

BY-LAWS OF
THE VILLAGES OF CREEKSIDE HOMEOWNERS ASSOCIATION

ARTICLE I

DEFINITIONS

SECTION 1.01. The following words when used in these By-Laws or any Amendment (unless the context shall prohibit) shall have the following meanings. .

(a) "Area of Common Responsibility" shall mean and refer to the Common Areas, together with those areas, if any, which by contract with any residential association, or with any school district or other local governmental authority become the responsibility of the Association. In addition, the office of any property manager employed by or contracting with the Association and located on the Properties shall be part of the Area of Common Responsibility.

(b) "Association" shall mean and refer to The Villages of Creekside Homeowners Association, Inc.

(c) "Board of Directors" shall mean the Board of Directors of the Association.

(d) "Common Areas" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties and intended to be devoted to the common use and enjoyment of the owners of The Properties, and may include, the land and improvements for streets, easements, parks, recreation areas and facilities, pedestrianways, drainageways, stormwater facilities, and any buildings, structures or appurtenances incident thereof.

(e) "Declaration" shall mean the Declaration of Covenants and Restrictions, dated as of March 25, 1991, filed and recorded with respect to the Planned Residential Development.

(f) "Developer" shall mean and refer to Oaklea Corporation, a corporation.

(g) "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of The Properties with the exception of Common Area and heretofore defined.

(h) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Section 3.01 hereof.

(i) "Owner" shall mean and refer to one or more persons or entities who hold the record title to any Residential Unit which is part of The Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Residential Unit is sold under a recorded contract of sale, the purchaser (rather than the fee Owner) will be considered the Owner. The Board of Directors may promulgate reasonable regulations conditioning such use upon registration of the names of contract purchasers with the Association.

(j) "Parcel" shall mean and refer to separately designated, developed residential areas comprised of various types of housing initially or by amendment made subject to the Declaration; including Patio Dwellings, single family attached or detached houses. In the absence of specific designation of separate Parcel status, all Properties made subject to the Declaration shall be considered a part of the same Parcel; provided, however, the Declarant may designate in any subsequent amendment adding property to the terms and conditions of the Declaration that such Properties shall constitute a separate Parcel or Parcels, and by a two-thirds (2/3) vote, the Board of Directors may designate Parcel status to any area so requesting.

(k) "Parcel Assessments" shall mean assessments for common expenses provided for herein or by any subsequent Amendment which shall be used for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of the Residential Units against which the specific Parcel Assessment is levied and

of maintaining The Properties within a given Parcel, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized below.

The Parcel Assessment shall be levied equitably against the Owners of Residential Units/land in a Parcel benefited by the assessment for such purposes that are authorized by the Declaration or by the Board of Directors from time to time, provided that in the event of assessments for exterior maintenance of dwellings, or insurance on dwellings, or replacement reserves which pertain to particular dwellings (pursuant to an amendment to the Declaration), such assessments (that are for the use and benefit or particular lots/units) shall be levied upon a pro rata basis among benefited Owners.

(l) "Patio Dwelling" shall mean a single family detached dwelling which shall have one side yard and the other side of the dwelling shall be located on the lot line with no side yard. Patio Dwellings are designed for location on such zero lot line parcels.

(m) "Planned Residential Development" shall mean The Villages of Creekside Planned Residential Development.

(n) "Residential Unit" or "Unit" shall mean a portion of The Properties intended for any type of independent ownership for use and occupancy as a residence by a single family and shall, unless otherwise specified, include within its meaning patio or zero lot line homes, and single family houses on separately platted lots, as may be developed, used and defined as herein provided or as provided in subsequent Amendments covering all or a part of The Properties.

For the purposes of the Declaration, a Residential Unit shall come into existence when substantially complete or upon the issuance of a certificate of occupancy by the appropriate agency of the Township or other local governmental entity. The term "Residential Unit" shall not include any commercial space which might be subject to all or part of the Declaration.

(o) "Single Family Detached Dwelling" shall mean a building used by one family, having only one dwelling unit and two side yards, or one dwelling unit and one side yard and one zero lot line, so long as the dwelling is not attached to another dwelling.

(p) "Single Family Semi-Detached Dwelling (Duplex-Twin)" shall mean a building used by one family, having one dwelling unit and one side yard and one party wall in common with another building.

