

APR 26 11 43 AM '86

FIRST AMENDMENT TO DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CHELSEA PLACE

THIS FIRST AMENDMENT made this 22nd day of April, 1986, by THOMAS C. MOZEN (hereinafter referred to as "Declarant");

W I T N E S S E T H:

WHEREAS, Declarant has previously submitted and subjected certain property lying and being in Land Lot 236 of the 15th District of DeKalb County, Georgia, to the terms and conditions of that certain Declaration of Covenants, Conditions and Restrictions for Chelsea Place dated July 10, 1985, recorded in Deed Book 5255, page 14, DeKalb County, Georgia Records (hereinafter referred to as the "Declaration");

WHEREAS, pursuant to the terms of Article II of the Declaration, Declarant retained and reserved the right, privilege, and option, for a period of seven (7) years from and after the date of the Declaration, to submit and subject to the terms and provisions of the Declaration, at a later time and from time to time, all or any portion of the real property described in Exhibit "B" to the Declaration, such property being defined in the Declaration, and being hereinafter referred to, as the "Additional Property";

WHEREAS, Declarant desires to submit and subject a portion of the Additional Property to the terms and provisions of the Declaration in accordance with Section 2.02 of the Declaration, such portion of the Additional Property being more particularly described in Exhibit "A", attached hereto and incorporated herein by reference; and

WHEREAS, Section 2.02 of the Declaration provides that Declarant must amend the Declaration to submit and subject any portion of the Additional Property to the Declaration.

NOW, THEREFORE, Declarant, pursuant to its reserved rights, privileges, and options in the Declaration, does hereby declare that:

1.

The portion of the Additional Property described in Exhibit "A" is submitted and subjected to the Declaration and shall be held, sold, and conveyed subject to the easements, restrictions, covenants and conditions contained in the Declaration, all of which shall be binding upon all parties having any right, title, or interest in such portion of the Additional Property or any portion thereof, and their heirs, legal representatives, successors, (including, without limitation, successors-in-title), and assigns.

2.

The Declaration is amended by inserting in the definition of "Site Plan" in Section 1.01(bb) of the Declaration, immediately following the word "Georgia" appearing in the sixth (6th) line of Section 1.01(bb), the following: "and that certain Site Plan entitled "Final Plat for Chelsea Place - Phase II dated April 15, 1986, prepared by Travis Pruitt & Associates, P.C., filed in Plat Book 82, page 1, in the Office of the Clerk of the Superior Court of DeKalb County, Georgia".

3.

Except as amended hereby, the Declaration is and shall remain in full force and effect.

IN WITNESS WHEREOF, Declarant has executed this First Amendment under seal, the day and year first above set forth.

DECLARANT:

Signed, sealed, and delivered in the presence of:

Timothy N. Tuck
Witness

Richard J. Beam, Jr.
Notary Public
My Commission Expires:

Notary Public, Georgia, State at Large
(My Commission Expires Nov. 11, 1986)
(NOTARIAL SEAL)

Date Notarized: 4-22-86

Thomas C. Mozen (SEAL)
THOMAS C. MOZEN

EXHIBIT "A"

All that tract or parcel of land lying and being in Land Lot 236 of the 15th District of DeKalb County, Georgia, and being more particularly described as follows:

BEGINNING at a point located on the western right-of-way line of Drexel Avenue (40-foot right-of-way), a distance of 534.77 feet northerly, as measured along said right-of-way line, from the point of intersection of the western right-of-way line of Drexel Avenue and the northern right-of-way line of Devonshire Avenue; running thence north 89 degrees 27 minutes 38 seconds west a distance of 97.25 feet to a point; running thence south 79 degrees 53 minutes 07 seconds west a distance of 33.28 feet to a point located on the eastern side of an alley; running thence north 00 degrees 19 minutes 18 seconds west along the eastern side of said alley, a distance of 199.66 feet to a point; running thence south 89 degrees 57 minutes 18 seconds east a distance of 78.70 feet to a point; running thence south 00 degrees 02 minutes 42 seconds west a distance of 48.00 feet to a point; running thence south 22 degrees 09 minutes 33 seconds east a distance of 27.12 feet to a point; running thence north 89 degrees 45 minutes 26 seconds east a distance of 46.39 feet to a point located on the western right-of-way line of Drexel Avenue; running thence south 00 degrees 22 minutes 38 seconds east along said right-of-way line, a distance of 121.75 feet to the point of beginning; according to Final Plat for "Chelsea Place - Phase II," dated April 15, 1986, prepared by Travis Pruitt & Associates, under the seal and certification of Travis N. Pruitt, Sr., Georgia Registered Land Surveyor No. 1729.

