

SECOND AMENDED AND RESTATED  
BYLAWS OF  
WATERSIDE CROSSING OWNERS ASSOCIATION, INC.

ARTICLE 1

NAME AND LOCATION

Section 1.1 Name. The name of the non-profit corporation is WATERSIDE CROSSING OWNERS ASSOCIATION, INC. (the “Association”).

Section 1.2 Location. The principal office shall be located in Oconee County, South Carolina at 404 East Waterside Drive, Seneca, South Carolina 29672-0452. The registered office of the Association may be, but need not be, identical with the principal office.

ARTICLE 2

DEFINITIONS

All capitalized terms when used in these Bylaws, or any amendment hereto (unless the context shall otherwise require or unless otherwise specified herein or therein) shall have the meanings set forth in that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions - WaterSide Crossing and duly recorded in the Oconee County Registry (as supplemented and amended from time to time, the “Declaration”).

ARTICLE 3

MEETINGS OF MEMBERS

Section 3.1 Annual Meetings. Each annual meeting of the Members shall be held at some time during the months of March through June, at a reasonable time to be determined by the Board. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. The annual meeting may also be conducted by conference call, video conference, electronic mail or any other means of communication offered by the Board, from time to time, as established in the notice of the annual meeting.

Section 3.2 Special Meetings. Special meetings of the Members may be called at any time by the President of the Association, by the Board, or upon the written request of the Members who are entitled to vote at least ten percent (10%) of all of the votes appurtenant to the Lots. Special meetings may also be conducted by conference call, video conference, electronic mail or any other means of communication offered by the Board, from time to time, as established in the notice of the special meeting.

Section 3.3 Meetings of Groups of Certain Lot Owners. From time to time, meetings of (a) the Members owning Boatslip Lots, (b) the Members using Boat Storage Spaces, or (c) each group of Members owning Private Road Lots, as established by the Declaration (each, a “Member Group”) may be called at any time by the President of the Association, by the Board, or upon the written request of the Members of a Member Group who are entitled to vote at least ten percent (10%) of all of the votes appurtenant to the Lots which are owned by the Members of the relevant Member Group, for the purpose of discussing and voting on matters affecting the Member Group. Such meetings may be held at the annual meeting of the Members or at a special meeting of the Member Group. Meetings may also be conducted by conference call, video conference, electronic mail or any other means of communication offered by a Member Group, from time to time.

Section 3.4 Place of Meetings. All in person meetings of the Members and any Member Group shall be held at such place within Oconee County, South Carolina as determined by the Board, from time to time. The immediately preceding sentence does not apply to any meetings conducted by conference call, video conference, electronic mail or any other means of communication offered by the Board, from time to time.

Section 3.5 Notice of Meeting. Written notice of each meeting of the Members and any Member Group shall be given by, or at the direction of, the Secretary of the Association or other person authorized to call the meeting, by hand delivery or by mailing by first class U.S. Mail, a copy of such notice, postage prepaid, not less than ten (10) days nor more than sixty (60) days before the date of such meeting to each Member entitled to vote at such meeting, addressed to the Member’s address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. The written notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. In the alternative, any Member may notify the Board that they would prefer to receive notice by facsimile transmission, electronic mail or any other means, if offered by the Board, from time to time, and may provide the Board with appropriate contact information to be used in place of notice by U.S. Mail; provided, however, the Member must accept the risk of delivery failure if requesting notice by facsimile transmission, electronic mail or any other means, if offered by the Board, from time to time. In the event that notice is given by means other than hand delivery or mailing by first class U.S. Mail, the notice shall be sent not less than thirty (30) days nor more than sixty (60) days before the date of such meeting.

Section 3.6 Classes of Lots and Voting Rights. The voting rights of the Members shall be appurtenant to the ownership of Lots. There shall be two (2) classes of Lots with respect to voting rights:

3.6.1. Class A Lots. Class A Lots shall be all Lots, except Class B Lots as defined below. Each Class A Lot shall entitle the Owner(s) of the Class A Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or security interest) in any Class A Lot, all such persons shall be Members and the voting rights

appurtenant to the Class A Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Class A Lot.

3.6.2. Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been conveyed to purchasers who are not affiliated with Declarant. Each Class B Lot shall entitle Declarant to four (4) votes for each Class B Lot owned.

