

# **CRYSTAL CREEK HOMEOWNERS ASSOCIATION**

## **BY-LAWS**

### **ARTICLE I**

#### **ADOPTION OF DECLARATION OF RESTRICTIONS**

The Declaration of Easements, Covenants and Restrictions for Crystal Creek Subdivision (herein called the "Declaration") recorded in Liber 3143, Pages 104 through 127, Washtenaw County Records, as the same has been and may be further amended from time to time, is hereby incorporated by reference and adopted in its entirety as a part of the By-laws of the Crystal Creek Homeowners Association.

### **ARTICLE II**

#### **DEFINITIONS**

Words used in these By-laws which are defined in Article I of the Declaration shall have the same meaning as set forth in the Declaration. The word "Declarant" as used in these By-laws shall mean Tri-Mount/Crystal Creek Development Co., Inc., a Michigan corporation, its successors and assigns. The word "Subdivision" wherever appearing shall mean Crystal Creek Subdivision No. 1 and all other subdivisions brought within the scope of the Declaration by amendment thereof at any time or from time to time.

### **ARTICLE III**

#### **MEMBERSHIP**

Each owner of a "Lot" on which a residence has been constructed in Crystal Creek Subdivision No. 1 and in any other developments of Lots, the occupants of which are entitled to use the same Common Area or Areas as the Owners of the Subdivision by virtue of the Declaration or any amendment thereto, shall simultaneously with the acquisition of title to a Lot automatically become and be a Member of the Association. The Declarant shall be and remain a Member of the Association until all Lots which are or may be benefitted by or subjected to the Declaration have been created, sold and conveyed by the Declarant. In accordance with the Declaration, each Lot Owner shall be a "Class A" Member of the Association and the Declarant and its assigns shall be the "Class B" Member(s). The Declarant, as the Class B Member, shall have 167 votes to begin (167) being the total number of proposed Lots in all Crystal Creek Subdivisions combined. Each time a new Class A Member is created by the closing of a sale of a Lot to an Owner, the number of the Declarant's Class B votes shall decrease by one. When the number of Class A Members reaches 126 (or such other number as shall constitute 75% of the total number of Lots in all Crystal Creek

subdivisions as finally determined), the First Annual Meeting of the Association shall be held in accordance with Article IV, Section 2 of these Bylaws.

## ARTICLE IV

### MEETINGS

**Section 1. Place and Conduct of Meeting.** Meetings of the Association shall be held at a suitable place convenient to the Members as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Roberts Rules of Order when not otherwise in conflict with the Articles of Incorporation and By-laws of the Association, or the laws of the State of Michigan.

**Section 2. Annual Meetings.** The first annual meeting of the Members of the Association may be convened only by the Declarant and may be called at any time, in Declarant's sole discretion, but in no event later than sixty (60) days after the date on which 126 Lots which are benefitted by the Declaration have been created, sold and conveyed by the Declarant (or such other number of Lots have been transferred to Class A Members as shall constitute 75% of all Lots in all Crystal Creek Subdivisions as finally determined). Declarant may call meetings of Members for informative or other appropriate purposes prior to the first annual meeting of Members and no such meeting shall be construed to be the first annual meeting of the Members. The date, time and place of such first annual meeting shall be set by the Declarant and at least ten (10) days written notice thereof shall be given to each Member. Notwithstanding anything to the contrary provided above, the First Annual Meeting shall be held no later than August 17, 2002 regardless of the number of lots then sold and transferred to Class A Members. Thereafter, the annual meetings of the Members of the Association shall be called by the Board of Directors in October of each succeeding year and at least ten (10) days written notice thereof shall be given to each Member. At such meetings there shall be elected by ballot of the Members, a Board of Directors in accordance with the requirements of Section 2 of Article VI of these By-laws. The Members may also transact such other business of the Association as may properly come before them.

**Section 3. Special Meetings.** It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by one-third (1/3) of the Members presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

**Section 4. Notice of Meetings.** It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Member of record, at least seven (7) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to each Member at the address shown in the notice required to be given to the Association by each Member under Article V, Section 3 hereof shall be deemed notice served. Any

Member may, by written waiver of notice, signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

**Section 5. Adjournment.** If any meeting of Members cannot be held because a quorum is not in attendance, the Members who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. No additional notice of the adjourned date of any meeting shall be required.