BY-LAWS OF CHELSEA PLACE
HOMEOWNERS' ASSOCIATION, INC.

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BY-LAWS
OF
CHELSEA PLACE
HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
NAME AND SEAL

Section 1.01. Name. The name of this corporation shall be CHELSEA PLACE HOMEOWNERS' ASSOCIATION, INC. (the "Association").

Section 1.02. Seal. The Association's seal shall be in such form as the Board of Directors may from time to time determine.

ARTICLE II
MEMBERSHIP AND APPLICABILITY

Section 2.01. Membership. The Association shall have one class of members consisting of and limited to the Owners of Lots in that certain development of single-family attached townhouse residences known as "Chelsea Place", which is located on certain real property in Land Lot 236 of the 15th District of DeKalb County, Georgia (the "Property"). The words "member" and "members" as used in these By-Laws mean an "Owner" or the "Owners", as the case may be, of a Lot in the Development.

Section 2.02. Succession. The membership of each Owner shall automatically terminate when such Owner ceases to be an Owner, and upon the conveyance, transfer or other disposition of an Owner's ownership interest in the Property, said Owner's membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest, and such new Owner shall be a member of the Association.

Section 2.03. Applicability. These By-Laws are applicable to the Property and Lots in the Development, and are established pursuant to the Georgia Nonprofit Corporation Code and are binding on all present or future owners, tenants or other persons occupying or using any portion of the Property or facilities contained within the Development in any manner. The mere acquisition, rental or act of occupancy of any Lot or any other portion of the Property

contained within the Development will constitute acceptance and ratification of these By-Laws and an agreement by the acquirer, renter or occupier to comply therewith. These By-Laws are subject to the provisions of the Declaration of Covenants, Conditions, and Restrictions for Chelsea Place, as amended, which has been filed for record in the Office of the Clerk of the Superior Court of DeKalb County, Georgia (the "Declaration").

ARTICLE III DEFINITIONS

Section 3.01. Definitions. Unless specifically set forth herein or unless the context shall otherwise require, words or phrases used herein which are defined in the Declaration or the Articles of Incorporation of this Association shall have the same meaning as therein set forth.

ARTICLE IV OFFICES

Section 4.01. Registered Office. The registered office of the Association shall be at such place in reasonable proximity to the Development as the Board of Directors may from time to time determine, and the Association shall at all times maintain a registered agent at that address.

Section 4.02. Other Offices. The Association may also have other offices at such places both within and without the State of Georgia as the Board of Directors may from time to time determine and the business of the Association may require or make desirable.

ARTICLE V MEETINGS OF THE OWNERS

Section 5.01. Place of Meeting. Meetings of the Owners may be held at the Development, or at any place within reasonable proximity to the Development, as set forth in the notice thereof or, in the event of a meeting held pursuant to waiver of notice, as may be set forth in the waiver, or if no place is so specified, in the Townhouse of the President of the Association.

Section 5.02. Annual Meetings. Each annual meeting of Owners shall be held on a date to be determined by the Board of Directors at least thirty (30) days, but not more than ninety (90) days, prior to the close of the fiscal year of the Association. At the annual meetings, comprehensive reports of the affairs, finances and budget projections of the Association shall be made to the Owners.