Section 3.7 Turnover of Control. Notwithstanding anything contained herein to the contrary, the Class B Membership shall cease and the Class B Lots shall be converted into Class A Lots upon the earliest to occur of the following: (a) the date on which Declarant no longer owns any part of the Property; (b) the date Declarant shall elect, in its sole discretion, by giving written notice to the Board, that the Class B Membership shall cease and be converted to the Class A Membership (which election shall be memorialized by Declarant in a written instrument recorded in the Oconee County Registry); or (c) December 31, 2009. The earliest to occur of (a), (b) or (c) above shall be referred to as the "Turnover Date." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class A Member.

Section 3.8 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes appurtenant to the Lots (or to the Lots of any of the Member Groups), shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If a quorum does not exist at any meeting, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting which was adjourned because of the absence of a quorum.

Section 3.9 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Filing with the Secretary can be by mail, by facsimile transmission, by electronic mail, or by any other means permitted, from time to time, by the Board. Every proxy shall be revocable and shall automatically cease upon conveyance of the applicable Member's Lot. A proxy shall be effective only for the specific meeting for which it was originally given and for any lawfully adjourned meeting thereof. A proxy is not valid for longer than sixty (60) days after the date of the first meeting for which it was given.

Section 3.10 Action by Members. Except as provided otherwise in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a vote of a majority of all votes entitled to be cast by all classes of Members, present or represented by legitimate proxy at a legally constituted meeting at which a quorum is present, shall be regarded as the act of the Members. Notwithstanding any term or provision herein, the affirmative vote of no less than two-thirds (2/3) of all votes entitled to be cast by all classes of Members shall be required in order for the Association to (a) file a complaint, on account of an act or omission of Declarant, with any governmental agency which has regulatory or judicial authority over the Development or any part thereof, or (b) assert a claim against or sue Declarant. Voting can be

held in person or by mail, facsimile transmission, electronic mail, or any other means permitted, from time to time, by the Board as specified in the applicable notice of meeting.

Section 3.11 Action by a Member Group. Except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a vote of a majority of all votes entitled to be cast by all of the Members of a Member Group, present or represented by legitimate proxy at a legally constituted meeting at which a quorum of the Members of the Member Group is present, shall be regarded as the act of such Member Group.

Section 3.12 Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members (or any meeting of a Member Group), in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any such meeting shall constitute a waiver of notice by such Member of the time and place thereof, except where such Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the Members are present at any meeting of the Members (or if all of the Members of a Member Group are present at a meeting of such Member Group), no notice shall be required and any business may be conducted at such meeting.

Section 3.13 Informal Action by Members. Any action which may be taken at a meeting of the Members (or a Member Group) may be taken without a meeting if a written consent setting forth the action so taken, is signed by all of the Members who would be entitled to vote upon such action at a meeting. All written consents shall be filed with the Secretary of the Association and kept in the Association's minute book.

## ARTICLE 4

### BOARD OF DIRECTORS

Section 4.1 Number. The business and affairs of the Association shall be managed by a Board composed of three (3) directors (each, a "Director" and collectively, the "Directors"), who shall initially be appointed by Declarant and who need not be Members of the Association. At the first annual meeting or special meeting of the Members following the Turnover Date, a Board of five (5) Directors shall be elected in accordance with Section 4.4 and Section 4.5.

Section 4.2 Initial Directors. The initial Board shall be appointed by Declarant. The initial Board shall serve at the election of the Declarant from the date upon which the Declaration is recorded in the Oconee County Registry, until such time as their successors are duly appointed in accordance with Section 4.1, or duly elected and qualified, as described in Section 4.4 and Section 4.5.

Section 4.3 Nomination. Subject to Section 4.1, nominations for the first election of the Board after the Turnover Date shall be made from the floor at an annual meeting or special meeting of the Members. After such first election of Directors, a Nominating Committee shall

make nominations for election to the Board, but nominations may also be made from the floor by Members at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) or more Members of the Association. At least one of the Nominating Committee members shall be the Owner of an Interior Lot and at least one of the Nominating Committee Members shall be the Owner of a Waterfront Lot. The Nominating Committee shall be appointed by the Board prior to the annual meeting following the first election of Directors and each subsequent annual meeting of the Members. The Nominating Committee shall serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Only Members in good standing may be nominated for or elected to serve on the Board or as officers of the Association.