## ARTICLE V

### VOTING

**Section 1. Voting.** Except as limited in these By-laws, each Member shall be entitled to one (1) vote for each Lot owned in the Subdivision.

**Section 2. Eligibility to Vote.** No Owner, other than the Declarant, shall be entitled to vote at any meeting of the Association until he or she has presented evidence to the Association of ownership of a Lot in the Subdivision. No Owner, except the Declarant, shall be entitled to vote prior to the first official annual meeting of Members convened by Declarant and held in accordance with the provisions of Article IV, Section 2 hereof. The vote of each Member may only be cast by the individual representative designated by such Member in the notice required below.

**Section 3. Designation of Voting Representative.** Each Owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association on behalf of such Owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Lots owned by the Member, and the name and address of each person, firm, corporation, partnership, association, trust or other legal entity who or which is the Owner. Such notice shall be signed and dated by the Owner. The individual representative designated may be changed by the Lot Owner at any time by filing a new notice in the manner herein provided.

**Section 4. Quorum.** The presence in person or by proxy or by written ballot of twenty-five (25%) percent of the Owners qualified to vote shall constitute a quorum for holding a meeting of the Members of the Association, except for voting on questions specifically required by the By-laws or the Declaration to require a greater quorum. Cumulative voting shall not be permitted.

**Section 5. Quorum at Adjourned Meetings.** If a quorum is not present and the meeting is adjourned as provided in Section 5 of Article IV of these By-laws, the presence in person of twenty-five (25%) percent of the Owners qualified to vote shall constitute a quorum at such adjourned meeting.

**Section 6. Voting Ineligibility.** A Member who is not in good standing for failure to pay any assessments levied by the Board of Directors shall not be entitled to vote on any matter unless and until such default is fully cured.

## ARTICLE VI

### BOARD OF DIRECTORS

**Section 1. Qualification of Directors.** The affairs of the Association shall be governed by a Board of Directors all of whom must be Members in good standing of the Association. Directors shall serve without compensation. If any Director shall at any time cease to be a Member of the Association in good standing, his or her position on the Board shall automatically be deemed to be vacant.

**Section 2. Number and Terms of Directors.** The first Board of Directors as selected by the Declarant shall be composed of three (3) persons and such first Board of Directors (and any successor Directors selected by the Declarant prior to the first annual meeting of Members) shall manage the affairs of the Association until a successor Board of Directors is elected at the first official annual meeting of Members of the Association convened at the time and in the manner required by these By-laws. At such first annual meeting of Members of the Association, the number of Directors shall be increased from three (3) to five (5). At that time, three (3) Directors shall be elected for a term of one (1) year, and two (2) Directors shall be elected for a term of two (2) years, and at each annual meeting of the Association held thereafter, three (3) Directors or two (2) Directors shall be elected depending upon the number of Directors whose terms expire. The term of office of each Director (except for the original Board of Directors and three of the Directors elected at the First Annual Meeting of Members) shall be two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting. No person shall be elected to serve as a Director of the Association for more than two (2) consecutive terms.

**Section 3. Powers and Duties.** The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, the Declaration, the Articles of Incorporation of the Association, or by these By-laws prohibited or directed to be exercised and done by the Members.

**Section 4. Other Duties.** In addition to the foregoing duties imposed by these By-laws or any further powers, duties or authorities which may be imposed by the Declaration, the Articles of Incorporation of the Association or by resolution of the Members of the Association, the Board of Directors shall be responsible specifically for the following:

- (a) Management and administration of the affairs of and maintenance of the Association and the Common Areas.
- (b) Collection of assessments from the Members of the Association and use of the proceeds thereof for the purposes of the Association.
- (c) Maintaining insurance and collection of the proceeds thereof.
- (d) Rebuilding of improvements after casualty.

(e) Contracting for and employing persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Association.

