

255

BYLAWS
OF
MAINSTREET COMMUNITY SERVICES ASSOCIATION, INC.

Restated and Amended as of January 1, 1985

ARTICLE I

GENERAL PROVISIONS

Section 1. Name and Location: The name of the corporation shall be MAINSTREET COMMUNITY SERVICES ASSOCIATION, INC. (the "Association"), and the principal office of the corporation shall be located at 5001 Mainstreet Park Drive, Stone Mountain, DeKalb County, Georgia.

Section 2. Governing Statutes and Documents: The Articles of Incorporation of Mainstreet Community Services Association, Inc. (the "Articles"), the Declarations of Covenants, Conditions, Restrictions and Reservation of Easements for Mainstreet, as recorded in the DeKalb County, Georgia, Deeds Records at Deed Book 3097, pages 98-118, as same have been supplemented and amended from time to time (the "Declarations"), all plats recorded with respect to the Declarations, these Bylaws, and any rules and regulations (the "Rules and Regulations") promulgated pursuant to these Bylaws, shall constitute the governing documents of the Association. The Declarations are incorporated herein by reference, and all of the covenants, rights, privileges, easements, restrictions and liabilities therein contained shall apply to and govern the interpretation of these Bylaws.

Section 3. Definitions: Unless otherwise defined herein, the terms used herein shall have the same meanings as defined in the Declarations. As used in these Bylaws, the masculine, feminine and neuter each includes the other, the singular and the plural each includes the other, and these Bylaws shall be read accordingly when required by the facts.

Section 4. Application: All of the present or future Lot owners and tenants, guests and invitees of Lot owners, and any other person that might use or occupy a Lot, the Common Area, or any part of Mainstreet shall be subject to the rules, restrictions, terms and conditions contained in the Articles, the Declarations, these Bylaws, and the Rules and Regulations.

256
Section 5. Corporate Seal: The Association shall have a seal in circular form having within its circumference the words: MAINSTREET COMMUNITY SERVICES ASSOCIATION, INC., and the words "Corporate Seal."

Section 6. Books and Records: The books, records, and papers of the Association shall be subject to inspection by any Member during reasonable business hours upon reasonable notice. The Declarations, the Articles, the Bylaws and the Rules and Regulations of the Association shall be available for inspection by any Member or his agent at the principal office of the Association, and copies may be purchased at a reasonable cost.

ARTICLE II MEMBERSHIP

Section 1. Membership: The membership of this Association shall be limited to those persons entitled to membership as provided in the Declarations. The foregoing does not include persons who hold an interest in a Lot merely as security for the performance of an obligation.

Section 2. Suspension of Membership Rights: Without limiting the remedies of the Association under the Declarations, during any period in which an owner of any Lot shall be in default on payment of any assessment levied by the Association, the Board of Directors may suspend the voting rights associated with such Lot and the rights of such owner and any tenant of such owner or any occupant of such Lot to use the Common Area. Such suspension may begin on the date of the default and may extend until the default has been cured by the payment of the assessment.

ARTICLE III PURPOSE AND POWERS OF THE ASSOCIATION

Section 1. Purpose and Powers: The purpose of the Association is to promote the recreation, health, safety, welfare, benefit and enjoyment of the Members of the Association within the community known as "Mainstreet" in DeKalb County, Georgia, under and pursuant to the provisions of the Declarations as now published or hereafter amended. In addition to, but not in limitation of, the general powers conferred by law, but subject to the provisions of the Declarations, the Association shall have the power to own, acquire, construct, operate and maintain the Common Area (as defined and described in the Declarations); to maintain unkept lands, trees, shrubbery flowers or other vegetation; to own and operate water, sewer and other

257

utility services; to fix and collect assessments to be levied against and with respect to Lots and the owners thereof as provided in said Declarations; to enforce any and all covenants, easements, rules, regulations and restrictions applicable to Mainstreet; to acquire, convey and manage properties of every kind and description, whether real or personal; to borrow money, issue bonds, promissory notes and other obligations and evidences of indebtedness and to secure the same by mortgage, deed, security deed, pledge or otherwise; and, insofar as is permitted by law and the Declarations, to do any other thing that will promote, directly or indirectly, the recreation, health, safety, welfare, benefit and enjoyment of the residents of Mainstreet; to enhance, preserve and maintain property values within Mainstreet; and to take any other actions which might be necessary, proper, useful or incidental to the carrying out of the functions for which the Association is organized.