(q) "The Properties" shall mean and refer to all such existing properties, and additions thereto, as are subject to the Declaration or any Supplemental Declaration under the provisions of Article II, thereof.

(r) "Township" Shall mean the Township of North Cornwall, Lebanon County, Pennsylvania.

ARTICLE II
LOCATION

SECTION 2.01. The principal office of the Association shall be located at 546 South 9th Street, Lebanon, Pennsylvania.

ARTICLE III
MEMBERSHIP

SECTION 3.01. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot (or Residential Unit) which is subject to covenants of record or to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

SECTION 3.02. The rights of membership are subject to the payment of annual, personal and special assessments levied by the Association, the obligation of which assessments is imposed against each Owner of and becomes a lien upon the property against which such assessments are made as provided by Article V of the Declaration to which The Properties are subject and recorded in the Office of the Recorder of Deeds of Lebanon County, Pennsylvania, and which provide as follows:

1. **Creation of the Lien and Personal Obligation of Assessments.** The Developer, for each completed Residential Unit owned by it within The Properties, hereby covenants and each Owner of any completed Residential Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter

provided; and (3) personal assessments for maintenance of individual lots. The annual, personal and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

SECTION 3.03. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents in The Properties and in particular for the improvement and maintenance of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas including, but not limited to, the payment of taxes and insurance thereon and repair, replacement and additions thereto, and for the cost of labor, equipment, materials, managements and supervisions thereof.

SECTION 3.04. Basis of Annual Assessments. The Association, through its Board of Directors, shall fix the annual assessment per residential unit based upon the estimated cost of carrying out the responsibilities of the Association. General assessments are applicable to all record Owners of lots upon which are constructed single-family or two-family dwelling, or patio dwelling. Said properties shall be assessable for the following purposes only:

- (1) The lawns and planting as outlined on the Final Subdivision Plans under the title of Common Open Space or Common Area.
- (2) The sidewalks and pedestrianways in the public rights-of-way easements and in common open space as outlined on the Final Subdivision Plans.
- (3) Outdoor lighting in public rights-of-way and on Common Areas.

- (4) Essential improvements such as drives, boulevard median strips, sanitary sewers, water lines, fire hydrants, storm sewers, drainageways, and storm water management facilities, fences, signs and other facilities essential for the use and maintenance of Common Areas.
- (5) Recreation facilities such as swimming pools, tennis courts, playground equipment, picnic facilities and any structures or appurtenances related thereto.
- (6) Liability and Property Damage Insurance relating to the aforementioned Common Areas.
- (7) Capital Reserves as deemed necessary for replacement of the aforementioned Common Areas.
- (8) Real estate and other taxes levied on Common Areas.
- (9) Trash Collection Service.
- (10) Management Services.
- (11) Other assessments or charges which the Owners have agreed to as appropriate for assessment.

SECTION 3.05. Special Assessments for Capital Improvements and Personal Assessments. In addition to the annual assessments authorized by Section 3.03 hereof, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of fifty-one percent of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

At the option of the Association, the Association may agree to provide maintenance services to individual Lots. Such services shall only

be provided by written agreement between the Lot Owner and the Association, shall be for a term of one year, shall provide for pre-payment of estimated expenses on a monthly basis, with annual adjustment to reflect actual cost over the one year term, and such other terms as may be agreed to by the parties. The charges for such Lot maintenance shall be a personal assessment and shall be subject to collection procedures for assessments generally set forth in the Covenants and By-Laws.

SECTION 3.06. Quorum for Any Action Authorized Under Section 3.05. The quorum required for any action authorized by Section 3.05 hereof shall be as follows:

At the first meeting called, as provided in Section 3.05 hereof, the presence at the meeting of Members, or of proxies, entitled to cast fifty (50) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in Section 3.05 and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 3.07. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement.

The first annual assessment shall be made for the balance of the calendar year and shall become due and payable on the day fixed for commencement. The assessments for any years, after the first year, shall become due and payable on the first day of March of said year.

The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3.03 hereof as the remaining number of months in that year bear to twelve.

The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to The Properties now subject to assessment at a time other than the beginning of any assessment period.

The Board of Directors may provide that the annual assessment may be paid in periodic installments.

The due date of any special assessment or personal assessment under Section 3.05 hereof shall be fixed in the resolution authorizing such assessment.

