

BY-LAWS
OF
WATERS COVE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME, MEMBERSHIP, APPLICABILITY AND DEFINITIONS

Section 1. *Name.* The name of the corporation shall be WATERS COVE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association".

Section 2. *Membership.* The Association shall have two classes of membership: Class A and Class B, as more fully set forth in the Articles of Incorporation of the Association. The voting rights of the members shall be set forth in that certain Declaration of Protective Covenants, Conditions and Restrictions for Waters Cove Subdivision to be recorded in Deed Book 23197, Page 269, Fulton County, Georgia, Deed Records, in the Minute Book for the Association (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration").

Section 3. *Applicability.* These By-Laws are applicable to the property which from time to time shall be located within the community as provided in the Declaration. The mere acquisition, rental or act of occupancy of any part of the property included within the community shall signify that these By-Laws are accepted, ratified, and will be complied with.

Section 4. *Definition.* The words used in these By-Laws shall have the same meaning as set forth in the Declaration unless the context shall prohibit.

ARTICLE II

MEMBERSHIP

Section 1. *Place of Meetings.* Membership meetings of the Association may be held in the community at such suitable place as may be designated by the Board of Directors, or at any place suitable as may be convenient to the members as may be designated by the Board of Directors.

Section 2. *Annual Meetings.* The first annual meeting of the members of the Association shall be held within one (1) year from the filing of the Declaration. Future annual meetings of the membership of the Association shall be held at the discretion of the Board of Directors, but said meeting must be held not less than annually. The annual meeting shall be a meeting for all the members of the Association. At such annual meeting there shall be elected by the members a Board of directors as provided in Article III of these By-Laws. The members may also transact such other business of the association as may properly come before the meeting.

Section 3. *Special Meetings*. The President shall be required to call a special meeting of the membership as directed by resolution of the Board of Directors, or upon a petition signed by members representing at least twenty-five (25%) of the votes of the members of the Association presented to the Secretary. The call of a special meeting shall be by notice stating the date, time, the place, the purpose, and the order of business of such special meeting. Unless otherwise consented to by at least seventy-five (75%) percent of the members present in person or by proxy, only the business stated in the notice may be transacted at a special meeting.

Section 4. *Notice of Meetings*. Except as otherwise stated in this Section 4, it shall be the duty of the Secretary or other authorized person to mail a notice of each annual or special membership meeting, stating the purpose thereof as well the date and time and place where it is to be held, to each member of the Association. Such notice, except as may be otherwise specifically provided herein, or in the Articles of Incorporation of the Association, or the Declaration, or by law, shall be given by mailing a copy thereof, postage prepaid to the last known place of residence, or at such other address as may be furnished to the Secretary of the Association, at least fifteen (15) days, but not more than sixty (60) days, prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice given. Any member (or mortgagee entitled to notice) may waive the notice of the meeting by doing so in writing before or after the meeting. Attendance at a meeting, either in person or by proxy, shall of itself constitute waiver of notice. A recitation in the minutes of any membership meeting that notice of such meeting had been properly given shall be prima facie evidence that such notice was so given. Notwithstanding anything contained hereinabove, in the event the member occupies and resides in his home, the notice may be given by placing said notice in the mailbox of said member-occupant in lieu of mailing said notice as described hereinabove.

Section 5. *Order of Business*. The order of business at the annual meetings shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of Notice of Meeting or Waiver of Notice.
- (c) Reading of Minutes of preceding meeting.
- (d) Reports of Officers, if any.
- (e) Reports of Committees, if any.
- (f) Election of Directors.
- (g) New Business.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of meeting.

Section 6. *Quorum*. At membership meetings, annual or special, a quorum of members shall consist of such number of members in attendance in person or by proxy as shall represent at least sixty percent (60%) of all the votes of each class of membership of the Association. If the required quorum

is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Provided, however, the foregoing provisions of these By-Laws to the contrary notwithstanding, any action, which by law, or pursuant to the provisions of the Articles of Incorporation, or the Declaration, or pursuant to the specific provisions of the By-Laws of the Association, requires the assent of a specified percentage of votes of the members of the Association different than that herein specified, shall not be considered the act of the members unless such requisite prescribed percentage is obtained. The members present in person or by proxy at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. If the number of members at a meeting drops below a quorum and the question of a lack of quorum is raised, no business may thereafter be transacted; provided, however, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time until a quorum as aforesaid shall be present or represented. No member shall be counted for a quorum who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payments due the Association.