Section 2. Dedication: The Association is irrevocably dedicated to and operated exclusively for nonprofit purposes. The Association shall have no stock or stockholders. The Association shall not create or participate in the carrying on of propaganda, or otherwise attempt to influence legislation, nor shall the Association participate in or intervene in any political campaign on behalf of any candidate for public office (including publishing or distributing of political statements).

ARTICLE IV MEETINGS OF MEMBERS

Section 1. Place of Meeting: Meetings of the Members of the Association shall be held at such suitable place convenient to the Members as may be designated by the Board of Directors in the notice thereof, or at such other place as may be agreed upon by a majority of the Members entitled to vote thereon and designated in the notice thereof.

Section 2. Annual Meeting: The annual meeting of the Members shall be held on the first Thursday in November at 8:00 P.M.

Section 3. Special Meetings: The President shall be required to call a special meeting of the Members when so directed by a resolution of the Board of Directors, or when so directed by a petition signed by one-tenth (1/10) of all of the Members of the Association entitled to cast votes and presented to any Director. The call of a special meeting shall be by notice stating the time, the place, the purpose, and the order of business of such special meeting. Only the business stated in the notice may be transacted at a special meeting.

258

Section 4. Quorum: At all meetings of the Members of the Association, regular or special, the presence, in person or by proxy, of Members entitled to cast at least fifteen percent (15%) of the total number of votes of the Association shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declarations, or these Bylaws. The acts of the majority of the Members present, in person or by proxy, entitled to cast votes, at a meeting at which a quorum is present shall be the acts of the Members of the Association.

Section 5. Adjourned Meetings: If business cannot be transacted at any meeting because a quorum is not present, a majority of the Members, present in person or by proxy, entitled to cast votes, may adjourn and may call a reconvened meeting which may be held no sooner than eight (8) days, but no more than thirty (30) days, after the date of the adjourned meeting, subject to the notice requirements set forth in Article XII, Section 1(c). The quorum required at the reconvened meeting shall be one-half (1/2) of the quorum required at the previous meeting, but shall be not less than one hundred (100) Members, present in person or by proxy, entitled to cast votes. However, the quorum required to amend these Bylaws shall remain as set forth in Article XI. No business may be transacted at the reconvened meeting that could not have been transacted at the original meeting.

Section 6. Order of Business: The order of business at every annual meeting of the Members shall be as follows:

- (a) Closing of registration of Members and proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees, if any.
- (f) Report of election of Directors.
- (g) Presentation and discussion of proposed budget.
- (h) Unfinished business.
- (i) New business.

Section 7. Elections and Voting Committee: The Board of Directors shall appoint an Elections and Voting Committee as a standing committee. The said committee shall consist of a chairman and at least four (4) other members. None of the committee members may be a Director or a candidate for office. It shall be the duty of the Elections and Voting Committee to conduct all elections and votes of the Members in accordance with rules adopted by the Board pursuant to Article X of these Bylaws.

259

77

Section 8. Voting, Petitions and Proxies: In every election, or vote of the Members, or petition, there shall be one vote for each Lot for each issue to be decided, or petition to be signed, or Director to be elected. When more than one person has an interest in a Lot, the vote for such Lot shall be exercised by those who have an interest in that Lot as they among themselves determine. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary, or Board designee, before the appointed time of each meeting at which a vote or election is to be held, or at such earlier time as may be established by the Elections and Voting Committee. Every proxy shall be revocable pursuant to the rules established by the Elections and Voting Committee and adopted by the Board of Directors. Every proxy issued by a Member shall automatically terminate upon conveyance by such Member of his Lot or upon the expiration of eleven (11) months from the date of its issuance. All voting, whether in person or by proxy, shall be done in accordance with the procedures established by the Elections and Voting Committee. All procedures established by the Elections and Voting Committee must be first approved by the Board of Directors before becoming effective.