Section 5.03. Special Meetings. The Secretary of the Association shall be required to call a special meeting of the members of the Association (i) when directed by the President of the Association, (ii) upon the resolution of a majority of the Board of Directors, or (iii) upon the presentation to the Secretary of the Association of a petition signed by Owners entitled to cast at least one-half (1/2) of the votes of the Association. The call of a special meeting shall be by notice from the Secretary of the Association stating the date, the time, the place and the purpose of such special meeting. Unless by consent of at least seventy-five percent (75%) of the Owners present in person or by proxy at such special meeting, only the business stated in the notice may be transacted at such special meeting.

Section 5.04. Notice of Meetings. It shall be the duty of the Secretary of the Association to give notice to each Owner of each annual or special meeting of the Owners, stating the date, the time, the place and the purpose thereof. If the Secretary should fail to deliver such notices when required, said notices may be given by the President or by the person or persons calling such meeting. Notice shall be delivered to each Owner at least twenty-one (21) but not more than sixty (60) days in advance of any annual meeting and at least seven (7) but not more than thirty (30) days in advance of any other meeting.

Section 5.05. Waiver of Notice. Any Owner (or any mortgagee of any Lot entitled to notice) may waive the notice of any meeting by doing so in writing either before or after the meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance at a meeting, either in person or by proxy, shall constitute a waiver of notice and waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when an Owner attends a meeting solely for the purpose of stating at the beginning of the meeting any such objection or objections to the transaction of business. A recitation in the minutes of any meeting that notice of such meeting was properly given shall be prima facie evidence that such notice was so given.

Section 5.06. Quorum. A quorum shall be deemed present throughout any meeting of the Owners until adjourned if Owners entitled to cast a majority of the votes of the Association are present, in person or by proxy, throughout such meeting. No Owner whose voting rights have been suspended pursuant to the Declaration shall be counted for purposes of establishing a quorum.

Section 5.07. Action Taken by Association. Except as otherwise provided by the Declaration or these By-Laws, any action taken at any meeting of the Association shall be effective and valid if taken or authorized by not less than a majority of all of the votes to which all members of the Association present in person or by proxy at a duly authorized meeting at which a quorum is present shall be entitled. In the event of any tie vote, the President, or the Vice President in the absence of the President, shall cast a separate vote to break the tie.

Section 5.08. Voting. Each Owner shall be entitled to cast one (1) vote with respect to each Lot in the Development of which he is an Owner. In no event shall more than one (1) vote be cast with respect to any Lot.

Section 5.09. Multiple Owners. If an Owner is more than one person, the voting rights of such Owner shall not be divided but shall be exercised as if the Owner consisted of only one person in accordance with the following procedure. If an Owner of a Lot consists of more than one person and only one of those persons is present at a meeting, that person shall be entitled to cast the vote appertaining to that Lot; however, if more than one of those persons is present, the vote appertaining to that Lot shall be cast only in accordance with their unanimous agreement, and such agreement shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Lot without protest being made forthwith by any of the others to the person presiding over the meeting. If none of such persons is present, the vote appertaining to said Lot may be cast, if at all, only by proxy pursuant to Section 5.10.

Section 5.10. Proxies. The vote appertaining to any Lot may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Owner of such Lot. In cases where the Owner is more than one person, no proxy shall be effective unless duly executed by or on behalf of all such persons. In the case of any Owner not a natural person or persons, the votes of the Owner may only be cast pursuant to such a proxy or proxies. No such proxy shall be revocable except by written notice delivered to the Secretary of the

Association by the Owner. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Any proxy shall be void if it is not dated or if it purports to be revocable without notice as aforesaid. The transfer of title to any Lot shall void any outstanding proxy pertaining to the voting rights appurtenant to that Lot.

Section 5.11. Presiding Officer. The President or, in his absence, the Vice President, shall preside at every Owners' meeting unless some other person is elected to preside at the meeting by the Owners. The person presiding at any meeting shall appoint such persons as he deems necessary to assist with the meeting. The Secretary, or an Assistant Secretary in the absence of the Secretary, shall keep the minutes of all such meetings and shall record in a minute book all resolutions adopted at such meetings, as well as all transactions and proceedings occurring at such meetings.