(f) Holding title to the Common Areas and to any personal property used thereon or in connection therewith; also, if approved by at least two-thirds (66-2/3%) percent of the Members of the Association entitled to vote at a meeting called for such purpose (in accordance with Article VIIC.(1) of the Declaration), acquiring, maintaining and improving; and buying, selling, conveying, assigning, mortgaging or leasing any other real or personal property (including easements, rights of way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(g) Borrowing money and issuing evidences of indebtedness in furtherance of any or all of the purposes or the business of the Association, and securing the same by mortgage, pledge, or other lien, on property owned by the Association; provided, however, that any such action shall be approved by affirmative vote of at least fifty-one (51%) percent of the Members of the Association entitled to vote at a meeting called for such purposes.

(h) Enforcing the provisions of these By-laws and the duties imposed on the Association in the Declaration, and after an assignment by the Declarant to the Association of any of Declarant's rights and powers under the Declaration, to enforce such assigned rights and powers.

(i) If it so elects, causing snow to be plowed on Subdivision streets and also on Subdivision sidewalks and maintaining lighting within public road rights of way within and abutting the Subdivision and to maintain any landscaped areas falling within or abutting public rights of way adjoining the Subdivision.

(j) Causing to be mowed any lawn areas in the Common Areas (to the extent required by the nature of the Common Areas) and providing adequate clean up on all Common Areas. Being responsible for fertilization and treatment of said Common Areas for weeds and keeping said Areas reasonable free from weeds and other noxious growths. The foregoing acts are to be performed as frequently as required to maintain a high standard of maintenance on the lands under the jurisdiction of the Association. Notwithstanding the foregoing provisions, park areas shall be maintained and preserved in accordance with the requirements of the Township of Pittsfield and any other public agency having jurisdiction and it is not intended to maintain park areas as formally as residential lawns and gardens.

(k) Performing other optional services at prices to be established by the Board and to take such other actions as voted by the Members in accordance with the Declaration and these By-laws including, without limitation, the improvement of the Common Areas.

**Section 5. Adoption of Regulations.** The Board of Directors shall adopt regulations respecting the use and enjoyment of the Common Areas in the Subdivision. The Board shall also adopt such other regulations as are necessary for proper maintenance and control.

**Section 6. Management Agent.** The Board of Directors may employ for the Association a management agent at compensation established by the Board to perform such duties and services as the Board shall authorize, including but not limited to, the duties and authorities listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Declaration or by the Articles of Incorporation or by these By-laws of this Association required to be performed by or have the approval of the Board of Directors or the Members of the Association.

**Section 7. Vacancies.** After the official first annual meeting of the Members, vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Association shall be filled by vote of the majority of remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association to act for the unexpired term of his or her predecessor (or for a full term if the predecessor's term would have expired at the time of such annual meeting).

**Section 8. Removal.** At any regular or special meeting of the Association duly called after the official first annual meeting of Members, any one or more of the Directors may be removed with or without cause by a majority of the Members and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. Prior to the first annual meeting of Members, the Declarant Member of the Association may remove and/or replace any Director at any time in its sole discretion.

**Section 9. First Meeting.** The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

**Section 10. 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 two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or telegraph, at least three (3) days prior to the date named for such meeting.

**Section 11. Special Meetings.** Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally, 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 on the written request of three (3) Directors.

**Section 12. Waiver of Notice.** Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any

meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

**Section 13. Quorum.** At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and 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, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for purposes of determining a quorum.

**Section 14. First Board of Directors.** All of the actions (including without limitation the adoption of these By-laws and any rules and regulations for the Association, and any undertakings or contracts entered into with others on behalf of the Association) of the first Board of Directors of the Association or any successors thereto selected by the Declarant Member before the first annual meeting of Members shall be binding upon the Association in the same manner as though such actions had been authorized by a Board of Directors, duly elected by the Members of the Association at the first or any subsequent annual meeting of Members so long as such actions are within the scope of the powers and duties which may be exercised by the Board of Directors as provided in the Declaration and in the Articles of Incorporation or By-laws of the Association.

**Section 15. Fidelity Bonds.** The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be expenses of administration.

**Section 16. Compensation.** No Director of the Association shall be paid any salary or compensation for his or her services as such for the Association.

## ARTICLE VII

### OFFICERS

**Section 1. Officers.** The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be Members of the Board of Directors and shall serve without compensation. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment, may be necessary. Any two officers except that of President and Vice-President may be held by one person.