Section 7. *Voting.* Voting by the membership shall be as provided in the Articles of Incorporation of the Association, and the Declaration and as herein provided. No member shall be eligible to vote or to be elected to the Board of Directors who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payments due the Association. Any vote duly called may be by voice or by ballot; provided, however, that all votes must be by ballot upon demand made by a member prior to all commencement of the voting. The acts of a majority of the members voting in person or by proxy at a meeting, annual or special, at which a quorum present, shall be the acts of the membership. Provided, however, any action, which by law, or pursuant to the provisions of the Articles of Incorporation, or the Declaration, or pursuant to specific provisions of the By-Laws, requires the assent of a specified percentage for the votes of the members of the Association different than that herein specified, shall not be considered the act of the members unless such requisite prescribed percentage is obtained.

Section 8. *Proxy.* Every member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent on the proper form and no such proxy shall be valid after the expiration of three (3) months from the date of its execution, unless the member executing it specifies therein the length of time for which such proxy is to continue in force, which in no case shall exceed one (1) year from the date of its execution. The transfer of title to any Lot shall void any outstanding proxy pertaining to the voting rights of the membership appurtenant to that Lot. No proxy shall be honored until delivered to the Secretary of the Association.

ARTICLE III

BOARD OF DIRECTORS, NUMBER, POWER, MEETINGS

Section 1. *Governing Body.* The affairs of the Association shall be governed by a Board of Directors, who need not be members of the Association.

Section 2. *Initial Directors.* The initial Directors shall be selected by the Class B member of the Association and shall serve at the pleasure of the Class B member until the first annual membership meeting. The names of the initial Directors selected by the Class B member of the Association are set forth in the Articles of Incorporation of the Association. The Directors selected by the Class B member of the Association need not be members of the Association.

Section 3. *Number of Directors.* The number of Directors of the Association shall be set from time to time by the members, but the number of Directors shall not be less than three (3).

Section 4. *Election and Term of Office.* At the first annual meeting of the membership, and at each annual meeting of the membership thereafter, all Directors shall be elected for term of one year, or until their respective successors are elected and qualified; provided, however, the membership of the Association may adopt an arrangement whereby the terms of the Directors shall be staggered and expire at different times. The election shall be by written ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. There shall be no cumulative voting.

Section 5. *Vacancies.* Vacancies on the Board of Directors caused by any reason other than the removal of a Director by vote of the Association shall be filled by vote of the majority or the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association; provided, however, vacancies occurring prior to the first annual meeting of the membership shall be filled by the Class B member.

Section 6. *Removal of Directors.* Directors appointed by the Class B member shall serve at the pleasure of the Class B member. Directors elected by the entire membership may be removed with or without cause by a majority of the vote of the members of the Association in attendance in person or by proxy at any regular or special meeting of the Association duly called. 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.

Section 7. *Fees and Compensation.* No fees or compensation shall be paid by the Association to Directors for their services as Directors unless such fee or compensation is first fixed by resolution adopted by the members of the Association. The Directors shall be entitled in all events, however, to reimbursement for reasonable expenses incurred by them in the performance of their

duties.

Section 8. *Organization Meeting.* The first meeting of each Board of Directors newly elected by the members shall be held within ten (10) days of election at such place and time 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 to legally constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. *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 four (4) 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 or by mail, telephone or telegraph, or facsimile at least three (3) days prior to the day named for such meeting.

Section 10. *Special Meetings.* Special Meetings of the Board, may be called by the President or by any two Directors, on three (3) days notice to each Director, given personally or by mail, telephone, telegraph, or facsimile, which notice shall state the time, place, and purpose of the meeting. Unless otherwise agreed by a majority of the Directors, the place of any such special meeting shall be held at the residence of the Chairman.