Section 5.12. Adjourned Meetings. Any meeting of the Owners, whether or not a quorum is present, may be adjourned from time to time, and until such time as may be deemed appropriate or convenient, by the affirmative vote of a majority of the Owners present or represented by proxy at such meeting. At any adjourned meeting at which a quorum is present, it shall not be necessary to give any notice of any reconvened meeting if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 5.13. Action of Owners 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 or on behalf of each of the Owners entitled to vote on the date on which the last such Owner signs such approval and consent, and upon the filing of such approval and consent with the Secretary of the Association. Such approval and consent so filed shall have the same effect as a unanimous vote of the Owners at a special meeting called for the purpose of considering the action authorized.

ARTICLE VI
BOARD OF DIRECTORS

Section 6.01. Number. So long as the Declarant shall have the right to appoint and remove members of the Board of Directors as provided by the Declaration, the Board of Directors shall contain at least three (3) directors and such directors shall be appointed by and serve at the pleasure of the Declarant. After such right shall have terminated or have been relinquished as provided for in the Declaration, the Owners shall elect three (3) persons to the Board of Directors at the special meeting of the Association in accordance with Section 6.03 of these By-Laws. Except with respect to directors appointed by Declarant, directors must be Owners at all times during their service as directors, and in the case of an Owner who is more than one person, no Owner of any Lot shall be entitled to serve as a director or officer of the Association while any other person who is an Owner of such Lot is so serving. The term "Owner", for purposes of this Section 6.01 and Section 8.01 hereof, shall be deemed to include, without limitation, any shareholder, director, officer, partner in, or trustee of, any entity or person which is, either alone or in conjunction with any other person or persons, an Owner. Any individual who would not be eligible to serve as a member of the Board were he not a shareholder, director, officer, partner in or trustee of such entity or person, shall be deemed to have disqualified himself from continuing as director if he ceases to have any such affiliation with that entity or person. With respect to Lots owned by Declarant, Declarant may appoint any of its officers, agents, or employees to act for Declarant as a member, director, or officer of the Association.

Section 6.02. Powers and Duties. The Board of Directors shall have the powers and duties necessary to administer the affairs of the Association, including, but not limited to, those powers and duties specifically assigned to, vested in or imposed upon the Board by the Georgia Nonprofit Corporation Code, the Declaration, the Articles and these By-Laws. Consistent therewith, the Board shall have the power to adopt rules and regulations which it deems necessary for the administration of the affairs of the Association and to impose sanctions for violations of the Declaration, these By-Laws and the published rules and regulations of the Association.

Section 6.03. Election of Directors and Term of Office. Pursuant to the Declaration, Declarant shall, for the period of time specified therein, have the right to

appoint and remove at the pleasure of the Declarant any member or members of the Board of Directors or officers of the Association until such right shall be relinquished by Declarant or until such right shall otherwise terminate as provided by the Declaration. Upon the termination of Declarant's right to appoint and remove members of the Board of Directors and officers of the Association, Declarant shall then give at least seven (7) days' written notice to each member of the Association of a special meeting, to be held not more than sixty (60) days after the date of such termination, to elect a new Board of Directors. In the event of the failure of Declarant to call said special meeting within the period provided above, the other Owners may call such special meeting in accordance with the provisions of Section 5.03 of these By-Laws. At such meeting the members shall elect two (2) directors for a term of two (2) years each, and one (1) director for a term of one (1) year; provided, however, that the directors elected at such meeting shall also serve for that portion of a year between the commencement of their terms and the first annual meeting following such special meeting so that their respective terms shall expire at the time of an annual meeting. At the second annual meeting following said special meeting, and at each subsequent annual meeting, the members shall elect, in accordance with the procedures hereinafter set forth in Section 6.05, directors to succeed to the office of all directors whose terms have expired at the time of such meeting for a term of two (2) years each. Except in the case of death, resignation, disqualification, or removal, each director elected by the members shall serve until the annual meeting at which his term expires and until his successor has been duly chosen and qualified.

