

BY-LAWS  
OF  
THE TOWNHOMES AT GLENBROOK HOMEOWNERS' ASSOCIATION

ARTICLE I  
Offices

Section 1. PRINCIPAL OFFICE. The principal office of THE TOWNHOMES AT GLENBROOK HOMEOWNERS' ASSOCIATION, INC. (hereinafter referred to as the "Association") shall be in the City of Oldsmar, County of Pinellas, and State of Florida.

Section 2. OTHER OFFICES. The Association may also have offices at such other places both within and without the State of Florida as the Board of Directors may from time to time determine or the business of the Association may require.

ARTICLE II  
Definitions

The definitions set forth in the "The Townhomes at Glenbrook Declaration of Covenants, Restrictions and Assessments," as amended and supplemented from time to time, recorded or to be recorded in the Public Records of Pinellas County, Florida (the "Declaration") are incorporated by reference herein.

ARTICLE III  
Members

Any person or entity who is the Owner of record of any Lot and entitled to the beneficial enjoyment thereof shall be a member of the Association. Ownership of a Lot shall be sole qualification for membership and membership shall not run to persons who hold an interest in a Lot merely as security for performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The Association will admit individuals of any race, religion, national origin, sex, age or color to membership in the Association and to all the rights and privileges generally accorded to members of the Association.

ARTICLE IV  
Membership Meetings

Section 1. ANNUAL MEETING. The annual meeting of the members of the Association shall be held between January 1 and December 31, inclusive, in each year for the purpose of electing directors and for the transaction of such other proper business as may come before the meeting, the exact date to be established by the Board of Directors from time to time.

Section 2. SPECIAL MEETINGS. Special meetings of the members of the Association may be called, for any purpose or purposes, by the President or the Board of Directors and shall be called by the President or the Secretary if not less than ten percent (10%) of the votes of each class of members entitled to vote on any issue proposed to be considered at such special meeting sign, date and deliver to the Association's Secretary one or more written demands for a special meeting, describing the purpose(s) for which it is to be held. Notice and call of any such special meeting shall state the purpose or purposes of the proposed meeting, and business transacted at any special meeting of the members of the Association shall be limited to the purposes stated in the notice thereof.

Section 3. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Florida, as the place of meeting for any annual or special meeting of the members of the Association. A waiver of notice signed by all members of the Association entitled to vote at a meeting may designate any place, either within or without the State of Florida, as the place for the holding of such meeting. If no designation is made, the place of meeting shall be the principal office of the Association in the State of Florida.

Section 4. NOTICE OF MEETING. Written notice stating the place, day and hour of an annual or special meeting and the purpose or purposes for which it is called shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by first-class United States mail. If mailed via first-class United States mail, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the member's last known address.

Section 5. NOTICE OF ADJOURNED MEETING. If an annual or special membership meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before an adjournment is taken, and any business may be transacted at the adjourned meeting that might have been transacted on the original date of the meeting. If, however, a new record date for the adjourned meeting is or must be fixed under law, notice of the adjourned meeting must be given to persons who are members of the Association as of the new record date and who are otherwise entitled to notice of such meeting.

Section 6. WAIVER OF CALL AND NOTICE OF MEETING. Call and notice of any meeting of the members of the Association may be waived by any member before or after the date and time stated in the notice. Such waiver must be in writing signed by the member of the Association and delivered to the Association. Neither the business to be transacted at nor the purpose of any special or annual meeting need be specified in such waiver. A member's attendance at a meeting (a) waives such member's ability to object

to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (b) waives such member's ability to object to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member of the Association objects to considering the matter when it is presented.

Section 7. QUORUM. Except as otherwise provided in these by-laws or in the Articles of Incorporation, the presence of ten percent (10%) of the votes of each class of members entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of the members of the Association. Once a member of the Association is represented for any purpose at a meeting, the member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is or must be set for that adjourned meeting, and the withdrawal of members of the Association after a quorum has been established at a meeting shall not effect the validity of any action taken at the meeting or any adjournment thereof.