Section 9. Nomination and Election of Directors: Each candidate for election shall file a petition for candidacy, signed by not less than ten (10) Members of the Association in good standing. The petition for candidacy shall be filed with any member of the Board of Directors, or Board designee, at least twenty (20) days before the date of the election. The Elections and Voting Committee shall provide all Members of the Association with ballots containing the names of all candidates not later than ten (10) days before the date of the election. Election shall be by secret written ballot. Each Lot shall have one vote for each vacancy to be filled. Should terms of varying lengths be open, the candidate receiving the most votes shall be deemed elected to the office with the longest term, the candidate receiving the next highest number of votes shall be deemed elected to the office with the next longest term, and so forth, until all vacancies have been filled. No candidate receiving less than ten (10) votes shall be deemed elected to any office.

ARTICLE V
BOARD OF DIRECTORS

Section 1. Number: The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, each of whom must be a resident-owner Member of the Association in good standing at all times during his service as a Director.

260

Section 2. Term: The term of each Director shall be two (2) years. Two (2) seats shall be filled at each regular election occurring in an odd-numbered year. Three (3) seats shall be filled at each regular election occurring in an even-numbered year. The regular election of Directors shall be held on the same day as the annual meeting of the Members.

Section 3. Vacancies: In the event of the death, resignation or removal of any Director, the following rules shall apply:

(a) If, from the date of vacancy, the number of days remaining until the next scheduled election is 183 days or more, then the Board shall call a special election to be held within sixty (60) days to fill the remainder of the unexpired term. The special election shall be called and held in accordance with the provisions of Article IV, "Meetings of Members," and Article XII, "Notice."

(b) If, from the date of vacancy, the number of days remaining in the term is 183 days or more, and the number of days until the next scheduled election is 182 days or less, then the vacancy shall be filled at a special election which shall take place concurrently with such scheduled election, provided that the notice requirements for special elections set forth in Article XII can be met. If the notice requirements cannot be met, then the Board shall call a special election to fill the vacancy, in the same manner as is set forth in Article V, Section 3(a).

(c) If the remainder of the term is 182 days or less, no special election shall be held.

(d) In any event in which a vacancy exists, a majority of the remaining members of the Board may, but need not, appoint a temporary Director to fill the vacancy until a special or regular election to fill such vacancy is held in accordance with these Bylaws. Such temporary Director must meet the qualification requirements for elected Directors.

Section 4. Compensation: No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed with Board approval, for his actual expenses incurred in the performance of his duties.

Section 5. Indemnity: The Association shall, to the extent permitted by law, indemnify each Officer and Director of

the Association against expenses and liabilities reasonably incurred by him in connection with the defense of any action, suit, or proceeding, civil or criminal, to which he may be a party by reason of being, or having been, an Officer or Director of the Association, whether or not he is an Officer or Director at the time such expenses or liability arises. However, no Officer or Director shall be indemnified for any expense or liability arising from his own gross negligence or willful misconduct. The Association may purchase and maintain insurance on behalf of any Officer or Director against any claim asserted against him or any liability incurred by him in such capacity or arising out of his status as such, regardless of whether the Association has the power to indemnify him against such liability under this Article or otherwise. Premiums for any such insurance shall be paid by the Association.

Section 6. Removal and Resignation of Directors: Failure of any Director to attend at least one (1) regular or special meeting of the Board of Directors for any period of one hundred (100) consecutive days shall be deemed to be a resignation. If any Director fails to meet the qualifications as set forth herein for the Board of Directors, such Director shall be deemed to have resigned, and his seat shall be declared vacant by the remaining Directors. Any Director may be removed from the Board of Directors, with or without cause, by a vote or petition of a simple majority of the Members of the Association.

