

Summary of Bylaw Amendments

Attached to this summary is a copy of proposed amendments to the Bylaws that was approved at the Association's special meeting held on August 7, 2017. The Bylaw amendments became effective January 1, 2018. Any capitalized terms when used, but not defined, herein shall have the meaning set forth in the Bylaws. The following is a summary of the amended provisions:

(1) Amendments to Paragraph C of Article VIII relating to Assessment. These amendments are merely a codification of some changes to the Bylaws that were made back in 2005 by the prior developer to set the initial Base Assessment amount at \$1,000.00 and to clarify that such Base Assessment amount can increase by the greater of the following three amounts and not a stacking (i.e. or adding together) of the three amounts as described in the Paragraph C.

(2) Amendment to Paragraph G of Article VIII. This proposed amendment permits a more reasonable time in which Builders may acquire a lot and commence construction without becoming a Member. The prior period of twelve (12) months is being changed to twenty-four (24) months to permit the Builders to have sufficient time to acquire a lot and build a foundation without becoming a Member. In the past, the twelve (12) month period had created a great deal of uncertainty with the Builder and their status as a Member. The Board believes that the twenty-four (24) month period is a much more reasonable timeframe. Until a Builder becomes a Member, the Builder will have no access to any amenities.

(3) Amendment to Article VIII to insert a new Paragraph J relating to Surplus Funds. The new Paragraph J will permit the Association to utilize from time to time surplus funds, howsoever derived, for the capital expenditures of the Association, to repay loans used for capital expenditures of the Association and to establish reasonable reserves for future capital expenditures. This permits the Association not to have to impose Special Assessments when capital expenditures are needed and to provide for reserves from the same. Such use of the funds will still need prior Board authorization.

(4) Amendment to Paragraph M of Article V of the Bylaws. This provision is contained in the powers of the Board section and authorizes the Board of Directors of the Association to use the surplus funds as stated above. This is the corollary Board bylaw provision to the Association bylaw provision.

(5) Amendments contained in Subparagraph (2) of Paragraph D of Article V. The amendments to Subparagraph (2) of Paragraph D of Article V provides staggered terms for the Directors elected after the Class E Membership Termination Date so the Board of Directors would have approximately half of the Board elected each year. After the first set of Directors is elected following the Class E Membership Termination Date, each directorship position shall be open for election for a two-year term. It is believed this provision will provide for continuity on the Board following the Class E Membership Termination Date and not have the entire Board up for election every two years.

(6) Amendment to Paragraph P of Article IX. The amendments to this paragraph are one of a series of amendments to deal with the use of Amenities and other Association Property by tenants or renters of a Member and the particular issues that arise from those relationships. Nothing is intended in these amendments to create, permit, leasing or rentals when the applicable law does not permit such leasing or rental. The first amendment is contained in Paragraph P to Article IX and provides that if a Member leases the entire Member's Property for a Lot, the Member ceases to be entitled to use Association Property by reason of their ownership of the Member's Property so leased. Also, it provides that the Association may enforce against the Member and its tenant/lessee of the Member's Property, the rules, guidelines, Bylaws and the Declaration as if the lessee were a Member. Moreover, any actions of the lessee in violation of any of those applicable documents will be treated as a violation by the Member subject to the enforcement rights of the Association including, but not limited to, Individual Assessments and interest, fines, fees and penalties for which both the Member and lessee are jointly and severally liable.

(7) Amendment to Paragraph B of Article VIII. These amendments modify the Initiation Assessment to provide that an Initiation Assessment shall be imposed upon a Member each time Member leases his/her any portion of their Member Property to another for a period of more than 180 days, provided that the Initiation Assessment shall not be more than one-half (1/2) of the current Initiation Assessment imposed in the year in which the lease occurs.

(8) (a) Amendment to Definition of Assessment. The definition of Assessments contained in Article III to Bylaws, is amended to make clear that fines, fees (including Amenity Fees), costs, expenses, interest and charges thereunder, whether imposed by the Association through Board action (e.g., fees imposed under adopted Rules) or for fines, fees, costs, expenses, interests and charges incurred by the Association in correcting a violation will be treated as Assessments for purposes of the enforcement provisions and remedies provided to the Association.

(9) Amendment to Paragraph B of Article VIII. This is the corresponding amendment to the change in definition of Assessments mentioned above, the purpose of which is to make clear that fines, fees, costs, expenses, interests and charges, whether imposed by the Association through action of the Board of Directors or when imposed for costs incurred by the Association for correcting violation, are to be treated as Assessments subject to all enforcement provisions for Assessments in the Bylaws and Declaration.

(10) Amenity Fees. This new Paragraph J to Article VIII is directed at dealing with the issue of a Member leasing a portion of a Member's Property while continuing to occupy a portion of the Property. It is believed that this type of leasing activity increases the intensity of use of Amenities for which the Association is unable to capture the increase in costs and to pay for increased management issues without the imposition of the Amenity Fee. The Amenity Fee is only imposed on leases or rentals of a Member's Property for periods of 180 days or less and only occurs if a Member continues to occupy a portion of that Member's Property. The Amenity Fee is calculated on a daily basis and is calculated by dividing the then current Base Assessment for the Member's Property by 365, and then multiplying that quotient so determined by the number of days of occupancy. The amendment provides that, until the Amenity Fee is paid, such

tenant or renter is not permitted to use any amenities or Association Property. The Amenity Fee is in addition to any other Assessments or fees.

(11) Quorum and Voting Changes. The amendments to Paragraph K of Article IV of the Bylaws for Member Meetings and to Paragraph C(2) of Article IV of the Bylaws with respect to Neighborhood Meetings are designed to lower the quorum threshold in order to have valid meetings. With respect to Member Meetings, the amendment changes the quorum requirement to the presence, in person or by ballot, of the Class E Member if the meeting occurs on or prior to the Class E Membership Termination Date and if the meeting occurs after the Class E Membership Termination Date, then Member Representatives who together represent at least ten percent (10%) of the votes entitled to cast. Likewise, the amendment to Paragraph C(2) for Neighborhood Meetings lowers the quorum requirement to Member Representatives from the Neighborhood representing ten percent (10%) of the total number of Member Representatives in that Neighborhood, formerly it was a majority. For voting purposes, it changes the required vote to a majority of the quorum, rather than a majority of all votes entitled to be cast.