
BYLAWS

OF

GARDEN LAKES MANOR ASSOCIATION

INDEX TO BYLAWS

		<u>Page</u>
ARTICLE I	DEFINITIONS.	1
Section 1	<u>Association</u>	1
Section 2	<u>Common Area</u>	1
Section 3	<u>Declaration</u>	1
Section 4	<u>Developer</u>	1
Section 5	<u>Lot</u>	1
ARTICLE II	OFFICES AND CORPORATE SEAL	2
Section 1	<u>Principal Office</u>	2
Section 2	<u>Other Offices</u>	2
Section 3	<u>Corporate Seal</u>	2
ARTICLE III	MEMBERS.	2
Section 1	<u>Membership</u>	2
Section 2	<u>Place of Members Meetings</u>	3
Section 3	<u>Annual Members Meetings</u>	3
Section 4	<u>Special Meetings of Members</u>	3
Section 5	<u>Notice of Members Meetings</u>	3
Section 6	<u>QUORUM</u>	4
Section 7	<u>Voting</u>	5
Section 8	<u>Freezing of List of Members</u> <u>or Fixing of Record Date</u>	5
Section 9	<u>Action Without Meeting</u>	6

		<u>Page</u>
Section 10	<u>Waiver of Notice</u>	7
Section 11	<u>Assessments</u>	7
Section 12	<u>Suspension</u>	7
ARTICLE IV	DIRECTORS	8
Section 1	<u>Election</u>	8
Section 2	<u>Number</u>	9
Section 3	<u>Vacancies</u>	9
Section 4	<u>Annual Board Meetings</u>	9
Section 5	<u>Special Board Meetings</u>	10
Section 6	<u>Notice of Board Meetings</u>	10
Section 7	<u>Quorum</u>	10
Section 8	<u>Action Without a Meeting</u>	11
Section 9	<u>Powers</u>	11
Section 10	<u>Removal and Resignation of Directors</u>	12
Section 11	<u>Place of Board Meetings</u>	13
Section 12	<u>Waiver of Notice</u>	13
Section 13	<u>Committees of the Board</u>	13
Section 14	<u>Compensation</u>	14
ARTICLE V	OFFICERS	14
Section 1	<u>Designation of Titles</u>	14
Section 2	<u>Election, Term of Office, Qualification</u>	14

		<u>Page</u>
ARTICLE X	CONTRACTS, LOANS, CHECKS AND DEPOSITS. . .	22
Section 1	<u>Contracts</u>	22
Section 2	<u>Loans</u>	23
Section 3	<u>Checks, Drafts, etc.</u>	23
Section 4	<u>Deposits</u>	23
ARTICLE XI	VOTING UPON SHARES OF OTHER CORPORATIONS	23
ARTICLE XII	PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS	24
ARTICLE XIII	REPEAL, ALTERATION OR AMENDMENT.	25
Section 1	<u>Amendment</u>	25
Section 2	<u>Conflicts</u>	25

BYLAWS
OF
GARDEN LAKES MANOR ASSOCIATION

ARTICLE I

DEFINITIONS

SECTION 1. Association. The "Association" shall mean and refer to GARDEN LAKES MANOR ASSOCIATION, a nonprofit corporation organized and existing under and by virtue of the laws of the State of Arizona.

SECTION 2. Common Area. "Common Area" shall be synonymous with the term "Common Area" as defined in the Declaration.

SECTION 3. Declaration. The "Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions for Garden Lakes Manor recorded at Recorder's No. 86-342625 in the office of the Maricopa County, Arizona Recorder, as said document may be amended from time to time.

SECTION 4. Developer. "Developer" shall be synonymous with the term "Developer" as defined in the Declaration.

SECTION 5. Lot. "Lot" shall be synonymous with that term as used and defined in the Declaration.

ARTICLE II

OFFICES AND CORPORATE SEAL

SECTION 1. Principal Office. The Association shall maintain its principal office and known place of business at 4820 South Mill Avenue, Tempe, Arizona 85282.

SECTION 2. Other Offices. The Association may also maintain offices and places for conducting business at such other place or places, both within and without the State of Arizona, as may be designated from time to time by the Board of Directors (hereinafter sometimes called "the board"), and the business of the Association may be transacted at such other offices with the same effect as that conducted at the principal office.