Section 7. POWERS: The Board of Directors shall have the power to:

(a) Exercise for the Association all powers, duties and authority vested in or delegated to this Association by law, the Declarations, or these Bylaws, and not reserved for the Members by other provisions of these Bylaws, the Articles of Incorporation, or the Declarations;

(b) Employ managers, independent contractors, and such other employees as it deems necessary, and to prescribe their duties. No management contract entered into by the Board may run in excess of one (1) year, unless it contains a provision granting the Association the right to cancel the contract, with or without cause, on thirty (30) days notice;

(c) Cause the foreclosure of the lien against any property for which any general or special assessment has not been paid within thirty (30) days after its due date, or cause an action at law to be brought against the Member personally obligated to pay the same; and

262

(d) Enter into mortgage agreements and obtain capital debt financing, subject to the provisions of the Declarations.

Section 8. Duties: It shall be the duty of the Board of Directors to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and Association facilities and the personal conduct of the Members and their guests thereon;

(b) Enforce all of the terms of the Declarations, Articles, Bylaws, and Rules and Regulations of the Association;

(c) Keep a complete record of all its corporate affairs (including minutes of the meetings of its Members and the meetings of its Board of Directors) and a record of the name and addresses of the Members; to prepare an annual financial statement; and to make such records and financial statement available for the inspection by any Member or his agent, at any reasonable time;

(d) Supervise all Officers, agents, and employees of the Association and see that their duties are properly performed;

(e) Issue upon demand by any Member, for a reasonable charge, a certificate setting forth whether or not any assessment has been paid by such Member and giving evidence thereof;

(f) Cause the exteriors of living units to be maintained in those parcels where exterior maintenance is included in the parcel assessment under the Declarations (Parkside and Disney Court Townhomes);

(g) Fix annual assessments and parcel assessments at amounts sufficient to meet the obligations imposed by the Declarations;

(h) Set the date(s) upon which assessments are due, and specify what, if any, default interest rate and/or late charges are to be applied to assessments which remain unpaid for thirty (30) days after they have become due;

243

(i) Send written notice of each general and special assessment to every owner subject thereto, at least thirty (30) days in advance of the due date of such assessment or the first installment thereof;

(j) Collect and enforce the payment of dues, fees, and assessments of the Association;

(k) Cause the Common Area to be maintained; and

(l) Purchase adequate liability insurance, including, but not limited to, errors and omissions coverage with respect to Officers, Directors and employees, and hazard insurance on the Common Area and other property owned by the Association.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Organization Meeting: Within ten (10) days following the election or appointment of any new Director(s), the Board of Directors shall hold a meeting at such place as shall be fixed by the Directors at the meeting at which such newly elected Director was elected or appointed. No additional notice shall be necessary to the newly elected Director to call and hold such organization meeting; provided, however, that a majority of the whole Board was present at the meeting at which the new Director was elected or appointed.

Section 2. 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 one (1) such meeting shall be held during each calendar month. Notice of regular meetings of the Board of Directors shall be given by the Secretary or other Board designee to each Director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting. The regular monthly meeting of the Board of Directors shall be open to the Members, but such meeting shall not be deemed to be a meeting of the Members of the Association.

Section 3. Special Meetings: Special meetings of the Board of Directors may be called by the President on two (2) 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 shall be called by the President or Secretary, in like manner and on like notice, upon the written request of at least two (2) Directors.

264

Section 4. Waiver of Notice: Before, at, or after any meeting of the Board of Directors, any Director may waive notice of such meeting. Such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof.

Section 5. Board of Directors Quorum: At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business. The acts of the majority of the Directors present at a 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, less than a quorum is present, the majority of Directors present may adjourn the meeting and call for its reconvening at a later time. Directors not present at the adjourned meeting shall be given at least twenty-four (24) hours notice of the time and place of the reconvening of such meeting. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted.

Section 6. Action Taken Without a Meeting: The Directors may take any action in the absence of a meeting if the action taken receives the unanimous written approval of all of the Directors.

ARTICLE VII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers: The Officers of the Association shall be a President, a Vice-President, a Secretary, a Treasurer, and such other officers as the Board may from time to time create by resolution. All Officers shall at all times be duly elected or appointed members of the Board of Directors, in good standing.

Section 2. Election of Officers: The election of Officers shall take place at the first meeting of the Board of Directors following the regularly scheduled annual election of the Board.