Section 6.04. Procedure for Election. Persons may be nominated for election to the Board of Directors by a nominating committee appointed by the incumbent Board of Directors prior to the annual meeting and by nominations made from the floor at the meeting for such election. Election to the Board of Directors shall be by secret written ballot, unless dispensed by unanimous consent, and at such election members of the Association or their proxies may cast, with respect to each vacancy, the votes appurtenant to their respective Lots as provided in the Declaration and these By-laws. Cumulative voting shall not apply. At the meeting of the Association at which directors are to be elected, nominations shall be accepted for not less than the number of positions to be filled on the Board of Directors. Upon the closing of such nominations, each Owner entitled to vote shall cast the ballot with respect to his respective Lot by listing thereon the names of nominees

only for the number of positions to be filled, together with the residence number of such Lot. The persons receiving the greatest number of votes shall be elected to fill the vacancies on the Board of Directors. In the event of a tie vote as to any one or more positions, one or more subsequent votes shall be taken in a similar manner but only with respect to the position or positions to be filled and the nominees therefor who, on the preceding ballot, received such tie vote. In the event that the number of persons nominated equals the number of vacancies on the Board of Directors, such persons shall be elected by acclamation. Notwithstanding the foregoing, at the special meeting called by Declarant pursuant to Section 6.03, if the directors are elected by acclamation, each Owner entitled to vote shall cast a ballot only by writing thereon the names of the persons thus elected whom such Owner wishes to serve for a term of two (2) years. The ballots shall then be collected and tallied whereupon the two persons receiving the greatest number of votes shall serve two (2) year terms, and the one person receiving the next greatest number of votes shall serve a one (1) year term.

Section 6.05. Removal or Resignation. Subject to the right of Declarant to remove directors appointed by Declarant for any reason whatsoever, at any regular or special membership meeting of the Association duly called, at which a quorum is present, any one or more of the directors may be removed with or without cause by a majority vote of the total authorized votes of the Owners present, in person or by proxy, at such meeting, and a successor shall be elected at such meeting by the Owners to fill the vacancy thus created for the remaining term of the director so removed. Any director whose removal has been proposed by any Owner or Owners shall be given an opportunity to be heard at the meeting. Any director may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The sale of a Lot by a director or termination of his interest in a Lot shall automatically terminate his directorship. Subject to the right of Declarant to appoint and remove directors during the period specified in the Declaration, vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Owners shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall serve until a successor is elected and qualified at the next annual meeting of the Owners.

Section 6.06. Organizational Meeting. The first every and organizational meeting of each Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the meeting of the Owners at which such Board of Directors or certain members of the Board of Directors have been elected.

Section 6.07. Fees and Compensation. No fee or compensation shall be paid by the Association to directors for their services as directors. Upon submission of a report of expenses to, and approval thereof by, the Board of Directors, the Association shall reimburse any director of any "out of pocket" expenses actually and necessarily incurred in the performance of such director's duties.

Section 6.08 Committees. The Board of Directors may designate such committees, including without limitation, an Architectural Standards Committee, a Maintenance Committee and an Insurance Committee, as it shall deem desirable to assist it in performing its responsibilities. Any such committee shall advise the Board of Directors on matters pertaining to the purpose for which such committee shall have been created and shall have and exercise such powers as may be provided by resolution of the Board.

ARTICLE VII MEETINGS OF THE BOARD

Section 7.01. Regular Meetings. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings, in which case such regular meetings may be held without notice other than such resolution.

Section 7.02. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President of the Association upon three (3) days notice to 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 may also be called by the Secretary of the Association in like manner and on like notice upon the written requests of a majority of the directors.

Section 7.03. Place of Meetings. Directors may hold their meetings at any place within reasonable proximity of the Development as the Board may from time to time establish by resolution or as is set forth in the notice of such meetings or, in the event of a meeting held pursuant to waiver of notice, as may be set forth in the waiver.