Section 11. *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 meeting of the Board shall be a waiver of notice by him 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 12. *Entry of Notice.* Whenever any Director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given such Director, as required by law and the By-Laws of the Association.

Section 13. *Notice of Adjournment.* Notice of adjournment of any Directors' meeting either regular or special, need not be given to absent Directors, if the time and place are fixed at the meeting adjourned.

Section 14. *Adjournment.* A quorum of the Directors may adjourn any Director's meetings to meet again at a stated day and hour; provided, however, that in the absence of a quorum a majority of the Directors present at the Director's meeting, either regular or special, may adjourn the meeting until the time fixed for the next regular or special meeting of the Board.

Section 15. *Board of Directors Quorum.* At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of a 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 until the time fixed for the next regular or special meeting of the Board. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 16. *Action Without Formal Meeting.* Any action required or permitted to be taken at any meeting of the Board of Directors or any Committee appointed by the Board of Directors may be taken without a meeting if, prior to such action, written consent thereto is signed by all members of the Board of Directors or of such Committee, as the case may be, and such written consent is filed with the minutes of the proceedings of the Board or Committee.

ARTICLE IV

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. *Powers and Duties.* The Board of Directors shall have the 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 or by the Declaration or these By-Laws directed to be exercised and done by the members.

Section 2. *Other Powers.* The Board of Directors shall have power to:

- (a) levy and collect assessments pursuant to Article IV of the Declaration;
- (b) suspend voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or by the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 3. *Other Duties.* It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or any special meeting when

such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot, consistent with the Declaration;

(2) establish the due dates of the annual assessments;

(3) send written notice of each assessment to Owner subject thereto; and

(4) foreclose the lien against any property for which assessments are not paid, or exercise any and all rights and remedies against the Owner personally obligated to pay the same, which are permissible under Georgia Law at the time of said delinquency, including but not limited to, bringing an action at law against said Owner.

(d) issue, or cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on any improvement constructed in the Common Area, the subdivision sign, the spotlights, if, in the judgment of the Board of Directors, such insurance is necessary.

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area as described in the Declaration to be maintained as required by the Declaration.

Section 4. *Committees.* The Board of Directors, by resolution adopted by a majority of the full Board, shall appoint from among its members such committees, consisting of two or more Directors, as it deems appropriate in carrying out its purpose.

ARTICLE V

OFFICERS

Section 1. *Generally.* The Board of Directors at its first meeting after each annual membership meeting shall elect the following officers: a President, one or more Vice Presidents, a Secretary and a Treasurer. The Board of Directors at any time, and from time to time, may appoint such other officers as it shall deem necessary, including one or more Assistant Vice Presidents, or one or more Assistant Treasurers, and one or more Assistant Secretaries, who shall hold their offices for such terms as shall be determined by the Board of Directors and shall exercise such powers and perform such duties as are specified by these By-Laws or as shall be determined from time to time by the Board of Directors. Any person may hold two or more offices, except that no person may hold the of President and Secretary simultaneously.

Section 2. *Temure.* Each officer of the Association shall hold office until his successor is chosen or until his earlier resignation, death, or removal, or the termination of his office. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 3. *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 4. *President.* The President shall be a Director and shall be Chairman of the Board of Directors. The President shall be chief executive officer of the Association and, subject to the control of the Board of Directors, shall in general manage, supervise, and control all of the business and affairs of the Association. He shall, when present, preside at all membership meetings. He may sign, with the Secretary or any other proper officer or the Association thereunto authorized by the Board of Directors, any contracts, deeds, mortgages, bonds, policies of insurance, or other instruments which the Board of Directors has authorized to be executed thereof shall be expressly delegated by the Board of Directors to such other officer or agent of the Association, or shall be required by law or said Declaration 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 of Directors from time to time.

Section 5. *Vice-President.* In the absence of the President, or in the event of his death or inability or refusal to act, the Vice-President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, in the order of election) shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-President may perform such duties as shall from time to time be assigned to him by the President or the Board of Directors.