SECTION 3. Corporate Seal. A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Association, but nevertheless if in any instance a corporate seal be used, the same shall be a circle having on the circumference thereof the name of the Association and in the center the words "corporate seal," the year incorporated, and the state where incorporated.

ARTICLE III

MEMBERS

SECTION 1. Membership. The members of the Association shall be determined in the manner set forth in the Declaration.

SECTION 2. Place of Members Meetings. The annual meetings of members shall be held at 4820 South Mill Avenue, Tempe, Arizona 85282, or at such other place as may be fixed from time to time by the board, or in the absence of direction by the board, by the president or secretary of the Association, and shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 3. Annual Members Meetings. The annual meeting of the members shall be held on the second Thursday of October in each year, commencing Thursday, October 9, 1986, or if that day shall be a legal holiday, then on the next succeeding business day, or at such other date and time as shall be designated from time to time by the board and stated in the notice of the meeting. At the annual meeting, members shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 4. Special Meetings of Members. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by Arizona statute or by the Declaration or the Articles of Incorporation, may be called by the president or by a majority of the directors or by members having at least one-quarter (1/4) of all Class "A" votes.

SECTION 5. Notice of Members Meetings. Written notice of the annual meeting stating the place, date and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given,

either personally or by mail, not less than ten (10) nor more than fifty (50) days before the date of the meeting to each member in good standing. Each member shall register his address with the secretary, and notices of meetings shall, if mailed, be mailed to him at such address. If mailed, such notice shall be deemed to be delivered when mailed. Business transacted at any special meeting of members shall be limited to the purposes stated in the notice unless determined otherwise by a unanimous vote of the members present at such meeting.

SECTION 6. Quorum. At any meeting of members of the Association the presence, in person or by valid proxy, of members holding ten percent (10%) of the votes in each class of members shall be necessary to constitute a quorum for all purposes except as otherwise provided by the Articles of Incorporation, the Declaration or applicable law, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the full membership except as provided in Article XIII, Section 1 hereof and except as may be otherwise provided by Arizona statute, these Bylaws, the Articles of Incorporation or the Declaration. In the absence of a quorum, or when a quorum is present, a meeting may be adjourned from time to time by vote of members holding a majority of the votes represented at such meeting, whether in person or by valid proxy, without notice other than by announcement at the meeting of the time and place of the adjourned meeting and without further notice to any absent mem-

bers, provided, however, that if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each member in good standing. 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 7. Voting. Each membership shall be entitled to the voting rights set forth in the Declaration. Unless otherwise required by Arizona law, cumulative voting shall not be permitted. At every meeting of members each member in good standing shall be entitled to vote in person, or by proxy duly appointed by instrument in writing which is subscribed by such member and which bears a date not more than eleven (11) months prior to such meeting, unless such instrument provides for a longer period not to exceed twenty-five (25) months from the date of its execution. The vote for directors and upon any question before the members at a meeting shall be by voice vote, except that, upon demand of any ten (10) or more members, a vote may be taken by ballot. All elections shall be had and all questions decided by a majority vote of the persons present in person or by proxy (except as otherwise provided herein or by Arizona statute, the Declaration or the Articles of Incorporation).

SECTION 8. Freezing of List of Members or Fixing of Record Date. For the purpose of determining members entitled to notice of or to vote at any meeting of members or any

adjournment thereof, or in order to make a determination of members for any other proper purpose, the board may provide that the list of members shall be frozen for a stated period not to exceed ten (10) days. If the list of members shall be frozen for the purpose of determining members entitled to notice of or to vote at a meeting of members, such list shall be frozen for not more than ten (10) days immediately preceding such meeting. In lieu of freezing the list of members, the board may fix in advance a date as the record date for any such determination of members, such date in any case to be not more than ten (10) days prior to the date of the particular meeting of members or the date on which the particular action, requiring such determination of members, is to be taken, as applicable. If the list of members is not frozen and no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, the record date for such determination of members shall be four o'clock in the afternoon on the day before the day on which notice of the meeting is mailed. When a determination of members entitled to vote at any meeting of members has been made as provided in this section, such determination shall apply to any adjournment thereof.

SECTION 9. Action Without Meeting. Any action required or permitted to be taken at any annual or special meeting of members may be taken without a meeting, without prior notice, and without a vote, if a consent in writing,

setting forth the action so taken, shall be signed by all the members.