Section 8. ADJOURNMENT: QUORUM FOR ADJOURNED MEETING. If less than ten percent (10%) of the total votes of both classes of members entitled to vote are represented at a meeting, in person or by proxy, a majority of the votes so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented or deemed to be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 9. VOTING ON MATTERS OTHER THAN ELECTION OF DIRECTORS. At any meeting at which a quorum is present, action on any matter other than the election of directors shall be approved if the votes cast by the members of the Association represented at the meeting and entitled to vote on the subject matter favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes is required by these by-laws, the Declaration, the Articles of Incorporation or by law.

Section 10. VOTING FOR DIRECTORS. Directors shall be elected by a plurality of the votes cast by the members entitled to vote at a meeting at which a quorum is present.

Section 11. VOTING. Class A members shall be entitled at every meeting of the members to one (1) vote, either in person or by proxy, on each matter, for each Lot owned. The sole Class B member shall be entitled at every meeting of the members to five (5) votes, either in person or by proxy, on each matter, for each Lot owned. Such rights to vote shall be subject to the right of the Board of Directors to fix a record date for voting members as hereinafter provided.

Section 12. PROXIES. At all meetings of members of the Association, a member may vote by proxy, executed in writing and delivered to the Association; but, no proxy shall be valid after eleven (11) months from its date, unless the proxy provides for a longer period. Each proxy shall be filed with the Secretary of the Association before or at the time of the meeting. In the event that a proxy shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one is present, that one, shall have all of the powers conferred by the proxy upon all the persons so designated, unless the instrument shall provide otherwise.

Section 13. INFORMAL ACTION BY MEMBERS. Unless otherwise provided in the Declaration or the Articles of Incorporation, any action required or permitted to be taken at a meeting of the members of the Association may be taken without a meeting, without prior notice and without a vote if one or more consents in writing, setting forth the action so taken, shall be signed by the number of members owning lots representing not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted; provided, however, that at least ten percent (10%) of the total votes of both classes of members entitled to vote are represented by such consent or consents. No written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the date of the earliest dated consent delivered to the Secretary, written consent signed by members of the Association representing the minimum number of votes required to take action is delivered to the Secretary. If authorization of an action is obtained by one or more written consent but less than all members so consent, then within ten (10) days after obtaining the authorization of such action by written consents, notice must be given to each member who did not consent in writing and to each member who is not entitled to vote on the action.

Section 14. INSPECTORS. For each meeting of the members of the Association, the Board of Directors or the President may appoint two inspectors to supervise the voting; and, if inspectors are so appointed, all questions respecting the qualification of any vote, the validity of any proxy, and the acceptance or rejection of any vote shall be decided by such inspectors. Before acting at any meeting, the inspectors shall take an oath to execute their duties with strict impartiality and according to the best of their ability. If any inspector shall fail to be present or shall decline to act, the President shall appoint another inspector to act in his place. In case of a tie vote by the inspectors on any question, the presiding officer shall decide the issue.

ARTICLE V  
Board of Directors

Section 1. GENERAL POWERS. The business and affairs of the Association shall be managed by its Board of Directors, which may exercise all such powers of the Association and do all such lawful acts and things as are not by law, the Articles of Incorporation, the Declaration or these by-laws directed or required to be exercised or done only by the members of the Association.

Section 2. NUMBER TENURE AND QUALIFICATIONS. The number of directors of the Association shall be not less than one (1) nor more than fifteen (15), the number of the same to be fixed by the members of the Association at any annual or special meeting. Each director shall hold office until the next annual meeting of the members and until such director's successor shall have been duly elected and shall have qualified, unless such director sooner dies, resigns or is removed by the members at any annual or special meeting. It shall not be necessary for directors to be members of the Association. All directors shall be natural persons who are 18 years of age or older.

Section 3. ANNUAL MEETING. After each annual meeting of the members of the Association, the Board of Directors shall hold its annual meeting at the same place as and immediately following such annual meeting of the members for the purpose of the election of officers and the transaction of such other business as may come before the meeting; and, if a majority of the directors are present at such place and time, no prior notice of such meeting shall be required to be given to the directors. The place and time of such meeting may be varied by written consent of all the directors.