Section 3. Term: The Officers of this Association shall be elected annually by a majority of the Board of Directors. Each Officer shall hold office for one year unless he shall sooner resign, be removed, or otherwise be disqualified from serving.

265

Section 4. Resignation and Removal: Any Officer may be removed from office by a vote of a majority of the Board of Directors. Any Officer may resign at any time by giving written notice to the Board, to the President, or to the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Unless otherwise specified therein, such resignation need not be accepted in order to be effective.

Section 5. Vacancies: A vacancy in any office may be filled at any time by a majority vote of the Board of Directors. The person elected to fill such vacancy shall serve for the remainder of the term of the Officer being replaced.

Section 6. Multiple Offices: Each Director may hold more than one office, except that no Director may hold both the offices of President and Secretary at the same time.

Section 7. Duties: The duties of the Officers are as follows:

(a) President. The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall, in general, manage, supervise and control all of the business and affairs of the Association, and perform such other duties as may be required by the Board. The President shall, when present, preside at all meetings of the Members. The President may sign any contract, deed, mortgage, bond, policy of insurance, or other instrument which the Board of Directors has authorized to be executed, except in cases where the signing or the execution thereof shall be expressly delegated by the Declarations, the Bylaws, or a resolution of the Board of Directors to some other Officer or agent of the Association, or shall be required by law to be otherwise signed or executed.

(b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act, and shall exercise and perform such other duties as may be required by the Board.

(c) Secretary. The Secretary, or Board designee, shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members, shall keep the corporate seal of the Association and affix it upon the minutes of the meetings of the Board of Directors and Members and upon

other papers requiring the seal, shall serve notice of meetings of the Board and of the Members, shall keep appropriate current records showing the Members of the Association, together with their addresses, shall maintain and keep current a book of Rules and Regulations of the Association, and shall perform such other duties as may be required by the Board.

(d) Treasurer. The Treasurer shall cause all monies of the Association to be received and deposited in the appropriate bank accounts and shall disburse such funds as directed by resolution of the Board of Directors, shall keep proper books of account, shall cause an annual audit of the Association books to be made by a certified public accountant selected by the Board of Directors at the completion of each fiscal year, shall cause to be prepared monthly reports reflecting financial matters pertinent to the Association, shall cause to be prepared a proposed annual budget and a statement of income and expenditures to be presented to the Members at the regular annual meeting of the Members, and shall make available a copy of any such documents to the Members. The Treasurer shall sign all checks and promissory notes of the Association; except that the Board may (a) elect another Board member as Assistant Treasurer who shall share the duties with the Treasurer; and (b) may establish an office operating fund or checking account to be administered by designated employees. The Board shall set reasonable maximum limits for both the balance and individual expenditures of such account. The Treasurer shall also perform such other duties as may be required by the Board.

ARTICLE VIII FINANCES

Section 1. Fiscal Year: The fiscal year of the Association shall be the calendar year.

Section 2. Fidelity Bonds: The Board shall require that any Director, Officer, managing agent, contractor, or employee of the Association handling or responsible for Association funds shall furnish an adequate fidelity bond; provided, however, that the Association shall pay the premium for any such bond that it requires.

267 1

Section 3. Records and Statements of Account: The Board shall cause to be kept detailed and accurate accounting records of the Association, including, but not limited to, records of all receipts, expenditures, operating accounts, reserve accounts and committee accounts. The Association shall maintain such records in accordance with generally accepted accounting principles. All financial records of the Association shall be available for examination by the Members at reasonable hours, on reasonable notice, during weekdays. Separate accounts shall be maintained for all expenditures, receipts, and capital reserves pertaining to the Association's obligation to provide exterior operations maintenance for those living units for which exterior maintenance expenses are provided for in the parcel assessment as set forth in the Supplemental Declarations for said parcels (Parkside and Disney Court Townhomes).