SECTION 10. Waiver of Notice. Whenever any notice is required to be given to any member of the Association under the provisions of the Articles of Incorporation, these Bylaws, the Declaration, any provision of the Arizona Revised Statutes, or otherwise, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 11. Assessments. The ~~rights of membership~~ are subject to the payment of annual (general) and special assessments levied by the Association, the obligation of which assessments is imposed against the owner of each Lot and becomes a lien upon the Lot against which such assessments are made as provided in the Declaration.

SECTION 12. Suspension. As more particularly provided in the Declaration, certain membership rights of the owner of any Lot may be suspended by action of the board when assessments pertaining to the Lot remain unpaid (as well as for other violations or breaches of the Declaration, the Articles of Incorporation, these Bylaws and the rules and regulations

adopted by the board); but, upon payment of such assessments, (together with any and all interest, late charges or similar fees or charges permitted or required pursuant to these Bylaws, the Declaration or the Articles of Incorporation or upon the cure or correction of such other violations or breaches), the suspended rights and privileges of such owner shall be automatically restored.

ARTICLE IV

DIRECTORS

SECTION 1. Election. The business and affairs of the Association shall be managed, conducted and controlled by the Board of Directors (sometimes referred to in these Bylaws as "the board"). Except as provided in Section 3 of this Article IV, each director shall be elected for a one (1) year term and shall be elected at the annual meeting of members concurrent with the expiration of the term of the director he or she is to succeed, and, except as otherwise provided in these Bylaws, shall hold office until his or her successor is elected and qualified. Nothing herein shall be construed to prevent the election by the members of any person or persons to two or more terms as director, whether or not such terms shall be consecutive. No person shall be eligible for election as a director who is not at the time of election a member of the Association, except such persons as may be designated from time to time by Developer or by a corporate, partnership or other

non-individual owner (or seller under a recorded contract) of a Lot. If, after election: (a) any director (except for a director designated by Developer or by a corporate, partnership or other non-individual owner [or seller under a recorded executory contract] of a Lot) ceases to be a member, his office shall become vacant; or (b) a corporate, partnership or other non-individual owner (or seller under a recorded executory contract) of a Lot ceases to be a member, any director serving by virtue of having been designated by such corporate, partnership or other non-individual owner (or seller under a recorded executory contract) of a Lot shall thereupon no longer be a director and his office shall become vacant.

SECTION 2. Number. The number of directors which shall constitute the whole board shall be three, provided that, at any time after the Class "B" ~~membership~~ ceases to exist (as provided in the Declaration), such number may be increased to a total not to exceed seven (7) directors upon the affirmative vote of members holding a majority of all Class "A" votes represented in person or by proxy at any annual meeting of members or at a special meeting of members called for such purpose.

SECTION 3. Vacancies. Vacancies (and newly created directorships resulting from any increase in the authorized number of directors, if such newly created directorships are not filled by a vote of the members at the meeting at which the increase in the number of directors was approved) may be filled by the affirmative vote of a majority of the remaining

directors then in office, or by a sole remaining director, and the directors so chosen shall hold office, in the case of a vacancy, for the remaining term of their predecessors (or, in the case of an increase in the authorized number of directors, until the following annual meeting of members). If there are no directors in office, any officer or member may call a special meeting of members for the purpose of electing the board of directors.

SECTION 4. Annual Board Meetings. Within thirty (30) days after each annual meeting of members, the newly elected directors shall meet forthwith for the purpose of organization, the election of officers, and the transaction of other business and, if a quorum of the directors be then present, no prior notice of such meeting shall be required to be given. The place and time of such first meeting may, however, be changed by written consent of all the directors.

SECTION 5. Special Board Meetings. Special meetings of the board may be called by the president or secretary and must be called by either of them on the written request of any member of the board.

SECTION 6. Notice of Board Meetings. Notice of all meetings of the board, except as herein otherwise provided, shall be given by mailing the same at least three (3) days or by telegraphing the same at least one (1) day before the meeting to the usual business or residence address of each of the directors, but such notice may be waived by any director.

Regular meetings of the board may be held without notice at such time and place as may be determined by the board. Any business may be transacted at any meeting of the board.

Attendance of a person at a meeting shall constitute waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 7. Quorum. One-half (1/2) of the number of the directors then serving shall constitute a quorum at a meeting of the board (except that if three (3) directors be then serving, a quorum shall be two (2), and if one (1) director be then serving, a quorum shall be one (1)). If at any meeting there is less than a quorum present, the directors present may adjourn the meeting from time to time without further notice to any absent director.