Section 4. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall be determined from time to time by the Board of Directors.

Section 5. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board, if there be one, or the President. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meetings of the Board of Directors called by him or them, as the case may be. If no such designation is made, the place of meeting shall be the principal office of the Association in the State of Florida.

Section 6. NOTICE. Whenever notice of a meeting is required, written notice stating the place, day and hour of the meeting shall be delivered at least two (2) days prior thereto to each director, either personally, or by first-class United States mail, telegraph, teletype, facsimile or other form of electronic communication, or by private mail carriers handling nationwide mail services, to the director's business address. If notice is given by first-class

United States mail, such notice shall be deemed to be delivered five (5) days after deposited in the United States mail so addressed with postage thereon prepaid or when received, if such date is earlier. If notice is given by telegraph, teletype, facsimile transmission or other form of electronic communication or by private mail carriers handling nationwide mail services, such notice shall be deemed to be delivered when received by the director. Any director may waive notice of any meeting, either before, at or after such meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened and so states at the beginning of the meeting or promptly upon arrival at the meeting.

Section 7. QUORUM. A majority of the total number of directors as determined from time to time shall constitute a quorum.

Section 8. ADJOURNMENT: QUORUM FOR ADJOURNED MEETING. If less than a majority of the total number of directors are present at a meeting, a majority of the directors so present may adjourn the meeting from time to time without further notice. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 9. MANNER OF ACTING. If a quorum is present when a vote is taken, the act of a majority of the directors present at the meeting shall be the act of the Board of Directors.

Section 10. REMOVAL. Any director may be removed by the members of the Association with or without cause at any meeting of the members of the Association called expressly for that purpose, but such removal shall be without prejudice to the contract rights, if any, of the person removed. This by-law shall not be subject to change by the Board of Directors.

Section 11. VACANCIES. Any vacancy occurring in the Board of Directors, including any vacancy created by reason of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or by the members of the Association, unless otherwise provided in the Articles of Incorporation. A director elected to fill a vacancy shall be elected for the unexpired term of such director's predecessor in office.

Section 12. COMPENSATION. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, but no salary shall be paid to the directors. No payment shall preclude any director from serving the Association in any other capacity and receiving compensation therefor.

Section 13. PRESUMPTION OF ASSENT. A director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless such director objects at the beginning of the meeting (or promptly upon his arrival) to the holding of the meeting or the transacting of specified business at the meeting or such director votes against such action or abstains from voting in respect of such matter.

Section 14. INFORMAL ACTION BY BOARD. Any action required or permitted to be taken by any provisions of law, the Declaration, the Articles of Incorporation or these by-laws at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if each and every member of the Board or of such committee, as the case may be, signs a written consent thereto and such written consent is filed in the minutes of the proceedings of the Board or such committee, as the case may be. Action taken under this section is effective when the last director or committee member, as the case may be, signs the consent, unless the consent specifies a different effective date, in which case it is effective on the date so specified.

Section 15. MEETING BY TELEPHONE. ETC. Directors or the members of any committee thereof shall be deemed present at a meeting of the Board of Directors or of any such committee, as the case may be, if the meeting is conducted using a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

## ARTICLE VI Officers

Section 1. NUMBER. The officers of the Association shall consist of a President, a Secretary and a Treasurer, each of whom shall be appointed by the Board of Directors. An officer of the Association must be a Director of the Association. The Board of Directors may also appoint a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries and Assistant Treasurers and such other officers as the Board of Directors shall deem appropriate. The same individual may simultaneously hold more than one office in the Association.

Section 2. APPOINTMENT AND TERM OF OFFICE. The officers of the Association shall be appointed annually by the Board of Directors at its annual meeting. If the appointment of officers shall not be made at such meeting, such appointment shall be made as soon thereafter as is convenient. A duly appointed officer may appoint one or more officers or assistant officers if authorized by the Board of Directors. Each officer shall hold office until such officer's successor shall have been duly appointed and shall have

qualified, unless such officer sooner dies, resigns or is removed by the Board. The appointment of an officer does not itself create contract rights.

