

BYLAWS
OF
HAWK RIDGE ESTATES ASSOCIATION, INC.

ARTICLE I
IDENTITY, DEFINITIONS

1.1 **Purpose.** The following shall and do constitute the Bylaws of Hawk Ridge Estates Association, Inc. (hereinafter called the "Association"). The Bylaws are subject to the Declaration of Covenants, Conditions, Restrictions of Hawk Ridge Estates (hereinafter referred to as the "Declaration"). The Association has been organized for the purpose of administering the Property.

1.2 **Definitions.** Terms used in these Bylaws shall have the meanings set forth in the Declaration.

1.3 **Recording.** These Bylaws need not be recorded.

ARTICLE 2
MEMBERS

2.1 **Membership.** The qualifications of Members and the manner of their admission into the Association shall be as follows:

(a) An Owner, as defined in the Declaration, shall by virtue of such interest be a Member of this Association.

(b) When one or more persons hold an interest in a Lot, all such persons shall be Members subject to the qualifications set forth hereafter.

(c) It shall be the duty of each holder of an interest in a Lot to register his or her name and the nature of his or her interest with the Secretary of the Association. If the holder of an interest does not register his or her interest, the Association shall be under no duty to recognize his or her ownership.

(d) The share of a Member in the funds and assets of the Association cannot be assigned, pledged, encumbered or transferred in any manner, except as an appurtenance to his or her Lot.

(e) The rights of all Members are subject to the provisions in the Declaration relating to declarant control and special declarant rights.

ARTICLE 3
MEMBERS' MEETINGS AND VOTING

3.1 Special Organizational Meeting. A special organizational meeting of the Members shall be held within ninety (90) days of either the date on which the Declarant has conveyed seventy-five percent (75%) of the Lots to Owners other than Declarant or the date five (5) years from the date of the first conveyance of a Lot to an Owner other than Declarant whichever comes first. The purpose of the special organizational meeting shall be to elect a full slate of five (5) Directors. Said Directors shall serve as the interim Directors until such time as the first regular meeting shall occur.

3.2 Annual Meetings. In addition, regular annual meetings of the Members shall be held at least once each fiscal year of the Association within ninety (90) days of the end of each fiscal year. At the first regular annual meeting of the Members held after the special organizational meeting, a new board of five (5) Directors shall be elected. The interim Directors are not disqualified from election to the new Board by virtue of membership on the interim board. The new Board shall be composed of two (2) Directors elected for a term of one (1) year, two (2) for a term of two (2) years and one (1) for a term of three (3) years. At each annual meeting thereafter as these terms expire, the Members shall elect successors for terms of three (3) years each.

3.3 Special Meetings. Special Meetings of the Members may be called at any time by the President, the Vice President, or by the Board of Directors, and must be called by the President upon receipt of written requests from the vote holders of twenty percent (20%) of the Lots.

3.4 Notices. Notice of all meetings of the Members stating the date, time, place and the complete agenda for which the meeting is called shall be given by the President or Vice President unless waived in writing. The notice shall also state the method for appointing proxies. Such notice shall be in writing to each Member at the Member's address as it appears on the books of the Association and shall be personally delivered or mailed at least twenty-one (21) days and not more than thirty (30) days in advance of any annual or regularly scheduled meeting and at least seven (7) days and not more than thirty (30) days in advance of any other meeting. Proof of such mailing shall be given by the Affidavit of the person giving the notice. The notice of the meeting may be waived before or after such meeting.

3.5 Eligible Mortgagees. Any Eligible Mortgagee may attend and participate in any general or special meeting but shall have no vote unless granted by written proxy or otherwise provided for in the Declaration.