Section 7.04. Quorum. A quorum shall be deemed present throughout any meeting of the Board of Directors if a majority of the directors then in office are present at the beginning of and throughout the meeting.

Section 7.05. Adjourned Meetings. Any meeting of the Board of Directors, whether or not a quorum is present, may be adjourned from time to time by a vote of the majority of the directors present, to reconvene at such time as may be deemed appropriate or convenient by the directors present. At any adjourned meeting at which a quorum is present, it shall not be necessary to give any notice of any reconvened meeting if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 7.06. 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 a meeting shall constitute waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not duly called.

Section 7.07. Entry of Notice. Whenever any director has been absent from any regular or special meeting of the Board of Directors an entry in the minutes to the effect that notice has been duly given shall be prima facie evidence that due notice of such regular or special meeting was given to such director, as required by law and these By-Laws.

Section 7.08. Conduct of Meetings. The President, or a Vice President in the absence of the President, shall preside over all meetings of the Board of Directors, and the Secretary, or an Assistant Secretary in the absence of the Secretary, shall keep the minutes of such meetings and shall record in a minute book all resolutions adopted at such meetings, as well as all transactions and proceedings occurring at such meetings.

Section 7.09. Action Taken by Directors. Except as otherwise provided in the Declaration, by law or in these By-Laws, every act or decision by a majority of the directors present in person or by proxy at a duly held meeting at which a quorum is present shall be regarded as the

act of the Board of Directors. In the event of any tie vote, the President, or the Vice President in the absence of the President, shall cast a separate vote to break the tie.

Section 7.10. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or any committee appointed by the Board of Directors, may be taken without a meeting if, prior to or after such action, written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of the proceedings of the Board of Directors or such committee. Such consent shall have the same force and effect as a unanimous vote of the Board of Directors or of such committee, as the case may be.

ARTICLE VIII OFFICERS

Section 8.01. Number. The officers of the Association shall consist of a President, one or more Vice Presidents as determined or designated by the Board of Directors, a Secretary and a Treasurer. The Board of Directors shall from time to time create and establish the duties of such other officers and elect or provide for the appointment of such other officers or assistant officers as it deems necessary for the efficient management of the Association, but the Association shall not be required to have at any time any officers other than a President, Secretary and Treasurer. Any two or more offices may be held by the same person, except the offices of President and Secretary or Assistant Secretary. Except with respect to any officers appointed by Declarant, each officer must be an Owner as defined in Section 6.01 of these By-Laws.

Section 8.02. Election and Term. For the period provided for in the Declaration, the officers of the Association shall be appointed and serve at the pleasure of the Declarant. After the right of Declarant to appoint and remove such officers has terminated or been relinquished by Declarant, each Board of Directors shall elect the officers of the Association at each organizational meeting thereof. The Board of Directors at any time and from time to time may appoint additional officers as provided in Section 8.01. Each officer shall hold office until the regular annual meeting following his election and until his successor shall have been elected and qualified, or until his earlier death, resignation, retirement, disqualification or removal from office.

Section 8.03. Compensation. No fee or compensation shall be paid by the Association to officers for their service as officers. Upon submission of a report of expenses to, and approval thereof by, the Board of Directors, the Association shall reimburse officers for their "out of pocket" expenses actually and necessarily incurred in the performance of their duties.

Section 8.04. Removal. Any officer or agent of the Association may be removed, with or without cause, by the Board of Directors at any meeting with respect to which notice of such purpose has been given to the members of the Board of Directors.

Section 8.05. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 8.06. President. The President shall be the chief executive officer of the Association and shall have the general supervision of the business of the Association. The President shall preside at all meetings of the Board of Directors and the Owners. He shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall perform such other duties as may from time to time be delegated to him by the Board of Directors.

Section 8.07. Vice-Presidents. The Vice-President shall, in the absence or disability of the President, or at the direction of the President, perform the duties and exercise the powers of the President. If the Association has more than one Vice-President, the one designated by the Board of Directors shall act in lieu of the President. Vice-Presidents shall perform whatever duties and have whatever powers the Board of Directors may from time to time assign.