Section 3. RESIGNATION. An officer may resign at any time by delivering notice to the Association. A resignation shall be effective when the notice is delivered unless the notice specifies a later effective date. An officer's resignation shall not affect the Association's contract rights, if any, with the officer.

Section 4. REMOVAL. The Board of Directors may remove any officer at any time with or without cause. Any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer. An officer's removal shall not affect the officer's contract rights, if any, with the Association.

Section 5. 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 6. DUTIES OF OFFICERS. The Chairman of the Board of the Association, or the President if there shall not be a Chairman of the Board, shall preside at all meetings of the Board of Directors and of the members. The President shall be the chief executive officer of the Association. The Secretary shall be responsible for preparing minutes of the directors' and members' meetings and for authenticating records of the Association. Subject to the foregoing, the officers of the Association shall have such powers and duties as ordinarily pertain to their respective offices and such additional powers and duties specifically conferred by law, the Declaration, the Articles of Incorporation and these by-laws, or as may be assigned to them from time to time by the Board of Directors or an officer authorized by the Board of Directors to prescribe the duties of other officers.

Section 7. SALARIES. The salaries of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving a salary by reason of the fact that the officer is also a director of the Association.

Section 8. DELEGATION OF DUTIES. In the absence or disability of any officer of the Association, or for any other reason deemed sufficient by the Board of Directors, the Board may delegate the powers or duties of such officer to any other officer or to any other director for the time being.

Section 9. DISASTER EMERGENCY POWERS OF ACTING OFFICERS. Unless otherwise expressly prescribed by action of the Board of Directors taken pursuant to Article XIX of these by-laws, if, as a result of some catastrophic event, a quorum of the Association's directors cannot readily be assembled and the President is unable



to perform the duties of the office of President and/or other officers are unable to perform their duties, (a) the powers and duties of President shall be held and performed by that officer of the Association highest on the list of successors (adopted by the Board of Directors for such purpose) who shall be available and capable of holding and performing such powers and duties; and, absent any such prior designation, by that Vice President who shall be available and capable of holding and performing such powers and duties whose surname commences with the earliest letter of the alphabet among all such Vice Presidents; or, if no Vice President is available and capable of holding and performing such powers and duties, then by the Secretary; or, if the Secretary is likewise unavailable, by the Treasurer; (b) the officer so selected to hold and perform such powers and duties shall serve as Acting President until the President again becomes capable of holding and performing the powers and duties of President, or until the Board of Directors shall have elected a new President or designated another individual as Acting President; (c) such officer (or the President, if such person is still serving) shall have the power, in addition to all other powers granted to the President by law, the Declaration, the Articles of Incorporation, these by-laws and the Board of Directors, to appoint acting officers to fill vacancies that may have occurred, either permanently or temporarily, by reason of such disaster or emergency, each of such acting appointees to serve in such capacity until the officer for whom the acting appointee is acting is capable of performing the duties of such office, or until the Board of Directors shall have designated another individual to perform such duties or shall have elected or appointed another person to fill such office; (d) each acting officer so appointed shall be entitled to exercise all powers invested by law, the Declaration, the Articles of Incorporation, these by-laws and the Board of Directors in the office in which such person is serving; and (e) anyone transacting business with the Association may rely upon a certificate signed by any two officers of the Association that a specified individual has succeeded to the powers and duties of the President or such other specified office. Any person, firm, corporation or other entity to which such certificate has been delivered by such officers may continue to rely upon it until notified of a change by means of a writing signed by two officers of the Association.

## ARTICLE VII Executive and Other Committees

Section 1. CREATION OF COMMITTEES. The Board of Directors may designate an Executive Committee and one or more other committees, each to consist of two (2) or more of the directors of the Association.

Section 2. EXECUTIVE COMMITTEE. The Executive Committee, if there shall be one, shall consult with and advise the officers of the Association in the management of its business, and shall have,

and may exercise, except to the extent otherwise provided in the resolution of the Board of Directors creating such Executive Committee, such powers of the Board of Directors as can be lawfully delegated by the Board.