**Section 2. Election.** The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

**Section 3. Removal.** Upon an affirmative vote of a majority of the Members of the Board of Directors, an officer may be removed with or without cause, and his or her successor elected at any special meeting of the Board called for such purpose.

**Section 4. President.** The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of the President of an Association, including but not limited to the power to appoint committees from among the Members of the Association from time to time as he or she may in his or her discretion deem appropriate to assist in the conduct of the affairs of the Association.

**Section 5. Vice President.** The Vice-President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither President nor Vice-President is able to act, the Board of Directors shall appoint some other Member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors.

**Section 6. Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members of the Association; he or she shall have charge of the corporate seal and of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all duties incident to the office of the Secretary.

**Section 7. Treasurer.** The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, in such depositories as may from time to time be designated by the Board of Directors.

**Section 8. Duties.** The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

## ARTICLE VIII

### NOMINATING COMMITTEE

After the first official annual meeting of the Members, a Nominating Committee shall be appointed by the President each year at least one month prior to the date of the next annual meeting of the Members, which committee shall consist of those Directors whose terms of office will not be expiring at said next annual meeting of Members. The Nominating Committee shall select its own Chairman. The Nominating Committee shall select qualified Members of the Association to be nominated for the directorships to be filled at the said next annual meeting of Members. This selection shall be made in sufficient time so that the Nominating Committee's slate of nominees may be included in the notice of the said annual meeting. The persons so selected by the Nominating Committee shall be deemed to be automatically nominated for the respective directorships. In



addition, any Member of the Association in good standing who is present at the said annual meeting may make nominations for any directorship from the floor at said meeting. Any Member is encouraged to make known to the Nominating Committee his or her desire to serve as a Director.

## ARTICLE IX

### FINANCE

**Section 1. Fiscal Year.** The fiscal year of the Association shall be such annual period as may be determined from time to time by the Board of Directors.

**Section 2 Bank.** The funds of the Association shall be deposited in such bank as may be designated by the Directors and shall be withdrawn only upon the check or other instrument of such two officers, employees or agents as are designated by resolution of the Board of Directors from time to time. All funds and assessments received by the Association not required for immediate use shall be deposited in the interest-bearing certificates of deposit issued by banks or in savings accounts or in commercial paper or government obligations.

## ARTICLE X

### ASSESSMENTS

**Section 1. Budget.** The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses of administration for the forthcoming year which may be required for the proper operation of the Association and the operation, management, maintenance repair and/or replacement of the Common Areas, including a reasonable allowance for contingencies and reserves. Upon adoption of such annual budget by the Board of Directors, copies of said budget shall be delivered to each Member and the assessment for said year shall be based upon said projections, for which assessment each Member shall be liable, although the delivery of a copy of the budget to each Member shall not affect the liability of any Member for any existing or future assessments. Should the Board of Directors, at any time, determine, in the sole discretion of the Board of Directors, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the developments within its jurisdiction, or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

**Section 2. Assessments.** Operating assessments (general and special) and special assessments for acquisitions and capital improvements shall be levied by the Board of Directors in accordance with the provisions relative thereto as set forth herein and in the Declaration. Special assessments for capital improvements must be approved by the Members in accordance with Article VIIF. of the Declaration.

**Section 3. Apportionment of Assessments.** All assessments levied against the Members to cover expenses of administration shall be apportioned among the Members, and shall be due and payable in a single annual payment on the first day of each fiscal year in advance or upon such installment basis as the Board of Directors shall determine from time to time. The annual budget shall be divided by the number of Lots in the Subdivision, and one such share shall be assessed against the Owner of each such Lot. Assessments shall be due and payable commencing with acceptance of a deed to, or a land contract vendee's interest in, a Lot, or with the acquisition of fee simple title to a Lot by any other means. In the event that a Member acquires title to, or acquires a land contract vendee's interest in, a Lot during a calendar year, the assessment for that year shall be *prorated* from the date of acquisition and the *prorated* assessment to the end of that calendar year shall be paid in advance by the new Member simultaneously with the consummation of the acquisition as part of the purchase price.