Section 4.4 Election. Except as otherwise provided herein, the Board shall be elected at the annual meeting of the Members by written ballot. 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 Articles of Incorporation, these Bylaws and the Declaration. Subject to the terms of this Article 4, the persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 4.5 Term of Office. Each Director shall hold office for the term for which such Director was elected, or until his or her death, resignation, retirement, removal, disqualification or until his successor is elected and qualified. At the first election of Directors following the Turnover Date, the Members shall elect five (5) Directors. The two (2) Members who receive the most votes shall each serve for a three (3) year term. The two (2) Members who receive the next highest number of votes shall each serve for a two (2) year term. The Member receiving the next highest number of votes shall serve for a one (1) year term. Directors may serve for successive terms. Votes shall be tallied at the meeting where they are cast, and in the event of a tie vote, a run-off election shall be conducted at the same meeting. After the initial election of Directors, each Director shall thereafter serve for a three (3) year term.

Section 4.6 Removal. Subject to Section 4.1, any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, such Director's successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the remaining members of the Board. If a Director sells his or her Class A Lot, such Director shall be immediately removed from the Board.

Section 4.7 Compensation. No Director shall receive compensation for services rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his or her duties.

## ARTICLE 5

### MEETINGS OF DIRECTORS

Section 5.1 Regular Meetings. Meetings of the Board shall be held on a regular basis as often as the Board sees fit, but no less often than annually, on such days and at such place and hour as may be fixed from time to time by resolution of the Board. If a meeting falls upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. The Board may also conduct meetings by conference call, video conferencing, electronic mail, or any other means of communication offered, from time to time, by the Board.

Section 5.2 Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.

Section 5.3 Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 5.4 Informal Action by Directors. Action taken by a majority of the Directors without a meeting still constitutes Board action if written consent to the action is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.5 Chairman. A Chairman of the Board shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the President, the Board shall elect a Chairman until a new President is elected.

Section 5.6 Liability of the Board. The Directors shall not be liable to the Members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Members shall indemnify, defend and hold harmless each of the Directors against all contractual liability to others arising out of contracts made by the Board on behalf of the Association, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are also Members of the Association.

## ARTICLE 6

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 6.1 Powers. The Board, for the benefit of the Members, shall have the following specific powers and rights, in addition to any other powers or rights the Board may possess under South Carolina law or under the Declaration:

6.1.1. To adopt and publish Rules and Regulations governing the use of the Common Areas and facilities, including, but not limited to, the Amenity Areas, Piers, Boatslips, Parking Area, Boat Storage Area and the personal conduct of the Members and their families, guests and invitees thereon, and to establish penalties for the infraction or violation thereof;

6.1.2. To suspend any Member's voting rights and right to use the Common Areas, including, but not limited to, the right to use the Amenity Areas, Piers, Boatslips, Boat Storage Spaces and/or Parking Area (a) during any period in which such Member shall be in default in the payment of any Assessment levied by the Association; or (b) for violation of the published Rules and Regulations. Such rights may also be suspended (after notice and hearing) for a period not to exceed sixty (60) days;

6.1.3. To exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

6.1.4. To declare the office of a Director to be vacant in the event a Director is absent from three (3) consecutive regular meetings of the Board;

6.1.5. To employ a manager, an independent contractor, or such other employee(s), as the Board deems necessary or appropriate, and to prescribe their duties, including the delegation of any duties pursuant to Section 7.10;

6.1.6. To grant all necessary easements and rights-of-way upon, over, under and across the Common Areas when the Board deems such action to be necessary and appropriate, including, but not limited to, easements for the installation and maintenance of electrical lines, telephone, cablevision, water, sanitary sewer and other utilities or drainage facilities; provided, however, until such time as Declarant no longer owns any portion of the Property, the Board may not grant such an easement or right-of-way without the prior written approval of Declarant;

6.1.7. To appoint and remove all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require them to maintain a fidelity bond, if the Board deems necessary;

6.1.8. To enter into agreements or contracts with utility companies with respect to utility installation, consumption and service matters relating to the Common Areas and/or the Association;

6.1.9. To retain the services of legal, accounting and other professional firms;

6.1.10. To employ or retain the services of architects, engineers, or other qualified persons to serve on or advise the Architectural Control Committee and/or the Architectural Changes Committee;

6.1.11. To maintain contingency reserves for the purposes set forth in the Declaration;

6.1.12. To enforce the provisions of the Declaration, as amended and supplemented, from time to time, as well as any Rules or Regulations;

6.1.13. To levy Assessments, as more particularly set forth in the Declaration; and

6.1.14. To take any and all other actions, and to enter into any and all other agreements, as may be necessary to fulfill its obligations under the Declaration or these Bylaws.