Section 3. ARCHITECTURAL COMMITTEE. As provided in the Declaration, the Board of Directors may create an Architectural Committee, composed of three (3) or more persons appointed by the Board, or, in the Board's discretion, the Board from time to time may constitute itself the Architectural Committee. To the extent not inconsistent with the Declaration, the provisions of this Article VII shall apply to the Architectural Committee.

Section 4. OTHER COMMITTEES. Such other committees, to the extent provided in the resolution or resolutions creating them, shall have such functions and may exercise such powers of the Board of Directors as can be lawfully delegated.

Section 5. REMOVAL OR DISSOLUTION. Any committee of the Board of Directors may be dissolved by the Board at any meeting; and any member of such committee may be removed by the Board of Directors with or without cause. Such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 6. VACANCIES ON COMMITTEES. Vacancies on any committee of the Board of Directors shall be filled by the Board of Directors at any regular or special meeting.

Section 7. MEETINGS OF COMMITTEES. Regular meetings of any committee of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by such committee and special meetings of any such committee may be called by any member thereof upon two (2) days notice of the date, time and place of the meeting given to each of the other members of such committee, or on such shorter notice as may be agreed to in writing by each of the other members of such committee, given either personally or in the manner provided in Section 6 of Article V of these by-laws (pertaining to notice for directors' meetings).

Section 8. ABSENCE OF COMMITTEE MEMBERS. The Board of Directors may designate one or more directors as alternate members of any committee of the Board of Directors, who may replace at any meeting of such committee, any member not able to attend.

Section 9. QUORUM OF COMMITTEES. At all meetings of committees of the Board of Directors, a majority of the total number of members of the committee as determined from time to time shall constitute a quorum for the transaction of business.

Section 10. MANNER OF ACTING OF COMMITTEES. If a quorum is present when a vote is taken, the act of a majority of the members

of any committee of the Board of Directors present at the meeting shall be the act of such committee.

Section 11. MINUTES OF COMMITTEES. Each committee of the Board of Directors shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

Section 12. COMPENSATION. Members of any committee of the Board of Directors may be paid compensation in accordance with the provisions of Section 12 of Article V of these by-laws (pertaining to compensation of directors).

Section 13. INFORMAL ACTION. Any committee of the Board of Directors may take such informal action and hold such informal meetings as allowed by the provisions of Sections 14 and 15 of Article V of these by-laws.

#### ARTICLE VIII Indemnification of Directors and Officers

Section 1. GENERAL. To the fullest extent permitted by law, the Association shall indemnify any person who is or was a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or other type of proceeding (other than an action by or in the right of the Association), whether civil, criminal, administrative, investigative or otherwise, and whether formal or informal, by reason of the fact that such person is or was a director or officer of the Association or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against judgments, amounts paid in settlement, penalties, fines (including an excise tax assessed with respect to any employee benefit plan) and expenses (including attorneys' fees, paralegals' fees and court costs) actually and reasonably incurred in connection with any such action, suit or other proceeding, including any appeal thereof, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any such action, suit or other proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interests of the Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. ACTIONS BY OR IN THE RIGHT OF THE ASSOCIATION. To the fullest extent permitted by law, the Association shall indemnify any person who is or was a party, or is threatened to be

made a party, to any threatened, pending or completed action, suit or other type of proceeding (as further described in Section 1 of this Article VIII) by or in the right of the Association to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Association or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees, paralegals' fees and court costs) and amounts paid in settlement not exceeding, in the judgment of the Board of Directors, the estimated expenses of litigating the action, suit or other proceeding to conclusion, actually and reasonably incurred in connection with the defense or settlement of such action, suit or other proceeding, including any appeal thereof, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Association, except that no indemnification shall be made under this Section 2 in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable unless, and only to the extent that, the court in which such action, suit or other proceeding was brought, or any other court of competent jurisdiction, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses that such court shall deem proper.

Section 3. OBLIGATION TO INDEMNIFY. To the extent that a director or officer has been successful on the merits or otherwise in defense of any action, suit or other proceeding referred to in Section 1 or Section 2 of this Article VIII, or in the defense of any claim, issue or matter therein, such person shall, upon application, be indemnified against expenses (including attorneys' fees, paralegals' fees and court costs) actually and reasonably incurred by such person in connection therewith.