Section 6. *Secretary.* The Secretary shall: (a) attend and keep the minutes of the membership meetings and of the Board of Directors meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the Articles of Incorporation, the Declaration, these By-Laws, or as required by law; (c) be custodian of the Association records; (d) keep a registrar of the post office address of each member, and the post office address of the holder of any mortgage encumbering such member's home, if requested by the Board of Directors, which shall be furnished to the Secretary by such member; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. *Treasurer.* The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected by the Board of Directors; and (b) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Section 8. *Assistant Secretaries and Assistant Treasurers.* The assistant Secretaries and Treasurers, in general, shall perform such duties as shall be assigned by the Secretary or Treasurer, respectively, or by the Board of Directors.

ARTICLE VI

OBLIGATIONS OF MEMBERS

Section 1. *Assessments.* The members of the Association shall be obligated to pay to the Association assessments imposed by the Board of Directors pursuant to the provisions of the Declaration.

Section 2. *Conduct.* All members, as well as their licenses, tenants, invitees, and guests, shall at all times observe the rules and regulations which may from time to time be established by the Association or its Board of Directors. Said rules and regulations shall be kept in the office of the Association as a matter of record, and copies furnished to any member on request.

Section 3. *Notices.* If requested to do so by the Board of Directors, a member who mortgages his Lot, or assumes or purchases his Lot, subject to any mortgage which shall be or become a lien on his Lot, shall notify the Secretary of the Association of the name and address of the hold of any such mortgage, and thereby authorize the Association to furnish such information as such mortgagee may request respecting unpaid assessments, taxes, or other information concerning such Lot or as may be provided by said Declaration.

ARTICLE VII

AMENDMENTS

Section 1. *Amendments by Declarant.* So long as the amendment shall not (a) adversely affect the title to any Owner's Lot; (b) materially alter or change any Owner's right to the use and enjoyment of his Lot; or (c) otherwise make any material change in these By-Laws, each Owner agrees that, if requested to do so by Declarant, such Owner will consent to the amendment of these By-laws (i) if such amendment is necessary to bring any provision hereof into compliance with any applicable government statute, rule, regulation or judicial determination which shall be in conflict therewith; (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to these By-Laws; (iii) if such amendment is required by an institutional or governmental lender or purchaser or mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots subject to these By-Laws; or (iv) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to these By-Laws.

Section 2. *Amendment by Owners.* Amendment of these By-Laws shall require the assent of two-thirds (2/3) majority of the total vote of the entire membership of the Association. Amendments to these By-Laws may be proposed by the Declarant, the Board of Directors of the Association, or by petition signed by Owners having at least thirty (30%) percent of the total votes of the Association. Agreement of the Owners to any amendment of these By-Laws shall be evidenced by their execution of the amendment. Any such amendment of these By-Laws shall become effective only upon the effective date as stated in the amendment.

Section 3. *Consent by Mortgagee.* No amendment to these By-Laws shall alter, modify, change or rescind any right, title, interest or privilege herein granted or forwarded to the holder of any mortgage affecting any of the Lots, unless such holder shall consent thereto in writing. Upon written request to the Association by the holder of any first mortgage affecting any Lot in the Community, written notice of any meeting being called for the purpose of amending these By-Laws shall be sent to the holders of all first mortgages encumbering any of the Lots not less than thirty (30) days in advance of any meeting being called for the purpose of having the members of the Association approve any amendment to these By-Laws. Provided, further, that the Federal Housing Administration or the Veteran's Administration shall have the right to veto amendments while there is a Class B membership.

ARTICLE VIII

INDEMNIFICATION AND INSURANCE

The Association shall have the power to indemnify its Officers, Directors, employees, and agents, and to purchase and maintain liability insurance on their behalf, to the extent provided in and

subject to the limitations of Georgia law.

ARTICLE IX

MISCELLANEOUS

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

Section 2. *Parliamentary Rules.* Roberts' Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with Georgia law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 3. *Conflicts.* If there are conflicts or inconsistencies between the provisions of Georgia Law, the Articles of Incorporation of the Association, the Declaration, and these By-Laws, then the provisions of Georgia Law, the Articles of Incorporation, the Declaration and these By-Laws shall prevail in that order.