Section 6.2 Duties. The Board, for the benefit of the Members, shall have the following specific duties (without limitation of other duties the Board may have):

6.2.1. To maintain current copies of the Declaration, these Bylaws and the Rules and Regulations concerning the Development, as well as Association books, records and financial statements, available for inspection upon reasonable notice and during normal business hours by all Owners, eligible Mortgagees and insurers and guarantors of Mortgages that are secured by Lots;

6.2.2. To supervise all officers, agents and employees of the Association to ensure that their duties are properly performed;

6.2.3. As more fully provided in the Declaration:

6.2.3.1. To fix the amount of the Assessments;

6.2.3.2. To send written notice of each Assessment prior to its due date; and

6.2.3.3. To foreclose the lien against any Lot for which Assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same;



6.2.4. To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid, which certificate shall be conclusive evidence of such payment;

6.2.5. To obtain and maintain adequate liability insurance covering the Association and the Directors and officers thereof and adequate hazard insurance on the property owned by the Association all in accordance with the Declaration;

6.2.6. To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate, in accordance with the Declaration;

6.2.7. To maintain or cause to be maintained the Common Areas (including the upkeep and maintenance of associated improvements) in accordance with the Declaration;

6.2.8. Until accepted for maintenance by the Oconee County Public Works Department or other governmental authority, to own and maintain or cause to be maintained the Roadways (including any swales and medians) to the standard of maintenance which would be required by the Oconee County Public Works Department or other governmental authority, as the case may be, before it would accept such Roadways for maintenance;

6.2.9. To maintain or cause to be maintained any sidewalks in the Development to the extent not maintained by a governmental authority; and

6.2.10. To appoint the Architectural Control Committee, subject to Declarant's appointment rights for so long as Declarant owns any Lot or any part of the Property, all as more particularly provided in the Declaration.

## ARTICLE 7

### OFFICERS AND THEIR DUTIES

Section 7.1 Officers. The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may, from time to time, by resolution create.

Section 7.2 Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 7.3 Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his or her death, resignation, retirement, removal, disqualification or his or her successor is elected and qualifies.

Section 7.4 Special Appointment. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 7.5 Resignation and Removal. The Board may remove any officer with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer being replaced.

Section 7.7 Multiple Offices. The same person may hold the offices of Secretary and Treasurer. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 7.4.

Section 7.8 Compensation. No officer shall receive any compensation from the Association, but may be reimbursed for actual expenses incurred in the performance of his or her duties.

Section 7.9 Duties. The duties of the officers are as follows:

7.9.1. President. The President shall be the chief executive officer of the Association, and subject to the control of the Board, shall supervise and control the management of the Association. The President shall (a) preside at all meetings of the Board, (b) implement and carry out all orders and resolutions of the Board, (c) sign all leases, mortgages, deeds and other written instruments, and (d) co-sign all checks and promissory notes.

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

7.9.3. Secretary. The Secretary shall (a) record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, (b) keep the corporate seal of the Association and affix it on all papers requiring the seal, (c) serve notice of meetings of the Board, the Members, and any Member Groups, (d) keep current accurate records showing the Members of the Association, together with their addresses, and (e) perform such other duties as required by the Board.

7.9.4. Treasurer. The Treasurer shall (a) receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board, (b) sign all checks and promissory notes of the Association, (c)

keep proper books of account, (d) if directed by the Board, cause an audit of the Association books to be made by a public accountant, and (e) prepare an annual budget and a statement of income and expenditures to be presented to the Members at each annual meeting.

Section 7.10 Delegation. Any duty of an officer may be delegated only when written delegation of a specific duty is approved by the Board for a limited assignment to a specifically named entity and for a defined time period not to exceed one year.

## ARTICLE 8

### COMMITTEES

Subject to Section 4.3, the Board shall appoint a Nominating Committee. In addition, the Board shall appoint other committees as it deems appropriate, from time to time, in carrying out its powers and/or duties.

## ARTICLE 9

### BOOKS AND RECORDS

The books, records and papers of the Association, including the Declaration, the Articles of Incorporation and these Bylaws, shall be available for inspection by any Member (or any Mortgagee which has sent written notice pursuant to Section 11.1 of the Declaration), upon reasonable notice and during reasonable business hours, at the principal office of the Association.