Section 4. DETERMINATION THAT INDEMNIFICATION IS PROPER. Indemnification pursuant to Section 1 or Section 2 of this Article VIII, unless made under the provisions of Section 3 of this Article VIII or unless otherwise made pursuant to a determination by a court, shall be made by the Association only as authorized in the specific case upon a determination that the indemnification is proper in the circumstances because the indemnified person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII. Such determination shall be made either (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the action, suit or other proceeding to which the indemnification relates; (2) if such a quorum is not obtainable or, even if obtainable, by majority vote of a committee duly designated by the Board of Directors (the designation being one in which directors who are parties may participate) consisting solely of two or more directors not at the

time parties to such action, suit or other proceeding; (3) by independent legal counsel (i) selected by the Board of Directors in accordance with the requirements of subsection (1) or by a committee designated under subsection (2), or (ii) if a quorum of the directors cannot be obtained and a committee cannot be designated, selected by majority vote of the full Board of Directors (the vote being one in which directors who are parties may participate); or (4) by the members of the Association by a majority vote of a quorum consisting of votes of the members of the Association who were not parties to such action, suit or other proceeding or, if no such quorum is obtainable, by a majority vote of the votes cast by the members of the Association who were not parties to such action, suit or other proceeding.

Section 5. EVALUATION AND AUTHORIZATION. Evaluation of the reasonableness of expenses and authorization of indemnification shall be made in the same manner as is prescribed in Section 4 of this Article VIII for the determination that indemnification is permissible; provided, however, that if the determination as to whether indemnification is permissible is made by independent legal counsel, the persons who selected such independent legal counsel shall be responsible for evaluating the reasonableness of expenses and may authorize indemnification.

Section 6. PREPAYMENT OF EXPENSES. Expenses (including attorneys' fees, paralegals' fees and court costs) incurred by a director or officer in defending a civil or criminal action, suit or other proceeding referred to in Section 1 or Section 2 of this Article VIII shall be paid by the Association in advance of the final disposition thereof upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if such person is ultimately found not to be entitled to indemnification by the Association pursuant to this Article VIII.

Section 7. NONEXCLUSIVITY AND LIMITATIONS. The indemnification and advancement of expenses provided pursuant to this Article VIII shall not be deemed exclusive of any other rights to which a person may be entitled under any law, by-law, agreement, vote of the members of the Association or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in any other capacity while holding office with the Association, and shall continue as to any person who has ceased to be a director or officer and shall inure to the benefit of such person's heirs and personal representatives. The Board of Directors may, at any time, approve indemnification of or advancement of expenses to any other person that the Association has the power by law to indemnify, including, without limitation, employees and agents of the Association. In all cases not specifically provided for in this Article VIII, indemnification or advancement of expenses shall not be made to the extent that such indemnification or advancement of expenses is expressly prohibited by law.

Section 8. CONTINUATION OF INDEMNIFICATION RIGHT. Unless expressly otherwise provided when authorized or ratified by the Association, indemnification and advancement of expenses as provided for in this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, and administrators of such person. For purposes of this Article VIII, the term "Association" includes, in addition to the resulting Association, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger, so that any person who is or was a director or officer of a constituent corporation, or is or was serving at the request of a constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, is in the same position under this Article VIII with respect to the resulting or surviving Association as such person would have been with respect to such constituent corporation if its separate existence had continued.

Section 9. INSURANCE. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or who is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against the liability under Section 1 or Section 2 of this Article VIII.

#### ARTICLE IX Interested Parties

Section 1. GENERAL. No contract or other transaction between the Association and any one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested shall be either void or voidable because of such relationship or interest, because such director or directors were present at the meeting of the Board of Directors or of a committee thereof which authorizes, approves or ratifies such contract or transaction or because such director's vote is, or directors votes are, counted for such purpose if: (a) the fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; (b) the fact of such relationship or interest is disclosed or known to the members of the Association entitled to vote on the matter, and they authorize, approve or ratify such contract or transaction by vote or written consent; or (c) the contract or transaction is fair

and reasonable as to the Association at the time it is authorized by the Board of Directors, a committee thereof or the members.