SECTION 8. Action Without a Meeting. Unless otherwise restricted by the Articles of Incorporation or by these Bylaws, any action required or permitted to be taken at any meeting of the board or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

SECTION 9. Powers. The board shall have power:

- a. To elect and remove the officers of the Association as hereinafter provided.
- b. To administer the affairs of the Association and the Common Area to the extent permitted by applicable law, the Articles of Incorporation, these Bylaws and the Declaration.
- c. To engage the services of a manager or managing agent who shall manage and operate the Common Area for all of the members upon such terms and for such compensation and with such authority as the board may approve.
- d. To formulate policies for the administration, management and operation of the Common Area.
- e. To provide for the operation, maintenance, repair and replacement of the Common Area and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent.
- f. To provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Common Area, and to delegate any such powers to the manager or managing agent (and any such employees or other personnel who may be the employees of a managing agent).
- g. To appoint or dissolve committees of the board, to remove any director from a committee at any time, and

to delegate to such committees the board's authority to carry out certain duties of the board.

h. To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the owners their respective shares of such estimated expenses, as more particularly provided herein and in the Declaration and the Articles of Incorporation.

i. To exercise all of the rights, powers and duties granted to it by the Declaration.

j. Unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the owners as expressed in a resolution duly adopted at any annual or special meeting of the members.

k. To exercise for the Association all other powers, duties and authority vested in or delegated to the Association.

SECTION 10. Removal and Resignation of Directors.

Any director or the entire board may be removed, with or without cause, by a majority vote of all members of the Association. Any director may resign upon written notice to the board.

SECTION 11. Place of Board Meetings. The board of the Association shall hold meetings, both regular and special, in Maricopa County, Arizona, or at such other place or places, and such meetings may be held by means of conference telephone or similar communications equipment by means of which all per-

sons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 11 shall constitute presence in person at such meeting.

SECTION 12. Waiver of Notice. Whenever any notice is required to be given to any director of the Association under the provisions of the Articles of Incorporation, these Bylaws, the Declaration, any provisions of the Arizona Revised Statutes or otherwise, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

SECTION 13. Committees of the Board. The board by resolution, adopted by a majority of the full board, may designate from among its members an executive committee and one or more other committees each of which, to the extent provided in such resolution and permitted by law, shall have and may exercise all the authority of the board. The board, with or without cause, may dissolve any such committee or remove any member thereof at any time. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the board, or any member thereof, of any responsibility imposed by law.

SECTION 14. Compensation. Directors shall receive no compensation for their services unless expressly provided for in a resolution duly adopted by members holding, personally

or by valid proxy, a majority of the votes then entitled to be cast at a meeting expressly called for that purpose.

ARTICLE V

OFFICERS

SECTION 1. Designation of Titles. The officers of the Association shall be chosen by the board and shall be a president, a vice president, a secretary and a treasurer. The board may also choose a chairman of the board. No person may hold, at any time, more than one of such offices, except that the offices of secretary and treasurer may be held by the same person, and except that, as provided in Section 7 below, if the board shall not have appointed a chairman of the board, or if an appointed chairman is not serving or is absent, the president shall preside at meetings of the board. A person may, if duly elected or appointed to both positions, serve concurrently as both an officer and a director.

SECTION 2. Election, Term of Office.

Qualification. The executive officers of the Association shall be chosen annually by a majority of the board, each thereof to hold office for one year or until his successor shall have been duly chosen and shall qualify, or until his death or until he shall resign, or shall have been removed in the manner hereinafter provided. No person shall be eligible for election as an officer who is not at the time of election a member of the Association, except such persons as may be designated from time

to time by Developer, or by a corporate, partnership or other non-individual owner (or seller under a recorded executory contract) of a Lot. If, after election: (a) any officer (except for an officer designated by Developer or by a corporate, partnership or non-individual owner [or seller under a recorded executory contract] of a Lot) ceases to be a member, his office shall become vacant; or (b) a corporate, partnership or other non-individual owner (or seller under a recorded executory contract) of a Lot ceases to be a member, any officer serving by virtue of having been designated by such corporate, partnership or other non-individual owner (or seller under a recorded executory contract) of a Lot shall thereupon no longer be an officer and his office shall become vacant.