## ARTICLE 10

### ASSESSMENTS

As more particularly described in the Declaration, each Member is obligated to pay Assessments to the Association. Any Assessments which are not paid when due shall be delinquent. If an Assessment is not paid by its due date, as set forth in the Declaration, the Assessment shall bear interest at a rate of eighteen percent (18%) per annum or the highest rate then permitted by law. Any late charges, costs of collection and reasonable attorneys' fees related to any such delinquent Assessment may be added to the amount of such Assessment. No Member may waive or otherwise escape liability for the Assessments by non-use of the Property or abandonment of the Member's Lot.

## ARTICLE 11

### CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words WATERSIDE CROSSING OWNERS ASSOCIATION, INC.

## ARTICLE 12

### AMENDMENTS

Section 12.1 Subject to the limitations hereinafter contained, the Articles of Incorporation and these Bylaws may be amended or modified at any time by a vote of no less than a majority of all votes entitled to be cast by the Members, which vote is taken at a duly held meeting of the Members at which a quorum is present, in accordance with these Bylaws. Provided, however, if a majority of all votes entitled to be cast by the Members cannot be obtained at such a meeting, then the Articles of Incorporation and these Bylaws may be amended by obtaining the vote of a majority of all votes present at a duly held meeting of the Members at which a quorum is present and within ninety (90) days of such vote, by obtaining written consent to such amendment by Members holding a sufficient number of votes to comprise, along with such voting Members, a majority of all votes entitled to be cast by the Members. Any amendment or modification to the Articles of Incorporation and these Bylaws must be consented to by Declarant so long as Declarant is the Owner of any Lot or other portion of the Property, which consent Declarant may grant or withhold in its sole discretion. In addition, Declarant, without obtaining the approval of any other Members or any other Owners, may make amendments or modifications to the Articles of Incorporation and these Bylaws which either: (a) are correctional in nature only and do not involve a material change which adversely affects the rights, duties or obligations specified herein or therein, or (b) apply only to the portions of the Property then owned by Declarant. Any amendment or modification pursuant to this Section 12.1 shall become effective with respect to these Bylaws or to evidence that the required number of votes have been obtained to modify the Declaration when an instrument is recorded in the Oconee County Registry; provided, however, such an amendment or modification, in lieu of being executed by the Members voting for such amendment or modification, may contain a certification of the Secretary of the Association stating that the amendment or modification has been voted on and approved by the requisite number of votes of the Members, as provided in this Section 12.1. Similarly, a certificate of the Secretary of the Association stating that the required number of votes of Members has been obtained may be used with respect to any amendment or modification of the Articles of Incorporation, which is filed in the Office of the South Carolina Secretary of State.

Notwithstanding anything in this Section 12.1 to the contrary, Declarant may, at its option, amend the Articles of Incorporation and these Bylaws without obtaining the consent or approval of any other person or entity if such amendment is necessary to cause these Bylaws or the Articles of Incorporation to comply with the requirements of the FHA, VA, Federal National

Mortgage Association or any other governmental agency. Declarant, without obtaining the approval of any other person or entity, may also make amendments or modifications which are correctional in nature and do not involve changes which have a material adverse affect on the rights, duties or obligations specified herein.

Section 12.2 In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

### ARTICLE 13

#### MISCELLANEOUS

The fiscal year of the Association shall be the calendar year and shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

### ARTICLE 14

#### INDEMNIFICATION OF DIRECTORS AND OFFICERS

Neither Declarant, nor any Member, nor the Board, nor the Association, nor any officers, Directors, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Member, whether or not such other Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their Directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same. Declarant, the Association or any other person, firm or entity making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof.

The Association shall, to the extent permitted by applicable law, indemnify, defend and hold harmless all Directors from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

The Association shall indemnify any Director or officer or former Director or former officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or non-profit, against expenses (including reasonable attorneys' fees) or liabilities actually and reasonably incurred by him or her in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he or she is made a

party or was (or is threatened to be made) a party by reason of being or having been such Director or officer, except in relation to matters as to which he or she shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty.

The indemnifications provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of Members or any disinterested Directors or otherwise and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

The Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability.

The Association's indemnification of any person who is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his or her behalf by the Association, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article 14, or elsewhere in these Bylaws, shall operate to indemnify any Director or officer if such indemnification is for any reason contrary to any applicable state or federal law.