**Section 4. Penalty for Default.** The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the end of the month in which such assessment falls due. Assessments in default shall bear interest from the due date at the highest rate permitted by law. An administrative fee or late fee up to five (5%) percent per month may be assessed in the discretion of the Board of Directors upon any assessments in default until paid in full. Each Member shall be, and remain, personally liable for the payment of all assessments pertinent to his or her Lot which may be levied while such Member is the owner thereof. All payments shall be applied first against any outstanding late charges, interest and costs of collection and thereafter against assessments in order of greatest delinquency.

**Section 5. Waiver of Use or Abandonment of Unit.** No Member may exempt himself or herself from liability for his or her contribution toward the expenses of administration by waiver of the use or enjoyment of any Common Area or Areas, or by abandonment of his or her Lot.

**Section 6. Enforcement.** If any assessment is not paid within 30 days after it becomes due, the Treasurer shall notify the delinquent Member of such delinquency. If such assessment is not duly paid on or before the elapse of 60 days after it becomes due, the Treasurer of the Association may cause a lien for the delinquent assessment to be recorded in the office of the Register of Deeds for Washtenaw County, Michigan, against the Lot on which the assessment was levied. The Association may enforce collection of delinquent assessments by suit at law for a money judgment against the title holder or the land contract vendee of a Lot, or by foreclosure of the lien securing payment in the same manner that real estate mortgages may be foreclosed by action under Michigan law. In an action for foreclosure, a receiver may be appointed to collect reasonable rental for the residence on the Lot from the Owner thereof or any persons claiming under him or her. The expenses incurred in collecting unpaid assessments including interest, late charges, costs and attorneys' fees and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Member in default, and shall be secured by the lien on his or her Lot. The Association may also discontinue the furnishing of any services to a Member in default upon seven (7) days written notice to such Member of its intent to do so. A Member in default shall not be entitled to vote at any meeting of the Association so long as such default continues.

**Section 7. Declarant's Responsibility for Assessments.** Neither Declarant nor any Lot owned by Declarant shall be subject to assessment for any purpose at any time unless and until a completed home on such Lot has been occupied..

**Section 8. Use of Funds for Social Functions.** No portion of the funds of the Association raised by receipt or collection of mandatory assessments shall be expended for purely social functions. However, the Board shall have the right to provide for the payment of voluntary assessments for social purposes by such Members of the Association as shall be interested. Funds raised from such voluntary assessments shall be accounted for separately and shall be utilized in order to promote social interaction among the Members of the Association in the best interests of community harmony.

## ARTICLE XI

### INSURANCE

**Section 1. Extent of Coverage.** The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance, and workmen's compensation insurance, if applicable, pertinent to the ownership, use, operation and maintenance of the present Common Areas of the Subdivision and such other Common Areas as may come within its jurisdiction.

**Section 2. Proceeds of Insurance Policies.** The proceeds of any insurance received by the Association as a result of any loss to the property described in Section 1 above shall be applied to the repair or reconstruction of said property.

**Section 3. Deductible.** The Association may purchase insurance subject to a deductible not to exceed One Thousand Dollars (\$1,000.00) per occurrence. In the event of damage to property owned by the Association, the Association shall be liable for the amount of the deductible.

## ARTICLE XII

### INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement, incurred by or imposed upon him or her in connection with any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which he or she may be a party or in which he or she may become involved by reason of his or her being or having been a Director or Officer of the Association, whether or not he or she is a Director or Officer at the time such expenses are incurred, except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of

Directors of the Association (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled. Further, the Association is authorized to carry officers' and directors' liability insurance covering acts of the Officers and Directors of the Association in such amounts as it shall deem appropriate.

## ARTICLE XIII

### AMENDMENTS

**Section 1. Proposal.** Amendments to these By-laws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or by one-third or more in number of the Members of the Association whether meeting as Members or by instrument in writing signed by them.

**Section 2. Meeting.** Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these By-laws.

**Section 3. Voting.** These By-laws may be amended by the Association at any special meeting called for such purpose, by an affirmative vote of three-fourths (75%) of the Members entitled to cast votes at a meeting of the Association duly called for such purpose in accordance with Article VIII. of the Declaration. Notwithstanding the foregoing, no amendment in these By-laws shall be inconsistent with, or contrary to, the provisions of the Declaration.