SECTION 3. Subordinate Officers, Agents or Employees. The board may appoint such subordinate officers, agents or employees as the board may deem necessary or advisable, including one or more additional vice presidents, one or more assistant treasurers and one or more assistant secretaries, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the board may from time to time determine. The board may delegate to any executive officer or to any committee the power to appoint any such additional officers, agents or employees. Notwithstanding the foregoing, no assistant treasurer shall have power or authority to collect, account for, or

pay over any tax imposed by any federal, state or city government.

SECTION 4. Removal. Any officer or agent may be removed by the board whenever in its judgment the best interests of the Association will be served thereby. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 5. Vacancies. A vacancy in any office, because of death, resignation, removal or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed in Sections 2 and 3 of this Article V for election or appointment to such office.

SECTION 6. Chairman of the Board. The chairman of the board, if one shall have been appointed and be serving, shall preside at all meetings of the board and shall perform such other duties as from time to time may be assigned to him.

SECTION 7. The President. The president shall preside at all meetings of members, and if a chairman of the board shall not have been appointed or, having been appointed, shall not be serving or be absent, the president shall preside at all meetings of the board. The president shall be the principal executive officer of the Association and, subject to the control of the board, shall in general supervise and control all of the business and affairs of the Association. He may sign, with the secretary or any other proper officer of the Association thereunto authorized by the board, deeds, mort-

gages, bonds, contracts or other instruments which the board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the board from time to time.

SECTION 8. Vice President. The vice president shall have such powers and perform such duties as the board or the president may from time to time prescribe and shall perform such other duties as may be prescribed by these Bylaws. At the request of the president, or in case of his absence or inability to act, the vice president shall perform the duties of the president, and when so acting shall have all powers of, and be subject to all the restrictions upon, the president.

SECTION 9. The Treasurer. The treasurer shall be responsible for the charge and custody of funds and securities of the Association, keeping full and accurate accounts of receipts and disbursements in books belonging to the Association and depositing all moneys and other valuable effects in the name of and to the credit of the Association in such banks and other depositories as may be designated by the board; he shall be responsible for disbursing the funds of the Association as may be ordered by the board, taking proper vouchers for such disbursements, and rendering to the president

and to the directors at the regular meetings of the board (or whenever they may require it) a statement of all financial transactions and an account of the financial condition of the Association; and, in general, he shall perform all the duties incident to the office of treasurer and such other duties as may from time to time be assigned to him by the board.

SECTION 10. The Secretary. The secretary shall act as secretary of, and keep the minutes of, all meetings of the board and of the members; he shall cause to be given notice of all meetings of the members and directors; he shall be custodian of the corporate seal (if any) and shall affix the seal, or cause it to be affixed, to all proper instruments when deemed advisable by him; he shall have charge of the books, records and papers of the Association relating to its organization as a corporation, and shall see that the reports, statements and other documents required by law are properly kept or filed; and he shall in general perform all the duties incident to the office of secretary. He shall also have such powers and perform such duties as are assigned to him by these Bylaws, and he shall have such other powers and perform such other duties, not inconsistent with these Bylaws, as the board shall from time to time prescribe.

SECTION 11. Compensation. The officers shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by a majority of the

members then entitled to vote at a meeting expressly called for that purpose.

SECTION 12. Bonding. The board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE VI

ASSESSMENTS

SECTION 1. Annual Budget and Assessments. The board shall prepare budgets and fix and levy assessments as more particularly described and required in the Declaration and, in particular, in Article VIII of the Declaration:

SECTION 2. Annual Report. As soon as shall be practicable after the end of each fiscal year the board shall prepare a statement for such year so ended showing the receipts and expenditures and such other information as the board may deem desirable. This statement will be available for review in the offices of the Association.

SECTION 3. Supplemental Budget. In the event that during the course of any year it shall appear to the board that the assessments determined in accordance with the estimated annual budget for such year are insufficient or inadequate to cover the estimated common expenses for the remainder of the year, then the board shall prepare and approve a supplemental

budget covering said remainder of the year, which supplemental budget shall be furnished to each owner and thereupon a supplemental assessment shall be made to each owner for his proportionate share of such supplemental budget. The provisions hereof shall at all times be subject to the applicable provisions of the Declaration.

SECTION 4. Capital Expenditures. Except as otherwise provided in the Declaration, the board shall not approve any capital expenditure (as opposed to a maintenance expense) in excess of \$20,000.00 without the prior approval at a duly convened meeting of members by members holding two-thirds (2/3) of the votes represented, personally or by valid proxy, at such meeting.