SECTION 3.08. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Lot or Residential Unit for each assessment period of at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of The Properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner.

Written notice of the assessment shall thereupon be sent to every Owner subject thereto.

The Association shall upon fifteen (15) days' notice in writing at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

SECTION 3.09. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; The Lien; Remedies of Association. If the assessments are not paid on the date when due (being the dates specified in Section 3.07 hereof), when such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of

the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of eighteen (18) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the Court together with the costs of the action.

SECTION 3.10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon The Properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

SECTION 3.11. Exempt Property. The following property subject to the Declaration shall be exempted from the assessments, charge and lien created herein: (a) all properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use; (b) all Common Areas as defined in Section 1.01, hereof; (c) all properties exempted from taxation by the laws of the Commonwealth of Pennsylvania, upon the terms and to the extent of such legal exemption.

Notwithstanding any provisions herein, no completed living unit devoted to dwelling use shall be exempt from said assessment, charges or liens.

ARTICLE IV
VOTING RIGHTS

SECTION 4.01. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those Owners as defined in Section 3.01 of the Declaration, with the exemption of the Developer. Class A members shall be entitled to one vote for each Lot (or Residential Unit) in which they hold the interests required for membership by said Section 3.01. When more than one person holds such interest or interests in any Lot (or Residential Unit) all such persons shall be members, and the vote for such Lot (or Residential Unit) shall be exercised as they among themselves determine and provide to the Association in advance and in writing, but in no event shall more than one vote be cast with respect to any such Lot (or Residential Unit).

Class B. Class B members shall be the Developer, and any successor of the Developer who takes title for the purpose of development and sale and who is designated as such in a recorded instrument. The Class B member shall originally be entitled to 354 votes; this number shall be decreased by one (1) vote for each Class A member existing at any one time. The Class B membership shall terminate and be converted to Class "A" membership upon the happening of the earlier of the following:

(a) When the total Class A votes equals or exceeds the total number of Class B votes.

(b) Twenty (20) years from the date hereof.

(c) The Developer, or any successor named by the Developer and specifically given the right by it so to do in a written instrument, may terminate the Class B membership.

From and after the happening of these events, whichever occurs earlier, the Class B member shall be deemed to be a Class A member

entitled to one vote for each Lot (or Residential Unit) in which it holds the interests required for membership under Section 4.01.

For purposes of determining the votes allowed under this Section, when Residential Units are counted, the Lot or Lots upon which such Residential Units are situated shall not be counted.

ARTICLE V
PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON AREAS

SECTION 5.01. Each member shall be entitled to the use and enjoyment of the Common Areas and facilities as provided by deed of dedication and Article IV, Declaration of Covenants applicable to The Properties, which provides as follows:

1. Members' Easements of Enjoyment. Subject to the provisions of Paragraph 3 of Section 5.01, every Member shall have a right and easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title to every Lot (or Residential Unit).

2. Title to Common Areas. The Developer shall retain the legal title to the Common Areas until such time as it has conveyed title pursuant to Section 4.02 of the Declaration of Covenants.

3. Extent of Members' Easements. The rights and easements of enjoyment shall be subject to the following:

(a) the right of the Developer and of the Association, in accordance with these By-Laws, to borrow money for the purpose of improving the Common Areas and in aid thereof to mortgage said areas. In the event of a default upon any such mortgage the lender's rights hereunder shall be limited to a right, after taking possession of such properties, to charge admission and other fees as a condition to continued enjoyment by the members and, if necessary, to open the enjoyment of such properties to a wider public until the mortgage debt is satisfied whereupon the possession of such properties shall be returned to the Association and all rights of the Members hereunder shall be fully restored; and

(b) the right of the Association to take such steps as are reasonable necessary to protect the above-described properties against foreclosure; and

(c) the right of the Association to suspend the enjoyment rights of any Member and/or tenant thereof for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any and each infraction of its published rules and regulations; and

(d) the right of the Association to charge reasonable admission and other fees for the use of the Common Areas; and

(e) the right of the individual Members to the exclusive use of parking spaces; and

(f) the right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by Members entitled to cast two-thirds (2/3) of the votes of each class of membership has been recorded, agreeing to such dedication, transfer, purpose or condition, and unless written notice of the proposed agreement and action thereunder is sent to every Member at least ninety (90) days in advance of any action taken.