3.6 Quorum. A quorum at meetings of the Members shall consist of one-third of the voting power of the Members computed in accordance with the number of Lots. If any meeting cannot be organized for lack of a quorum, the meeting may be adjourned from time to time until a quorum is present. When a quorum is present at any meeting, any questions brought before the meeting shall be decided by a majority of the voting power present in person or by proxy unless the question is one where a different vote is required by an express provision in the Declaration, or these Bylaws. The quorum, having once been established at a meeting, shall continue to exist for that meeting, notwithstanding the departure of any Member previously in attendance in person or by proxy.

3.7 **Allocation of Votes.** All holders of an interest in a Lot shall collectively have the voting interest assigned to the Lot. When there is more than one holder of an interest in a Lot, the voting interest shall be cast by the person named in a certificate signed by all holders of an interest in the Lot and filed with the Secretary of the Association. Such certificate shall be valid until revoked by a subsequent certificate. If the holders of an interest in a Lot fail, or are unable, to designate a person to cast the Lot's voting interest, the Board of Directors may recognize one holder of its choice and at its discretion.

3.8 **Association Lots.** The Association is not permitted to cast any vote that may otherwise inure to any Lot owned by the Association, and such Lot will not be counted in determining the number of votes needed for a quorum or for any approval.

3.9 **Proxies.** Votes may be cast in person or by written proxy. Proxies must be filed with the Secretary before the appointed time of the meeting and shall be valid until revoked in writing. A proxy may be given only to another Member of the Association or an Eligible Mortgagee.

3.10 **No Cumulative Voting.** There shall be no cumulative voting.

3.11 **Written Consent.** Any action which might be taken at a Members' meeting may be taken upon the written consent of all those entitled to vote at any meeting, determined at such time as is designated by the President, and where there is more than one holder of an interest in a Lot, the holder designated in the certificate described in Section F must give consent. The holder of a proxy on file with the Secretary may provide the written consent of the person providing the proxy.

3.12 **Meeting Roll.** At the beginning of each meeting of the Members, the Secretary shall deliver to the chair for the meeting a written list of the Lot numbers, the respective names or names of the Owners entitled to notice of such meeting, and the respective name of the person (in the case of multiple Owners) authorized to vote.

3.13 **Order of Business.** The order of business at annual meetings of the Members, and at such other membership meetings of the Members as may be practical shall be as follows:

- (a) Presenting of Voting Register, proxy certification and establishment of a quorum.
- (b) Reading or distribution of minutes of the preceding meeting of the Members.
- (c) Reports of officers.
- (d) Reports of committees.
- (e) Appointment by the Chair of inspectors of election as determined by the Chair or when requested by a member of the Board of Directors.
- (f) Election of members of the Board of Directors.

- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

ARTICLE 4 BOARD OF DIRECTORS

4.1 **Management by Board of Directors; Number of Directors.** The affairs of this Association shall be managed by a Board of Directors of not less than three (3) nor more than nine (9) directors, provided that the number shall always be an odd number. The number of directors shall be established in the same manner as the election of directors prior to any election of directors. Each member of the Board of Directors must be a Member of the Association or an Officer or agent of a corporate Member of the Association.

4.2 **Declarant Control.** Until surrender or termination of Declarant control as provided in Section 15.6 of the Declaration, Declarant has the exclusive right to elect the members of the Board of Directors.

4.3 **Termination of Declarant Control.** At the first annual meeting of the Members after surrender or termination of Declarant control as provided in Section 11 of the Declaration, and at all subsequent annual meetings of the Members, election of the Board of Directors shall be conducted in the following manner:

(1) Nominations for all directorships shall be taken before voting. Nominations may be accepted from the floor. Only one ballot shall be taken with at least one individual nominated for each directorship and no individual nominated for more than one directorship. Those nominees receiving the greatest number of votes for each directorship shall be elected to fill such directorship.

(2) Vacancies on the Board of Directors occurring between meetings may be filled by the remaining Directors, and such appointed Directors shall serve until the next annual meeting of the Association, and thereafter until their successors are duly elected and qualified.