Section 2. DETERMINATION OF QUORUM. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies a contract or transaction referred to in Section 1 of this Article IX.

Section 3. APPROVAL BY MEMBERS. For purposes of Section 1(b) of this Article IX, a conflict of interest transaction shall be authorized, approved or ratified if it receives a majority of the votes cast by the members entitled to vote under this Section 3. The vote of members representing Lots owned by or voted under the control of a director who has a relationship or interest in the transaction described in Section 1 of this Article IX may not be counted in a vote of members to determine whether to authorize, approve or ratify a conflict of interest transaction under Section 1(b) of this Article IX. The vote of members representing Lots owned by or voted under the control of a director who has a relationship or interest in the transaction described in Section 1 of this Article IX, shall be counted, however, in determining whether the transaction is approved under other sections of the Association's by-laws and applicable law. A majority of the votes that would be entitled to be cast by both classes of members, if present, in a vote on the transaction under this Section 3 shall constitute a quorum for the purpose of taking action under this Section 3.

#### ARTICLE X Record Date

The Board of Directors is authorized from time to time to fix in advance a date, not more than seventy (70) nor less than ten (10) days before the date of any meeting of the members of the Association, a date in connection with the obtaining of the consent of members for any purpose, or the date of any other action requiring a determination of the members, as the record date for the determination of the members entitled to notice of and to vote at any such meeting and any adjournment thereof (unless a new record date must be established by law for such adjourned meeting), or of the members entitled to give such consent or take such action, as the case may be. In no event may a record date so fixed by the Board of Directors precede the date on which the resolution establishing such record date is adopted by the Board of Directors. Only those members listed as members of record as of the close of business on the date so fixed as the record date shall be entitled to notice of and to vote at such meeting and any adjournment thereof, or to exercise such rights or to give such consent, as the case may be. If the Board of Directors fails to establish a record date as provided herein, the record date shall be deemed to be the date ten (10) days prior to the date of the members' meeting.

ARTICLE XI  
Fiscal Year

The fiscal year of the Association shall be the period selected by the Board of Directors as the taxable year of the Association for federal income tax purposes, unless the Board of Directors specifically establishes a different fiscal year.

ARTICLE XII  
Agents and Representatives

The Board may appoint such agents and representatives of the Association with such powers and to perform such acts or duties on behalf of the Association as the Board may see fit, so far as may be consistent with these by-laws to the extent authorized or permitted by law.

ARTICLE XIII  
Exempt Activities

Notwithstanding any other provisions of these by-laws, no trustee, officer, employee or representative of the Association shall take any action or carry on any activity by or on behalf of the Association not permitted to be taken or carried on by an organization exempt under Section 528 of the Internal Revenue Code of 1986, as amended, or any statute of similar import (the "Code") and the regulations issued thereunder.

ARTICLE XIV  
Assessments

As more fully addressed in the Declaration, each member of the Association is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made.

ARTICLE XV  
Seal

The corporate seal shall have the name of the Association, the word "SEAL" and the year of incorporation inscribed thereon, and may be a facsimile, engraved, printed or impression seal. An impression of said seal appears on the margin hereof.



ARTICLE XVI  
Stock or Membership in Other Corporations

Shares of stock or membership in other corporations held by the Association shall be voted by such officer or officers or other agent of the Association as the Board of Directors shall from time to time designate for the purpose or by a proxy thereunto duly authorized by said Board.

ARTICLE XVII  
Amendments

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the Board of Directors; provided that any by-law or amendment thereto as adopted by the Board of Directors may be altered, amended or repealed by vote of the members of the Association entitled to vote thereon, or a new by-law in lieu thereof may be adopted by the members of the Association, and the members of the Association may prescribe in any by-law made by them that such by-law shall not be altered, amended or repealed by the Board of Directors; provided further that at no time shall the by-laws conflict with the Articles of Incorporation or the Declaration. Notwithstanding the foregoing, the Federal Housing Administration and the Veterans Administration shall have the right to veto any amendments to these by-laws as long as there is a Class B membership.