**Section 4. Written Vote.** At any meeting held to consider such amendment or amendments to these By-laws, the written vote of any Member of the Association shall be recognized if such Member is not in attendance at such meeting, providing such written vote is delivered to the Secretary of the Association at or prior to such meeting.

**Section 5. By Declarant.** Prior to the first annual meeting of Members of the Association, convened as elsewhere herein provided, these By-laws may be amended or restated in their entirety by the Declarant, at any time or from time to time, at its sole discretion, to clarify or amplify some portion or portions hereof, or to make such additional amendments hereto as do not materially increase the obligations or materially decrease the benefits of any Owner. Otherwise, these By-laws may be amended prior to the first annual meeting by the First Board of Directors upon proposal of amendments by Declarant with the written approval of a majority of the then existing Members.

**Section 6. Approval By Declarant.** So long as the Declarant owns any Lot in the Subdivision, these By-laws may not be amended without the Declarant's written approval.

**Section 7. Amendments to be Furnished to Members.** A copy of each amendment to the By-laws shall be furnished to every Member of the Association after adoption.

## ARTICLE XIV

### ADVISORY COMMITTEE

At such time as the Declarant deems it feasible to do so, the initial Board of Directors (or its successors) as selected by the Declarant shall cause to be established an Advisory Committee consisting of at least three homeowner Members of the Association. The Committee shall be established and perpetuated in any manner the Board of Directors deems advisable. The purpose of the Advisory Committee shall be to facilitate communications between the Declarant, the First Board of Directors and the homeowner Members, and to aid in the transition of control of the Association from the Declarant to the homeowner members. The Advisory Committee shall cease to exist automatically after a Board of Directors is elected at the first annual meeting of members.

## ARTICLE XV

### ASSESSMENT OF FINES

**Section 1. General.** The violation by any Owner, occupant or guest of any provisions of the Declaration, these Bylaws or any of the Association's duly adopted rules and regulations (collectively, the "Association Documents") shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the involved Owner. Such Owner shall be deemed responsible for such violations whether they occur as a result of his or her personal actions or the actions of his or her family, guests, tenants or any other person admitted through such Owner to the Subdivision.

**Section 2. Procedures.** Upon any such violation being alleged by the Board, the following procedures will be followed:

(a) **Notice.** Notice of the violation, including the document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the Owner at the street address of his Lot in the Subdivision.

(b) **Opportunity to Defend.** The allegedly offending Owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting but in no event shall the Owner be required to appear less than 10 days from the date of the Notice. At the election of the Owner, he or she may defend solely by written submission of evidence rather than by personal appearance before the Board.

(c) **Default.** Failure to respond to the Notice of Violation constitutes a default.

(d) **Hearing and Decision.** Upon appearance by the Owner before the Board and presentation of evidence of defense, or, in the event of the Owner's default, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board's decision is final.

**Section 3. Amounts.** Upon violation of any of the provisions of the Association Documents and after default of the offending Owner or upon the decision of the Board as recited above, the following fines shall be levied:

(a) **First Violation.** No fine shall be levied.

(b) **Second Violation.** Twenty-Five Dollar (\$25.00) fine.

(c) **Third Violation.** Fifty Dollar (\$50.00) fine.

(d) **Fourth Violation and Subsequent Violations.** One Hundred Dollar (\$100.00) fine.

Notwithstanding anything stated in these Bylaws to the contrary, a change in this schedule of fines may be made by Board resolution and will not require that an amendment to these Bylaws be adopted or recorded. Furthermore, should the Board of Directors adopt an appropriate resolution, this schedule of fines may escalate to keep pace with adjustments to the Consumer Price Index as announced by the Bureau of Labor Statistics which Index shall be the Index published to the metropolitan statistical area in which the Project is located.

**Section 4. Collection.** The fines levied pursuant to Section 3 above shall be assessed against the Owner and shall be due and payable together within thirty (30) days after levy. Failure to pay any fine will subject the Co-owner to collection action by suit or foreclosure of lien in the same manner as in the collection of delinquent assessments under the terms of the Declaration.

## ARTICLE XVI

### SEVERABILITY

In the event that any of the terms, provisions or covenants of these By-laws or the Association documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.