Section 8.08. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Owners, the Board of Directors and committees of the Board of Directors. He shall have authority to give all notices required by law or these By-Laws. He shall be custodian of the Association's books, records, contracts and other documents. The Secretary may affix the Association's seal to any lawfully executed documents requiring it and shall sign such instruments as may require his signature. The Secretary shall perform whatever additional duties and have whatever additional powers the Board of Directors may from time to time assign.

Section 8.09. Treasurer. The Treasurer shall (a) have charge and custody of and be responsible for all funds, securities and financial records of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected by the Board of Directors; (c) authorize vouchers and sign checks for monies due and payable by the Association; and (d) in general perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Section 8.10. Assistant Secretaries and Assistant Treasurers. The assistant Secretaries and Treasurers, if any, shall perform, in the absence or disability of the Secretary or Treasurer, respectively, the duties of and exercise the powers of those officers, and they shall perform such other duties as shall be assigned by the Secretary or Treasurer, respectively, or by the Board of Directors.

ARTICLE IX AMENDMENT

Section 9.01. Procedure. The Articles of Incorporation of the Association and these By-Laws may be amended at a regular or special meeting of the Owners duly called and held for such purpose, pursuant to a resolution of the Board of Directors adopting a proposed amendment. Such resolution must be approved by Owners to which at least two-thirds (2/3) of the votes of the Owners present at such meeting, in person or by proxy, are entitled to cast; provided, however, that during such period Declarant shall have the right to appoint and remove members of the Board of Directors and Officers of the Association pursuant to the Declaration, such resolution must also be approved by Declarant. Notwithstanding the foregoing, any amendment that would alter, modify or rescind any right or privilege herein expressly granted to the holder or insurer of any mortgage affecting any Lot shall require the written approval of such holder or insurer.

Section 9.02. Limitations. No amendment that is in conflict with the of the Declaration or the Articles of Incorporation of the Association shall be adopted.

ARTICLE X
FISCAL MATTERS; BOOKS AND RECORDS

Section 10.01. Fiscal Year. The fiscal year of the Association shall be the calendar year; provided, however, that the first fiscal year of the Association shall begin on the date upon which the Association is incorporated and shall end on the 31st day of December of that calendar year.

Section 10.02. Fidelity Bonds. The Board of Directors may require that any director, officer, manager, contractor or employee of the Association handling or responsible for Association funds shall furnish an adequate fidelity bond. The premium for any such bond shall be a common expense of the Association.

Section 10.03. Inspection of Books and Records. Copies of the Declaration, the Articles of Incorporation of the Association, these By-Laws and any other rules or regulations with respect to the Development, along with accounts, books and records of the Association, shall be open to inspection upon request by the Owners, prospective purchasers, lenders and holders and insurers of mortgages affecting the Lots, during normal business hours, subject to such reasonable rules and regulations not in conflict with applicable laws as the Board of Directors may impose.

Section 10.04. Discharge of Liens. The Board of Directors may cause the Association to discharge any lien or other encumbrance which, in the opinion of the Board of Directors, may constitute a lien against the Property as a whole, the Common Areas, or both, rather than a lien against only a particular Lot. When less than all the Owners are responsible for the existence of any such lien, the Owner responsible shall be liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien, and the Board of Directors may levy individual assessments against such Owner to defray such costs and expenses as provided for in the Declaration.

Section 10.05. Holding and Designation of Funds.

(a) All funds collected hereunder or under the Declaration shall be held and expended only for the purpose or purposes for which such funds were collected.

(b) All funds collected hereunder or under the Declaration which are to be accumulated for or expended on capital improvements or other capital expenditures shall be clearly designated in the Association's records as contributions to capital.

(c) All funds collected hereunder or under the Declaration which are to be accumulated or expended for non-capital common expenses shall be clearly so designated in the Association records. If, at the end of a fiscal year, the amounts so collected during that fiscal year exceed the amounts so expended during that fiscal year, the Board may in its discretion, apply such excess or a portion thereof to the common expenses for succeeding fiscal years, or cause such excess or a portion thereof to be added to the reserve funds maintained by the Association.