4.4 **Removal of Directors.** A Director may be removed without cause by the affirmative vote of a Majority of all Members at a special meeting noticed for that purpose.

4.5 **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. Written notice of regular meetings shall be given to each Director personally or by mail at least seven (7) days prior to the date established for such meeting unless such notice is waived in writing.

4.6 **Special Meetings.** Special meetings of the Board of Directors may be called by the President and must be called by the Secretary at the written request of one-third (1/3) of the Directors. Not less than three (3) days' written notice of the meeting shall be given personally or by mail, which notice shall state the time, place and purpose of the meeting.

4.7 **Waiver of Notice.** Any Director may in writing waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

4.8 **Quorum.** A quorum at a Board of Directors' meeting shall consist of a majority in number of the Directors. The acts of the Board approved by a majority at a meeting at which a quorum is present shall constitute the acts of the Board of Directors. If at any meeting of the Board there should be less than a quorum present the majority of those present may adjourn the meeting from time to time until a quorum is present. At an adjourned meeting, any business which might have been transacted at the meeting originally called may be transacted without further notice.

4.9 **Presiding Officer.** The presiding Officer at a meeting of the Board of Directors shall be the President, and in his absence the Vice President. In the absence of the President and Vice President the majority in number of the Directors may designate one of their number to preside.

4.10 **Director Compensation.** Directors shall receive no compensation for their services.

4.11 **Written Action.** An action required or permitted to be taken at a meeting of the Board of Directors may be taken by written action signed by the number of directors that would be required to take the same action at a meeting of the Board of Directors at which all Directors were present. The written action is effective when signed by the required number of Directors, unless a different effective time is provided in the written action. All Directors must be notified immediately of the text and the effective date of the written action. Failure to provide the notice does not invalidate the written action. A Director who does not sign or consent to the written action is not liable for the action.

4.12 **Electronic Communication.**

(a) A conference among Directors by means of communication through which the Directors may simultaneously hear each other during the conference is a meeting of the Board of Directors, if the same notice is given of the conference as would be required for a meeting, and if the number of Directors participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting.

(b) A Director may participate in a meeting of the Board of Directors by a means of communications through which the Director, other Directors participating, and all Directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by this means is personal presence at the meeting.

4.13 **Liability.** The Board of Directors and its members in their capacity as members, Officers and employees:

(a) Shall not be liable for the failure of any service to be obtained by the Board of Directors and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Owner or person on the Property, or resulting from electricity, gas, water, rain, dust or sand which may leak or flow from the outside or from any part of any building or Dwelling, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Board of Directors;

(b) Shall not be liable to the Owners as a result of the performance of the Board of Directors members' duties for any mistake of judgment, negligence or otherwise, except for the Board of Directors members' own willful misconduct or gross negligence;

(c) Shall have no personal liability in contract to an Owner or Occupant or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Board of Directors of the Association in the performance of the Board of Directors members' duties;

(d) Shall not be liable to an Owner or occupant, or such Owner's or occupants, or guests, for loss or damage caused by theft or damage to personal property left by such Owner or occupant or his or her guests in a Lot, or in or on the Common Elements, except for the Board of Directors members' own willful misconduct or gross negligence;

(e) Shall have no personal liability in tort to an Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Board of Directors members' own willful misconduct or gross negligence in the performance of their duties; and

(f) Shall have no personal liability arising out of the use, misuse or condition of the Property or any improvements thereon, which might in any other way be assessed against or imputed to the Board of Directors members as a result of or by virtue of their performance of their duties, except for the Board of Directors members' own willful misconduct or gross negligence.