SECTION 5. Lien. Each owner of a Lot shall be personally obligated to pay promptly and fully every assessment (including any interest and costs of collection) properly levied by the Association, and the Association shall be entitled to a lien on each Lot to secure payment thereof, all in accordance with the provisions of the Declaration. The Association and the board shall have the authority to exercise and enforce any and all rights and remedies as may be provided in the Declaration or these Bylaws or as may otherwise be available at law or in equity for the collection of all unpaid assessments.

SECTION 6. Records and Statement of Account. The board shall cause to be kept detailed and accurate records of

the receipts and expenditures affecting the Common Area specifying and itemizing the common expenses incurred. Payment vouchers may be approved in such manner as the board may determine. The board shall, upon receipt of ten (10) days notice to it or the Association and upon payment of a reasonable fee, furnish any owner a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such owner.

SECTION 7. Discharge of Liens. The board may cause the Association to discharge any mechanics' lien or other encumbrance which in the opinion of the board may constitute a lien against the Common Area, rather than against a particular Lot only. When less than all of the owners are responsible for the existence of any such lien, the owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including, without limitation, attorneys' fees incurred by reason of or in connection with such lien.

ARTICLE VII.

PARLIAMENTARY RULES

The proceedings of all meetings of the members of the board and any committees of the board shall be governed and conducted according to the latest edition of Robert's Manual of Parliamentary Rules.

ARTICLE VIII

RESIGNATIONS

Any member, director or other officer may resign his office at any time by giving written notice of his resignation to the president or the secretary of the Association. Such resignation shall take effect at the time specified therein or, if no time be specified therein, at the time of the receipt thereof, and the acceptance thereof shall not be necessary to make it effective.

ARTICLE IX

FISCAL YEAR

The fiscal year of the Association shall be from January 1 to December 31.

ARTICLE X

CONTRACTS, LOANS, CHECKS AND DEPOSITS.

SECTION 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. No contract or other transaction between the Association and one or more of its directors or between the Association and any corporation, firm or association in which one or more of the directors of the Association are directors, or are financially interested, is void or void-

able because such director or directors are present at the meeting of the board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

SECTION 2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board. No loan approved by the board in an amount in excess of \$20,000.00 shall be contracted until approved at a duly convened meeting of members by members holding two-thirds (2/3) of the votes represented, personally or by valid proxy, at such meeting.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the board.

SECTION 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to

the credit of the Association in such banks, trust companies or other depositories as the board may elect.

ARTICLE XI

VOTING UPON SHARES OF OTHER CORPORATIONS

Unless otherwise ordered by the board, the president shall have full power and authority on behalf of the Association to vote either in person or by proxy at any meeting of shareholders of any corporation in which the Association may hold shares or membership(s), and at any such meeting may possess and exercise all of the rights and powers incident to the ownership of such shares or membership(s) which, as the owner thereof, the Association might have possessed and exercised if present. The board may confer like powers upon any other person and may revoke any such powers as granted at its pleasure.

ARTICLE XII

PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS

None of the net earnings or pecuniary profit from the operations of the Association shall at any time inure to any member, director, officer or employee of or member of a committee of or person connected with the Association, or any other private individual, provided that this shall not prevent the payment to any such person of such reasonable compensation for

services rendered to or for the Association in effecting any of its purposes (other than as a director or officer, subject to Article IV, Section 14 and Article V, Section 11 hereof) as shall be fixed by the board and other payments and disbursements may be made in furtherance of one or more of its purposes. To the extent that members receive a benefit from the general maintenance, acquisition, construction, management and care of the Common Area, this benefit shall not constitute an inurement; to the extent a rebate of excess dues, fees and assessments (and not net earnings) is paid to members, such payment shall not constitute an inurement.

ARTICLE XIII

REPEAL, ALTERATION OR AMENDMENT

SECTION 1. Amendment. These Bylaws may be repealed, altered or amended, or substitute Bylaws may be adopted, only in accordance with the procedure set forth in Article 12 of the Articles of Incorporation or except as may otherwise be provided by the Articles of Incorporation or by applicable law, provided, however, that any matter stated herein to be or which is in fact governed by the Declaration may not be amended except as provided in such Declaration.

SECTION 2. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control, and in the case of any