Section 4. Annual Budget: Each year the Board shall prepare and distribute to all Members a proposed estimated budget not later than thirty (30) days prior to the annual meeting of the Members. The Board shall adopt a final budget not later than the adjournment of the December regular Board meeting. The Board shall distribute to the Members copies of the budget as finally adopted, along with the notice of the general assessment for the ensuing fiscal year. Both the proposed and the finally adopted budget (i) shall set forth with particularity all anticipated expenses, by category, as well as all anticipated assessments, other income and cash requirements for the ensuing fiscal year, including, but not limited to, salaries, wages, payroll taxes, legal and accounting fees, working capital funds, and costs of supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and all other expenses; (ii) shall set forth the amount of and schedule of payments for each Member's general assessment for such fiscal year; (iii) shall take into account a surplus or deficit, to the extent that the aggregate assessments and other cash income collected by the Association during the preceding year are more or less than the expenditures for such preceding year; (iv) shall take into account the estimated net available cash income for the ensuing fiscal year from the rental operation and use of the Association's property; and (v) shall provide for reserve funds and working capital funds in accordance with the Declarations, in reasonable amounts as determined by the Board.

Section 5. General Assessments: Before January 1st of each year, the Board shall levy the general assessments in accordance with the Declarations. The Board shall mail notice of the levy to the Members, by first class mail, together with a copy of the adopted budget.

264

Section 6. Special Assessments: The Board may at any time levy a special assessment in accordance with the Declarations.

Section 7. Collection of Assessments: The Board shall adopt reasonable rules and regulations concerning collection of assessments, in accordance with the procedures for adopting Rules and Regulations set forth in Article X, hereof.

Section 8. Audits and Reports: The Board shall cause to be prepared an annual audit of the books and records of the Association, to be conducted by a Certified Public Accountant in accordance with generally accepted auditing procedures and standards. The annual financial statement and the report of the previous fiscal year's audit shall be delivered to the Members no later than May 1st of each year.

ARTICLE IX ARCHITECTURAL REVIEW BOARD

Section 1. Architectural Review Board: The Board of Directors shall appoint an Architectural Review Board in accordance with the guidelines set forth in the Declarations. The Architectural Review Board shall function in accordance with the requirements of the Declarations.

ARTICLE X RULES AND REGULATIONS

Section 1. Adoption: Each rule and regulation of the Association must be adopted by resolution of the Board of Directors. To be effective and enforceable, a rule or regulation must be adopted by the Board; must not conflict with the Declarations, the Articles of Incorporation, or these Bylaws; and must be placed in the Book of Rules and Regulations maintained by the Secretary of the Association.

Section 2. Notice to Members: Notice of the adoption or modification of any rule or regulation shall be given to the Members in accordance with Article XII, Section 2.

Section 3. Enforcement of Rules and Regulations: In order to enforce the terms and provisions of the Declarations, these Bylaws and the Rules and Regulations, and in addition to other rights of and remedies available to the Association under the Declarations or these Bylaws or otherwise at law or in equity, the Association shall be empowered to impose and assess fines, and to temporarily suspend the right of use of the Common

269

Area in such manner and to such extent as the Board, may from time to time determine by rule or regulation; provided, however, suspension shall not deny any Member access to the Member's unit or Lot. The Association shall not impose fines or suspend any rights of any Member or any tenant or other occupant of any Lot, unless and until the procedures set forth in Section 4, below, are followed.

Section 4. Enforcement Procedures: If the Association shall discover any breach of the Declarations or of these Bylaws, or of any violation of the Rules and Regulations, the Board shall implement the following procedures prior to imposing any fines or suspending any rights of any Member:

(i) The Board shall deliver written demand to the alleged violator (and if such alleged violator is an occupant, lessee, tenant, invitee or guest of any Member, shall also deliver such demand to the Member) to cease and desist from the alleged breach or violation. Such written demand shall describe the alleged violation, the action required to abate the violation and the time period, not less than ten (10) days, during which the violation may be abated without further sanction. The notice shall contain the penalty that may be imposed for the violation. The notice may also contain a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing. If the original violation can be cured or abated, and is cured or abated within ten days of the demand, then no further sanction will be imposed.