4.14 **Indemnification**. Each member of the Board of Directors in his or her capacity as a Board of Directors member, Officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or Officer of the Board of Directors, or any settlement of any such proceeding whether or not he or she is a Board of Directors member, Officer or both at the time such expenses are incurred, except in such cases wherein such Board of Directors member and/or Officer is adjudged guilty of willful misconduct or gross negligence in the performance of his or her duties; provided that, in the event of a settlement, this indemnification shall apply only if and when the Board of Directors (with the affected member abstaining if he or she is then a Board of Directors member) approves such settlement and reimbursement as being in the best interests of the Association; and provided further that, indemnification hereunder with respect to any criminal action or proceeding is permitted only if such Board of Directors member and/or Officer had no reasonable cause to believe his or her conduct was unlawful. The indemnification by the Owners

set forth in this section shall be paid by the Association on behalf of the Owners and shall constitute a Common Expense and shall be assessed and collectable as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Board of Directors member and/or Officer may be entitled as a matter of law or agreement or by vote of the Owners or otherwise.

4.15 **Complaints Against Association.** Complaints brought against the Association, the Board of Directors or the Officers, employees or agents thereof in their respective capacities as such, or the Property as a whole, shall be directed to the Board of Directors of the Association, which shall promptly give written notice thereof to the Owners Eligible Mortgagees and such complaints shall be defended by the Association. The Owners and the Eligible Mortgagees shall have no right to participate in such defense other than through the Association.

4.16 **Insurance.** The Board of Directors shall obtain insurance to satisfy the indemnification obligation of the Association and all Owners if and to the extent reasonably available.

ARTICLE 5 POWER AND DUTIES OF THE BOARD OF DIRECTORS

5.1 **Powers and Duties.** All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law, statutes, the Articles of Incorporation and those powers and duties designated for the Association of Owners by the Act and the Declaration. Such powers and duties shall include, but shall not be limited to, the following:

(a) **Election of Officers.** Electing annually the Officers of the Associations.

(b) **Operating Budget.** Preparing and rendering to the Members annually, on or before thirty (30) days prior to the first day of each fiscal year an operating budget showing anticipated income and Common Expenses, including reasonable reserves.

(c) **Reporting.** Submitting at or prior to each annual meeting of the Members, a statement of the business transacted during the preceding year, a report of the general financial condition of the Association and its tangible property, and the proposed budget for the current fiscal year. This statement and report may be incorporated in an Annual Report which the Board of Directors shall also prepare and mail to the Members in the same manner as provided in Article 3, Section (C) of these Bylaws. The Annual Report shall contain as a minimum, the following:

(1) a statement of any capital expenditures in excess of twenty percent of the current budget or \$5,000, whichever is greater, anticipated by the Association during the current fiscal year;

(2) a statement of the balance of any reserve or replacement fund and any portion of the fund designated for any specified project by the Board of Directors;

- (3) a copy of the statement of revenues and expenses for the Association for the last fiscal year and a balance sheet as of the end of said fiscal year;
- (4) a statement of the status of any pending litigation or judgments to which the Association is a party;
- (5) a statement of the insurance coverage provided by the Association; and
- (6) a statement of the total past due assessments on all Lots, current as of not more than sixty (60) days prior to the date of the meeting.
- (d) Assessments. Making and collecting assessments to defray the costs of the Common Expenses and making and collecting Individual Lot Assessments.
- (e) Use of Funds. Using the proceeds of assessments in the exercise of its powers and duties.
- (f) Maintenance and Operation of Property. Maintaining, repairing, replacing and operating the Common Elements and portions of the Lots as outlined in the Declaration.
- (g) Restoration of Improvements. Restoring improvements after damage except as provided in the Declaration.
- (h) Rules and Regulations. Establishing and amending rules and regulations respecting the use of the Property.
- (i) Committees. Appointing committees of Members as it deems advisable for the purpose of recommending action or policy in respect to any matter otherwise within the control of the Board of Directors.
- (j) Enforcement. Enforcing by legal means the provisions of the Declaration, the Articles of Incorporation, the Bylaws of the Association and the Rules and Regulations.
- (k) Contracting. Contracting, if it deems necessary, for management of the Property, except no such contract shall exceed two (2) years and each such contract must provide for termination by either party without payment of penalty upon ninety (90) days written notice, and must delegate to such manager all powers and duties, except when the Declaration or the Act require approval of the Board of Directors or the Members of the Association.
- (l) Insurance. Purchasing such policies of insurance as allowed by the Declaration.
- (m) Payment of Common Expenses. Paying all statements rendered for Common Expenses.