SECTION 5.02. Any member may delegate his rights of enjoyment in the Common Areas and Facilities to the members of his family who reside upon The Properties or to any of his tenants who reside thereon under a leasehold interest for a term of one year or more. Such Member shall notify the Secretary in writing of the name of any such person and of the relationship of the member to such person. The rights and privileges of such person are subject to suspension under Section 5.01, to the same extent as those of the member.

ARTICLE VI
ASSOCIATION PURPOSES AND POWERS

SECTION 6.01. The Association has been organized for the following purposes: To promote the health, safety, and welfare of the residents within the Planned Residential Development, and such additions thereto as may hereafter be brought within the jurisdiction of this Association by annexation, and for this purpose to:

1. own, acquire, build, operate, and maintain recreation areas and facilities, commons, street, footways, drainageways, stormwater facilities including buildings, structures, personal properties incident thereto, hereinafter referred to as "the Common Areas";

2. provide exterior maintenance for the Common Areas;

3. provide garbage and trash collection for the Common Areas;

4. provide fire and police protection;

5. maintain unkept lands or trees;

6. supplement municipal services;

7. fix assessments (or charges) to be levied against The Properties;

8. enforce any and all covenants, restrictions and agreements applicable to The Properties;

9. pay taxes, if any, on the Common Areas and facilities; and

10. insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of The Properties.

SECTION 6.02. Additions to The Properties described in Sections 1.01 and 2.03 may be made only in accordance with the provisions of the recorded Covenants and Restrictions applicable to said properties. Such additions, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties, and membership of this Association to

such properties. Where the applicable covenants require that certain additions be approved by this Association, such approval must have the assent of two-thirds of the votes of each class of members who are voting in person or by proxy at a meeting duly call for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

SECTION 6.03. Subject to the provisions of the recorded covenants and restrictions applicable to The Properties described in Section 1.01, and to the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members of at least thirty (30) days in advance and shall set forth the purpose of the meeting.

SECTION 6.04. The Association shall have power to borrow only to the extent authorized under the recorded covenants and restrictions applicable to said properties. The total debts of the Association outstanding at any time shall not exceed the total of three (3) years' assessments current at that time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

No mortgage shall be placed on the Common Area until approved by an affirmative vote of two-thirds of the Board of Directors.

SECTION 6.05. The quorum required for any action governed by Sections 6.02, 6.03, and 6.04 of this Article shall be as follows:

At the first meeting duly called as provided therein, the presence of members, or of proxies, entitled to cast fifty (50)

percent of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in said Sections, and the required quorum at any subsequent meeting shall be one half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following such preceding meeting.

ARTICLE VII
BOARD OF DIRECTORS

SECTION 7.01. The affairs of the Association shall be managed by a Board of no less than three (3) and no more than nine (9) Directors as the Board of Directors from time to time shall determine. Board members need not be members of the Association.

The Initial term of the Directors shall be fixed at the time of their election as they among themselves shall determine. Provided, however, that the terms of the initial Directors shall be staggered so that one-third of the members of the Board shall serve one (1) year, one-third shall serve two (2) years, and one-third shall serve three (3) years. Subsequent appointments shall be for three (3) year terms. The initial Board of Directors shall be appointed by the Developer.

SECTION 7.02. Vacancies in the Board of Directors shall be filled by the remaining directors, and such appointed director to hold office until his successor is elected by the Members, who make such election at the next annual meeting of the Members or any special meeting duly called for that purpose.

ARTICLE VIII
ELECTION OF DIRECTORS;
NOMINATING COMMITTEE

SECTION 8.01. Election to the Board of Directors shall be written ballot as hereinafter provided. At such election, the members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the recorded covenants applicable to The Properties. The names receiving the largest number of votes shall be elected.

SECTION 8.02. Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the Standing Committees of the Association.

SECTION 8.03. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members to 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.

SECTION 8.04. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members, as the committee in its discretion shall determine. The report of the Nominating Committee shall be included with the notice of the meeting at which the Directors are to be elected.

SECTION 8.05. The Secretary shall prepare and send notice of each meeting at which elections for directors are to be held at least 14 days in advance of the meeting. The notice shall describe the vacancies to be

filled and set forth the names nominated by the Nominating Committee for such vacancies.