(ii) Within twelve (12) months of such demand, if the violation or breach continues past the period allowed in the demand for abatement without penalty, the Association shall deliver to the alleged violator (and if such alleged violator is an occupant, tenant, lessee, invitee or guest of any Member, shall also deliver to the Member) notice of a hearing to be held by the Board during a regular or special Board meeting. The notice shall contain the nature of the alleged violation, the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice, an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf, and the proposed sanction to be imposed.

(iii) The Board shall hold the hearing pursuant to the notice affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the

270

invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of the delivery is entered by the Officer or Director who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting at which the hearing is held shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 5. No Waiver by Nonenforcement. Inasmuch as the enforcement of the Declarations, these Bylaws and the Rules and Regulations is essential for the protection of the present and future Members, it is hereby declared that any violation or breach thereof cannot be adequately compensated by recovery of damages, and that the Association, in addition to all other remedies, shall be entitled to an injunction to restrain any such violation, breach, or threatened violation or breach. No delay, failure, or omission on the part of the Association in enforcing any of the Rules or Regulations shall be construed to be an acquiescence to the violation thereof. No delay, failure, or omission on the part of the Association in enforcing any rule or regulation shall be deemed to be a waiver or bar to the Association's right thereafter to enforce such Rule or Regulation as to the same or any other violation or breach. No right of action shall accrue, nor shall any action be brought or maintained against the Association or any of its Members, Directors, Officers, employees or agents because of any failure by the Association to bring any action to remedy any violation, breach, or threat of violation or of breach of any of the Rules or Regulations, however long continued, or for the imposing of provisions or restrictions which may be unenforceable.

~~MEMBERS HAVE PRIMARY POWER TO AMEND~~

ARTICLE XI
AMENDMENT

Section 1. Special Meeting of the Members to Amend the Bylaws: These Bylaws may be amended at a special meeting of the Members, called for the purpose of amending the Bylaws. The quorum required at such special meeting shall be the presence, in person or by proxy, of Members entitled to cast at least fifteen percent (15%) of the total number of votes of the Association. An affirmative vote of two-thirds (2/3) of the quorum is required to amend the Bylaws. If business cannot be transacted at the special meeting to amend the Bylaws because a quorum is not present, a majority of the Members, present in person or by proxy, entitled to cast votes, may adjourn the meeting and may call a reconvened meeting which may be held no sooner than eight (8) days, but no more than thirty (30) days after the date of the adjourned meeting, subject to the notice requirements set forth in Article XII, Section 1(c). The quorum required at the reconvened meeting shall be one-half (1/2) of the quorum required at the previous meeting, but shall be not less than one hundred (100) Members present, in person or by proxy, entitled to cast votes. If the quorum requirements of this Section are not met at the reconvened meeting, the President or Secretary of Board may call a special meeting of the Board to decide the issue. Said meeting must be held within sixty (60) days of the reconvened meeting. The proposed Bylaw amendment may then be adopted only upon a unanimous vote of all of the Directors present at the special meeting of the Board of Directors called pursuant to this Section.

Section 2. Resolution to Amend, How Made: A resolution to amend the Bylaws may be proposed only

- (1) by the President or the Board of Directors; or
- (2) by a petition to amend the Bylaws stating the substance of any proposed amendment, signed by Members entitled to cast at least one-tenth (1/10) of the total number of votes of the Association. A petition to amend the Bylaws shall be presented to the Board of Directors by delivering it to the President or the Vice-President of the Association.

Section 3. Calling and Notice of Meeting: If the proposal to amend the Bylaws is made by the President or the Board of Directors, the Board of Directors shall call a special meeting of the Members to vote on the proposed amendment. If the proposal to amend the Bylaws is made by petition, the Board of

272

Directors shall call a special meeting of the Members to vote on the proposed amendment. Notice of the meeting shall specify the place, day, and hour of the meeting, and shall state the substance of the proposed amendment which will be the subject of the meeting.

Section 4. Amendments at Annual Meeting. The annual meeting of the Members of Association may be deemed to be a special meeting to amend the Bylaws if the requirements of Section 3 of this Article are met.