(n) Employees. Employing personnel at a reasonable compensation to perform the services required for proper administration of the purposes of the Association.

(o) Notice to Eligible Mortgagees. Giving notice in writing to Eligible Mortgagees of any loss to, or taking of any Lot covered by a first mortgage or of any material loss to, or taking of, the Common Elements.

(p) Ownership of Lots. Owning, conveying, encumbering, leasing or otherwise dealing with Lots owned by the Association as a result of enforcement of the lien for assessments or otherwise for the benefit of the Association. In the event the Board deems it to be in the best interest of the Association to sell or to purchase a Lot, five (5) days' notice of such action must be given all Owners after which time the Board may take action unless the Secretary of the Association is notified in writing of the disapproval of twenty-five percent (25%) of the holders of votes for the Lots, at which time the action will be delayed until a special meeting of the Owners to consider such sale or purchase. Notification of said special meeting will be given, and voting thereat will be in accordance with the notice and voting provisions of the Bylaws for special meetings.

ARTICLE 6 OFFICERS

6.1 Officers. The Officers of this Association shall be a President, who shall be a Director, a Vice President, a Treasurer, and a Secretary. No Officer need be a Member. Each Officer may be removed by vote of the Board of Directors at any meeting. Any person may hold two or more offices except that the offices of President and Vice President shall be held by different persons. The Board of Directors shall from time to time elect such other Officers and designate their powers and duties as the Board of Directors shall find to be required to manage the affairs of the Association.

6.2 President. The President shall be the chief executive Officer of the Association. The President shall have all the powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the duty to preside at all Board of Directors and Members meetings at which the President is present, and the general supervision over other Officers and the affairs of the Association. The President shall execute all contracts, agreements and obligations of the Association except as such authority may be otherwise delegated by resolution of the Board of Directors.

6.3 Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. The Vice President shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors.

6.4 Secretary. The Secretary shall keep the minutes of all proceedings of the Board of Directors and the Members. The Secretary shall attend to the giving and serving of all notices to the Members and Directors and other notices required by law. The Secretary shall keep the records of the

Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of a corporation or as may be required by the Board of Directors or the President.

6.5 Treasurer. The Treasurer shall have custody of all intangible property of the Association, including funds, securities, and evidences of indebtedness and shall give bond in such sum and with such sureties as the Board of Directors may require. The Treasurer shall keep the assessment rolls and accounts of the Members, and he shall keep the books of the Association in accordance with good accounting practices and shall submit them together with all the Treasurer's vouchers, receipts, records and other papers to the Board of Directors for their examination and approval as often as they may require. The Treasurer shall deposit all monies and other valuable effects in the name of or to the credit of the Association in such depositories as may be designated by the Board of Directors and shall disburse the funds of the Association as ordered by the Board and shall perform all other duties incident to the office of Treasurer. If a managing agent or manager be employed, the Board of Directors may designate some or all of the foregoing functions to be entrusted to such managing agent or manager or subject the managing agent or manager to overseeing control by the Treasurer.

6.7 Officer Compensation. Officers of the corporation shall receive no compensation for their services in such capacity.

ARTICLE 7 FISCAL MANAGEMENT

7.1 Member Benefit. All funds and the title to all properties acquired by the Association, and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring the same, shall be held for the benefit of the Members for the purposes stated in the Declaration and herein.

7.2 Depositories. The depository of the Association shall be such savings and loan association, bank, or banks or other suitable insured financial institutions as shall be designated from time to time by the Board of Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks or withdrawal requests signed by such persons as are authorized by the Board of Directors.

