Supplemental Assessments: In the event that during the course of any year, it shall appear to the Board that the Member assessment, determined in accordance with the estimated budget for such year, are insufficient or inadequate to cover the common expenses for the remainder of such year, or if there shall be any non-recurring expenses not set forth in the estimated annual budget adopted, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of the year. Copiers of such supplemental budget shall be furnished to each Member, and there upon a Special Assessment shall be made against each member for his proportionate share thereof.

ARTICLE IV Officers

4.01 President: The President shall be the chief executive officer of the corporation and shall have the general supervision of the business of the corporation. He shall see that all orders and resolutions of the Board are carried out.

- 4.02 Vice President:** The Vice President shall, in the absence or disability of the President, or the direction of the President, perform the duties and exercise the powers of the President.
- 4.03 Secretary / Treasurer:** The Secretary / Treasurer shall keep accurate records of the acts and proceedings of all meetings of Members and the board. He shall be custodian of the corporate books, records, contracts, and other documents. He shall have custody of all funds and securities belonging to the corporation and shall receive, deposits or disperse the same under the direction of the Board. He shall keep true and accurate accounts of all receipts and disbursements and shall make reports of the same to the Board.
- 4.04 Agreements, Contracts, Deeds, Leases, Etc.:** All agreements, contracts, deeds, leases, promissory notes, and other instruments of the Association shall be executed by at least two (2) officers of the Board.

ARTICLE V Indemnification

- 5.01 General:** The Association shall indemnify and hold harmless each of its officers, and each member of any committee against all contractual and other liabilities to others arising out of contracts made by, or other acts of, such officers or committee members, on behalf of the Owners, or arising out of their status as officers or committee members, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgements paid and amounts paid in settlement reasonably incurred in connection with the defense of any claim, action, suit, or proceeding, whether civil, criminal, administrative or other, in which any Officer or Committee Member may be involved by virtue of such persons being or having been such Officer or Committee Member; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such persons shall have been finally adjudged in such action, suits or proceeding to be liable for gross negligence or fraud in the performance of his duties as such Officer or Committee Member, or (2) any matter settled or compromised, unless in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross negligence or fraud in the performance of his duties as such Officer or Committee Member.
- 5.02 Success on Merits:** To the extent that the Board, Officers, or Committee Members has been successful on the merits of otherwise in defense of any action, suit or proceeding referred to in Section 5.01 hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.
- 5.03 Advance Payment:** Expenses 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 by the board in the specific case, upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that such person or entity is entitled to be indemnified by the Association as authorized in this Article V.

5.04 Miscellaneous: The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any such required to discharge its obligation under this Article; provided, however, that the liability of any Owner arising out of any contract made by or other acts of the Board or Committee members, shall be limited to such proportion of the total liability thereunder as is determined by dividing the total liability by the then existing number of Owners. Every agreement made by the Board or Committees on behalf of the Owners, shall provide that the Board or Committee member as the case may be, are acting only as agent for the Owners and shall have no personal liability thereunder (except as Owners) and that each owner's liability thereunder shall be limited to such proportion of the total liability there under as set forth in this Section 5.04. The indemnification may be entitled under any statue, agreement, vote of members or the Association. Such right to indemnification shall continue as to a person or entity who has ceased to be an officer or Committee member and shall insure to the benefit of the hers, executors, administrators, personal representatives, successors and assigns of such person or entity.

ARTICLE VI Miscellaneous

6.01 Unless otherwise provided in these Bylaws all notices, demand, bills, statements, or other communications under these Bylaws 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.

6.02 Waiver: Whenever any notices is required to be given to any Owner of Officer by law or by the Declaration, Articles of incorporation or these Bylaws, a waiver thereof in writing signed by the Officer or Owner entitled to such notice or by the proxy of such Owner, whether before or after the meeting to which the waiver pertains, shall be deemed equivalent thereto.

6.03 Severability: The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity enforceability, or effect the balance of these By laws.

6.04 Captions: The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision thereof.

6.05 Gender and Grammar: The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

6.06 Conflicts: In the event of conflicts between the Georgia Nonprofit Corporation Code, the Declaration, the Articles of Incorporation, and these Bylaws, the order of control shall be the order listed above.

6.07 Amendment: These Bylaws may be amended, modified, or rescinded by the affirmative vote, written consent, or any combination of affirmative cote and written consent of the Members holding two-thirds (2/3) of the total vote of the Association. Notice of any meeting at which an amendment will be considered shall state that fact and the subject matter of the amendment. Notwithstanding anything to the contrary contained in these Bylaws no

amendment may be adopted which would eliminate, prejudice, abridge or otherwise adversely affect any right, benefit, privilege, or priorities granted or reserved to the Declarant, Builder, or any Mortgagee without the prior written consent of said party as the case may be. No amendment that is in conflict with the Articles or the Declaration shall be adopted.

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

6.09 The corporate seal shall be in such form as the Board may from time to time determine.

6.10 Books and Records: All members of the Association and any institutional holder of a first mortgage shall, upon written request, be entitled to inspect all books and records of the Association during normal business hours at the office of the Association or other place designated reasonably by the Board as the depository of such books and records.

IN WITNESS WHEREOF, the undersigned have executed these Bylaws as of the 20th day of January, 1994.

Signed, sealed and delivered in the presence of:

UNOFFICIAL WITNESS

Notary Public

CHANCELLOR'S RIDGE HOMEOWNERS
ASSOCIATION

By: _____
President

By: _____
Vice President

By: _____
Secretary - Treasurer