SECTION 8.06. Persons other than those nominated by the Nominating Committee may be nominated if members representing ten percent (10%) of the number of votes eligible to vote in the election give written notice of the intent to nominate to the Secretary at least seven (7) days prior to the date upon which the election is to take place. The notice shall be accompanied by a written consent to be nominated and executed by the nominee.

ARTICLE IX
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 9.01. The Board of Directors shall have power:

(a) To call special meetings of the members whenever it deems necessary and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership, as provided in Section 4.01.

(b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these By-laws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever.

(c) To establish, levy and assess, and collect the assessments or charges referred to in Section 3.02.

(d) To adopt and publish rules and regulations governing the use of the Common Areas and facilities and the personal conduct of the members and their guests thereon.

(e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the meeting or to members in the covenants.

(f) In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent Director to be vacant.

SECTION 9.02. It shall be the duty of the Board of Directors:

(a) To 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 membership or at any special meeting when such is requested

in writing by one-fourth (1/4) of the voting membership, as provided in Section 13.02.

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

(c) As more fully provided in Article V of the Declaration applicable to The Properties:

(1) To fix the amount of the assessment against each lot for each assessment period at least thirty days in advance of such date or period and, at the same time;

(2) To prepare a roster of The Properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member, and at the same time;

(3) To send written notice of each assessment to every Owner subject thereto.

(d) To issue, or to cause an appropriate officer to issue, upon fifteen (15) days' written request by any person a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

ARTICLE X
DIRECTORS MEETINGS

SECTION 10.01. A regular meeting of the Board of Directors shall be held on the last Wednesday of each month at 8:00 o'clock, p.m., provided that the Board of Directors may, by resolution, change the day and hour of holding such regular meeting.

SECTION 10.02. Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

SECTION 10.03. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any two directors after not less than three (3) days' written notice to each director, which notice shall include the purpose of the meeting.

SECTION 10.04. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Corporate records and made part of the minutes of the meeting.

SECTION 10.05. The majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XI
OFFICERS

SECTION 11.01. The officers shall be a president, a vice-president, a secretary, and a treasurer. The president and the vice-president shall be members of the Board of Directors.

SECTION 11.02. The officers shall be chosen by majority vote of the Directors.

SECTION 11.03. All officers shall hold office during the pleasure of the Board of Directors.

SECTION 11.04. The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and sign all notes, leases, mortgages, deeds and all other written instruments.

SECTION 11.05. The vice-president shall perform all the duties of the president in his absence.

SECTION 11.06. The secretary shall be ex officio the secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for the purpose. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all members of the Association together with their addresses as registered by such members.

SECTION 11.07. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The treasurer shall sign all notes of the Association, provided that such notes shall also be signed by the president or the vice-president.

SECTION 11.08. The treasurer shall keep proper books of account and cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year. He shall prepare an annual budget and an annual balance sheet statement and the budget and balance sheet statement shall be presented to the membership at its regular annual meeting.

SECTION 11.09. The Board of Directors shall have the power and authority to delegate specific enumerated powers to a management company or person.

ARTICLE XII
COMMITTEES

SECTION 12.01. The Standing Committees of the Association shall be:

The Nominations Committee
The Recreation Committee
The Maintenance Committee
The Architectural Control Committee
The Publicity Committee
The Audit Committee

Unless otherwise provided herein, each committee shall consist of a Chairman and two or more members and shall include a member of the Board of Directors for board contact. The Committees shall be appointed by the Board of Directors prior to each annual meeting to 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 Board of Directors may appoint such other committees as it deems desirable.

SECTION 12.02. The Nominations Committee shall have the duties and functions described in Article VIII.

SECTION 12.03. The Recreation Committee shall advise the Board of Directors on all matter pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion determines.

SECTION 12.04. The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Common Areas and facilities of the Association, and shall perform such other functions as the Board, in its discretion, determines.

SECTION 12.05. The Architectural Control Committee shall have the duties and functions described in Article VII of the Declaration applicable to The Properties. It shall watch for any proposals, programs, or activities which may adversely affect the residential value of The Proper-

ties and shall advise the Board of Directors regarding Association action on such matter.

SECTION 12.06. The Publicity Committee shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interest of the Association.