7.3 Books and Records. The books, accounts and records of the Association shall be open to inspection by any Director at all times. Members of the Association shall have the right to inspect the books, accounts and records of the Association during reasonable business hours.

7.4 Fiscal Year. The fiscal year of the corporation shall end on December 31 of each year.

7.5 Annual Reports. Annual fiscal reports of the accounts of the Association shall be made and a copy of the report shall be furnished to each Member not later than the annual meeting in the year following the year for which the report is made.

7.6 Fidelity Bonds. Fidelity bonds may be required by the Board of Directors from all Officers and employees of the Association and from any contractor handling or responsible for the Association

funds. The amount of such bonds shall be determined by the Board of Directors. The premiums on such bonds required of Officers of the Association shall be paid by the Association.

7.7 Payment Vouchers. Payment vouchers shall be approved by the Board of Directors or authority to approve vouchers may be delegated to the manager at the discretion of the Board of Directors.

ARTICLE 8 ASSESSMENTS

8.1 Assessments. Assessments against Members shall be levied by a majority vote of the Board of Directors of the Association and shall be paid by the Members to the Association in accordance with the following provisions:

(a) Joint Liability. Each Member shall be jointly and severally liable with all other holders of an interest in a Lot for the Common Expenses which are assessed against the Lot in which the Member has an interest.

(b) Reserve Fund. Assessments shall include an adequate reserve fund, as determined by the Board of Directors, for maintenance, repairs and replacement of the Common Elements that must be replaced or repaired on a periodic basis.

(c) Lien. All assessments shall become a lien on the Lot on the date they become due and payable.

(d) Annual and Special Assessments. Annual assessments for Common Expenses shall be made in advance on or before twenty (20) days prior to the first day of the fiscal year for which the assessments are made. Annual installments shall be due and payable in equal monthly or quarterly installments or otherwise as the Board of Directors may determine. Special assessments shall be due and payable as determined by the Board of Directors. If an Annual assessment is not made, there shall be an assessment in the amount of the last prior Annual assessment which shall be due and payable as set forth above.

(e) Use of Reserve; Additional Assessments. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against reserves. If the reserves are deemed to be inadequate for any reason, including non-payment of any Owner's assessments, the Board of Directors may at any time levy further assessments, which will be deemed Special Assessments.

(f) Assessment Roll. The assessments against all Lots shall be set forth upon a roll which shall be available in the office of the Association for inspection at all reasonable times by Members or their duly authorized representatives. Such roll shall indicate for each Lot the name, address and interest of the Member, the assessments for all purposes and the amounts of all assessments paid and unpaid. A certificate made by the Association as to the status of a Member's or Lot's assessment account shall limit the liability of any person for whom such certificate is made.

The Association shall issue such certificates to such persons as a Member may authorize in writing or to a lender, attorney, title company, or real estate agent acting on behalf of a buyer.

ARTICLE 9 RULES AND REGULATIONS FOR THE PROPERTY

9.1 **Rules and Regulations.** In order to provide for congenial occupancy of the Property and for the protection of the value of the Lots, the use of the Property shall be restricted to and in accordance with such reasonable Rules and Regulations as the Board of Directors may adopt in accordance with these Bylaws and the Declaration provided, however, that copies of such Rules and Regulations shall be furnished to each Member prior to the time that the same become effective.

ARTICLE 10 COMPLIANCE AND DEFAULT

10.1 **Compliance Required.** Each Member shall be governed by and shall comply with the terms of the Declaration, Articles of Incorporation, Bylaws and rules and regulations adopted pursuant thereto as any of the same may be amended from time to time.