Section 5. Notice of Adoption of Amendment to Bylaws: A copy of any additions, changes, or amendments to these Bylaws shall be delivered to each Member not more than fifteen (15) days after their adoption by delivering a copy to his mailing address as it appears on the membership list of the Association.

Section 6. Limitations: No amendment that is in conflict with the Articles of Incorporation or the Declarations may be adopted.

213

ARTICLE XII
NOTICE

Section 1. Notice of Meetings and Elections: It shall be the duty of the Secretary or Board designee to mail a notice of each annual or special meeting of the Members to each Member whose name appears on the membership list of the Association, within the designated time frame set forth below. Such notice shall state the purpose of the meeting, the time, and the place where the meeting is to be held. Notice shall be deemed given when delivered to the Member or when deposited in the U. S. Mail, postage prepaid, addressed to the Member at his mailing address as it appears on the membership list of the Association. Any Member may waive notice of any meeting in writing before, at, or after the meeting. The time frames for giving such notices shall be as follows:

(a) Annual meetings, regular elections, and special elections: Notice shall be given at least thirty (30) days, but not more than forty-five (45) days, prior to the meeting or election. The notice shall state the order of business of such meeting, shall invite petitions for candidates to run for Director, and shall state the requirements and time limitations for petitions of candidacy.

(b) Special meeting of the membership: Notice shall be given at least fifteen (15) days, but not more than thirty (30) days, prior to the meeting. The notice shall state the order of business of such meeting. However, in the event that a special election shall be held at such special meeting, the notice requirements for a special election must be satisfied, and, if amendment of the Bylaws is on the agenda of the meeting, the time requirements of Article XI must be met.

(c) Reconvened Meetings: If any meeting of the membership is adjourned to be reconvened, notice of the reconvened meeting shall be given at least seven (7) days, but not more than thirty (30) days prior to the date of the reconvened meeting.

Section 2. Notice of Adoption of Rules and Regulations: Notice of the adoption or modification of any rule or regulation shall be given to the Members, within a reasonable time after the effective date of such adoption or modification, by distributing a copy thereof to the Members. For the purposes of this Section (Article XII, Section 2) only, notice may be delivered by any or all of the following methods:

274

- (1) Posting a copy conspicuously in the use area affected;
- (2) Publishing a copy in the community newsletter;
- (3) Delivering a copy to each Lot.

NOTICE
BYLAW UPDATE

On October 26, 1984, the Bylaw Committee submitted, to the MCSA membership, a proposed set of Bylaws for consideration. As part of that package the community was asked to choose one of two proposed procedures for amendment to the Bylaws.

The proposed Bylaws passed with little opposition. Also passed by the community vote was "AMENDMENT ALTERNATIVE 2 - BOARD HAS NO POWER TO AMEND".

On November 5, 1984, your Board of Directors voted to put these new Bylaws into effect as of January 1, 1985.

This serves as your official notice that these new Bylaws become the Bylaws of MCSA on January 1, 1985.

To update your copy (mailed to you prior to the October 26th vote) make the following changes.

1. Add the words "January 1, 1985" immediately following the words "Restated and Amended as of" in the heading of the INDEX and again on page one of the main document.
2. Again in the index, under the title "ARTICLE XI - AMENDMENT" delete the words "AMENDMENT ALTERNATIVE 1 - BOARD HAS POWER TO AMEND", Sections 1 through 4 under that title, and lastly the title "AMENDMENT ALTERNATIVE 2 - BOARD HAS NO POWER TO AMEND". Sections 1 through 6 remain.
3. In the main document remove the first page 17, on the second page 17 delete the title "AMENDMENT ALTERNATIVE 2 - MEMBERS HAVE PRIMARY POWER TO AMEND".

You now have an up-to-date copy of the Bylaws.

On behalf of the Bylaw Committee I wish to thank all who took time to vote on this important issue.

If you see any of these people, be sure to thank them for the time and effort they spent working on this project. The committee members were; (in alphabetical order) Skip Burdette, Tom Hall, Jo Hardie, Ron Monson, Jim Penland, and John Rusnak.

With this notice the Bylaw Committee is formally disbanded.

Dennis Martin