ARTICLE XI
OFFICERS AND DIRECTORS,
INSURANCE, INDEMNIFICATION

Section 11.01. Liability Insurance. The Association may purchase and maintain liability insurance on behalf of any member of the Board of Directors, officer, employee or agent of the Association against any liability asserted against such persons and incurred by such persons in those capacities, or arising out of such person's status as such, in such amount and with such companies as shall be determined by the Board of Directors. The premiums for such insurance shall be paid by the Association.

Section 11.02. Right of Indemnification. Upon action by the Board of Directors, every person who is or was a member of the Board of Directors or officer may be indemnified to the full extent permitted by law, for any liability and expense that may be incurred by such person in connection with or resulting from such person being or having been a member of the Board of Directors or officer, or by reason of any action taken or not taken in such person's capacity as a member of the Board of Directors or officer or as a member of any committee appointed by the Board of Directors to act for, in the interest of, or on behalf of the Association.

Section 11.03. Advance of Expenses. Expenses incurred with respect to any claim, action, suit or proceeding of the character described in Section 11.02 may be advanced by the Association prior to the final disposition thereof upon receipt of an undertaking by or on behalf

of the recipient to repay such amount unless it shall ultimately be determined that such person is entitled to indemnification under this Article.

Section 11.04. Rights of Indemnification Cumulative. The rights of indemnification provided herein shall be in addition to any rights to which any member of the Board of Directors or officer may otherwise be entitled under any agreement, by law or otherwise, and shall be in addition to the Association's purchase and maintenance of liability insurance, regardless of whether the Association would have the power to indemnify such person against liability under this Article or otherwise.

ARTICLE XII MISCELLANEOUS,

Section 12.01. Notices to Association. An Owner who executes and delivers a mortgage on his Lot, or assumes or purchases his Lot subject to any mortgage which shall be or become a lien on his Lot, shall, if required by the holder of such mortgage, notify the Secretary of the Association of the name and address of the holder of any such mortgage, and thereby authorize the Association to furnish such information respecting unpaid assessments, taxes or other information concerning such Lot as such mortgagee may request or as may be provided for by the Declaration.

Section 12.02. Notices by Association. Unless otherwise specified in these By-Laws, whenever any notice by the Association to an Owner is required or permitted under these By-Laws, such notice shall be in writing and delivered personally or sent by United States mail, and with sufficient postage prepaid, to the Owner at such address or addresses as such Owner may have designated with the Secretary of the Association or, if no other address has been so designated, at the address of such Owner's Lot. Notice shall be considered given when delivered personally or on the third day following the date upon which such notice is so deposited in the United States mail.

Section 12.03. Waiver. Whenever any notice is required to be given to any Owner or director by law or by the Declaration or these By-laws a waiver thereof in writing signed by the director 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.

Section 12.04. Conduct of Meetings. The Board of Directors may prescribe reasonable rules for the conduct of all meetings of the Board of Directors and the Owners.

Section 12.05. Agreements. Subject to the provisions of the Declaration, all agreements and determinations lawfully authorized by the Board of Directors of Directors of the Association shall be binding upon all Owners and their respective heirs, legal representatives, successors and assigns, or others having any interest in the Development, and in performing its responsibilities hereunder, the Association, through its Board of Directors of Directors, shall have the authority to delegate to such persons of its choice such duties of the Association as may be determined by the Board of Directors of Directors.

Section 12.06. Conflicts. If there are conflicts or inconsistencies between the provisions of Georgia law or the Declaration and these By-Laws, the provisions of Georgia law, and the Declaration (in that order) shall prevail.

Section 12.07. Severability. Invalidation of any covenant, condition, restriction, provision, sentence, clause, phrase or word of these By-Laws, or the application thereof in any circumstances, shall not affect the validity of the remaining portions thereof and the application thereof, and such remaining portions shall remain in full force and effect.