10.2 **Default and Remedies.** A default shall entitle the Association or other Members to the following relief:

(a) **Broad Relief.** Failure to comply with any of the terms of the Declaration, Articles of Incorporation, Bylaws and Rules and Regulations adopted pursuant thereto, shall be grounds for relief which may include, without intending to limit the same, an action to recover sums due, injunctive relief, foreclosure of lien, or any combination thereof, and such relief may be sought by the Association or if appropriate, by an aggrieved Member.

(b) **Foreclosure and Rental.** In the event of foreclosure of a lien for assessments, a reasonable rental for the Lot shall be due and the plaintiff shall be entitled to the appointment of a receiver to collect the same, all as provided in the Declaration.

(c) **Performance by Association.** If any Member fails to perform any obligation imposed under the Declaration or these Bylaws or rules and regulations, then the Association may, but is not obligated to, perform the same for the Member's account and for such purpose may enter upon the Lot, may make necessary repairs, advance expenses or other sums necessary to cure the default, and for any such expense, may levy an Assessment upon such Lot as provided in the Declaration.

Each Member shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by that of any Member of his family or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of any Lot or its

appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

(d) Costs and Attorneys' Fees. In any proceeding arising because of an alleged default by a Member, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorneys' fees as may be determined by the court.

(e) No Waivers. The failure of the Association or a Member to enforce any right, provision, covenant or condition which may be granted by the Declaration, Articles of Incorporation or Bylaws shall not constitute a waiver of the right of the Association or Member to enforce such right, provision, covenant, or condition in the future.

(f) Loss of Member Rights. If any Member fails to pay any assessment levied by the Association before the assessment of interest or a late penalty, the right of the Member to vote and the right of the Member, the Member's family or guests to use any recreational facilities that may be acquired by the Association shall be suspended. Such rights may also be suspended, after notice and hearing, for a period not to exceed 60 days, in each instance, for any infraction of any Rules or Regulations published by the Association.

(g) Cumulative Remedies. All rights, remedies and privileges granted to the Association or a Member, pursuant to any terms, provisions, covenants or conditions of the Declaration or Bylaws shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies.

ARTICLE 11 AMENDMENTS

11.1 Amendment. These Bylaws shall not be amended unless not less than sixty-seven percent (67%) of the Owners based on one vote per Lot, and fifty-one percent (51%) of Eligible Mortgagees, as provided in the Declaration, agree to such amendment. Provided, however, if any amendment is necessary in the judgment of the Board of Directors to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Declaration, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation projects, then at any time and from time to time the Board of Directors may effect an appropriate corrective amendment without the approval of the Owners or the holders of any liens on all or any part of the Property, upon receipt by the Board of Directors of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

ARTICLE 12 SEVERABILITY

12.1 Severability. If any part of these Bylaws shall be ruled invalid or ineffective for any reason whatsoever, the balance shall nevertheless remain in full force and effect.

ARTICLE 13
NOTICES

13.1 Notices to Directors. Notices required or permitted to be given to said Board of Directors or the Association may be delivered to any Member of the Board or Officer of the Association either personally or by mail addressed to such Member or Officer at his Lot.

13.2 Notices to Members. Notices required or permitted to be given to any Member shall be given personally or by mail addressed to his Lot or to the addresses as it appears on the books of the Association.

ARTICLE 14
CORPORATE SEAL

14.1 No Seal. The corporation shall have no corporate seal.

ARTICLE 15
MAINTENANCE AND ALTERATIONS

15.1 Maintenance and Alteration. The responsibility of the Association and individual Owners for maintenance and alteration shall be governed by the Declaration.

ARTICLE 16
CONFLICTS

16.1 Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE 17
COMMITTEES

17.1 Committees. The Board of Directors may appoint an architectural control committee, a nominating committee and such other committees as it deems appropriate, necessary or convenient to carry out the governance of the Association. The committees may be entirely composed of members of the Board of Directors.

ARTICLE 18
HEADINGS

18.1 Headings. The headings in these Bylaws are for convenience only and are not to be considered in interpreting these Bylaws.