ARTICLE XVIII  
Declaration

The provisions of these by-laws are supplemented by the Declaration. The provisions of the Declaration, the Articles of Incorporation and these by-laws are intended to be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflicts necessarily result, however, the provisions of the Declaration shall take precedence over and supersede the provisions of these by-laws and the Articles of Incorporation.

ARTICLE XIX  
Emergency By-laws

Section 1. SCOPE OF EMERGENCY BY-LAWS. The emergency by-laws provided in this Article XIX shall be operative during any emergency, notwithstanding any different provision set forth in the preceding articles hereof or the Articles of Incorporation. For purposes of the emergency by-law provisions of this Article XIX, an emergency shall exist if a quorum of the Association's directors cannot readily be assembled because of some catastrophic event. To the extent not inconsistent with the provisions of this Article, the by-laws provided in the preceding Articles shall remain in

effect during such emergency and upon termination of such emergency, these emergency by-laws shall cease to be operative.

Section 2. CALL AND NOTICE OF MEETING. During any emergency, a meeting of the Board of Directors may be called by any officer or director of the Association. Notice of the date, time and place of the meeting shall be given by the person calling the meeting to such of the directors as it may be feasible to reach by any available means of communication. Such notice shall be given at such time in advance of the meeting as circumstances permit in the judgment of the person calling the meeting.

Section 3. QUORUM AND VOTING. At any such meeting of the Board of Directors, a quorum shall consist of any one or more directors, and the act of the majority of the directors present at such meeting shall be the act of the Association.

Section 4. APPOINTMENT OF TEMPORARY DIRECTORS.

(a) The director or directors who are able to be assembled at a meeting of directors during an emergency may assemble for the purpose of appointing, if such directors deem it necessary, one or more temporary directors (the "Temporary Directors") to serve as directors of the Association during the term of any emergency.

(b) If no directors are able to attend a meeting of directors during an emergency, then such members of the Association as may reasonably be assembled shall have the right, by majority vote of the votes entitled to be cast by those assembled, to appoint Temporary Directors to serve on the Board of Directors until the termination of the emergency.

(c) If no members of the Association can reasonably be assembled in order to conduct a vote for Temporary Directors, then the President or his successor, as determined pursuant to Section 9 of Article VI herein shall be deemed a Temporary Director of the Association, and such President or his successor, as the case may be, shall have the right to appoint additional Temporary Directors to serve with him on the Board of Directors of the Association during the term of the emergency.

(d) Temporary Directors shall have all of the rights, duties and obligations of directors appointed pursuant to Article V hereof, provided, however, that a Temporary Director may be removed from the Board of Directors at any time by the person or persons responsible for appointing such Temporary Director, or by vote of the majority of the votes entitled to be cast by the members of the Association present at any meeting of the members of the Association during an emergency, and, in any event, the Temporary Director shall automatically be deemed to have resigned from the Board of Directors upon the termination of the emergency in connection with which the Temporary Director was appointed.

Section 5. MODIFICATION OF LINES OF SUCCESSION. During any emergency, the Board of Directors may provide, and from time to time modify, lines of succession different from that provided in Section 9 of Article VI in the event that during such an emergency any or all officers or agents of the Association shall for any reason be rendered incapable of discharging their duties.

Section 6. CHANGE OF PRINCIPAL OFFICE. The Board of Directors may, either before or during any such emergency, and effective during such emergency, change the principal office of the Association or designate several alternative head offices or regional offices, or authorize the officers of the Association to do so.

Section 7. LIMITATION OF LIABILITY. No officer, director or employee acting in accordance with these emergency by-laws during an emergency shall be liable except for willful misconduct.

Section 8. REPEAL AND CHANGE. These emergency by-laws shall be subject to repeal or change by further action of the Board of Directors or by action of the members of the Association, but no such repeal or change shall modify the provisions of Section 7 above with regard to actions taken prior to the time of such repeal or change. Any amendment of these emergency by-laws may make any further or different provision that may be practical or necessary under the circumstances of the emergency.