SECTION 12.07. The Audit Committee shall supervise the annual audit of the Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting as provided in Section 11.08. The treasurer shall be an ex officio member of the Committee.

SECTION 12.08. With the exception of the Nominations Committee and the Architectural Control Committee (but then only as to those functions that are governed by Article VII of the Declaration applicable to The Properties), each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties, and functions.

SECTION 12.09. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented. All complaints shall be in writing and shall receive a written response within a reasonable period of time. The decision on any complaint may be appealed, in writing, to the Board of Directors.

ARTICLE XIII
MEETINGS OF MEMBERS

SECTION 13.01. The regular annual meeting of the members shall be held on first day of the month of May in each year, at the hour of 8:00 o'clock, p.m. If the day for the annual meeting of the members shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

SECTION 13.02. Special meetings of the members for any purpose may be called at any time by the president, vice-president, the secretary or treasurer, or by any two or more members of the Board of Directors, or upon written request of the members who have a right to vote one-fourth of all of the votes of the entire membership or who have a right to vote one-fourth of the votes of the Class A membership.

SECTION 13.03. Notice of any meetings shall be given to the members by the secretary. Notice may be given to the member either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each member shall register his address with the secretary, and notices of meetings shall be mailed at least six (6) days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided however, that if the business of any meeting shall involve an election governed by Article VIII or any action governed by the Articles of Incorporation or by the Covenants applicable to The Properties, notice of such meeting shall be given or sent as therein provided.

SECTION 13.04. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of all classes of membership shall constitute a quorum for any action governed by these By-laws. Any action governed by the Articles of Incorporation or by

the Covenants applicable to The Properties shall require a quorum as therein provided.

ARTICLE XIV

PROXIES

SECTION 14.01. At all corporate meetings of members, each member may vote in person or by proxy.

SECTION 14.02. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his home or other interest in The Properties.

ARTICLE XV

BOOKS AND PAPERS

SECTION 15.01. The books, records and papers of the Association shall at all times, during reasonable hours, be subject to the inspection of any members.

ARTICLE XVI

CORPORATE SEAL

SECTION 16.01. The Association shall have a seal in circular form having within it circumference the words: THE VILLAGES OF CREEKSIDE HOMEOWNERS ASSOCIATION, INC.

ARTICLE XVII

FISCAL YEAR

SECTION 17.01. The fiscal year of the Association shall begin on the first day of January.

ARTICLE XVIII
AMENDMENTS

SECTION 18.01. These By-laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of each class of members present in person or by proxy, provided that those provisions of these By-laws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Declaration applicable to The Properties may not be amended except as provided in such Declaration.

SECTION 18.02. In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Declaration applicable to The Properties and these By-laws, the Declaration shall control.

ARTICLE XIX

INDEMNIFICATION OF DIRECTORS AND OFFICERS
AND LIMITATION OF DIRECTORS' PERSONAL LIABILITY

SECTION 19.01. *Indemnification of Directors and Officers.*

1. The Association shall indemnify to the full extent required by law, and may indemnify or agree to indemnify to the full extent permitted by law, any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or contemplated action, suit, or proceeding whether civil, criminal, administrative or investigative (including, but not limited to, court costs, attorneys' fees and any amount paid in any settlement), by reason of that person's being or having been a member of its Board of Directors (hereinafter referred to as "director"), officer, employee, or agent of the Association or of any other enterprise at the request of the Association. Notwithstanding the foregoing, the Association has no obligation to purchase insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association against any liability asserted against or incurred by him in any such capacity, or arising out of his status as such. Such insurance may be provided by the Association at the sole discretion of the Board of Directors. Such indemnification as set forth in this paragraph shall not impair any other right any such person may have.

2. Said indemnification can be made only if a determination has been made, with the advice of counsel for the Association, by members of the Board of Directors not involved in the claim or proceeding, or by a disinterested person or persons named by said members of the Board of Directors not involved in the claim or proceeding, or by the members, or by independent legal counsel in a written opinion:

a. that the director, officer, employee or agent acted or failed to act, and in either case, in good faith, and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; and

b. that the amount of the proposed indemnification is reasonable; and

c. that the proposed indemnification is just and proper and can be legally made by the Association under then existing law; and

d. that the indemnification shall be made by the Association in an amount stated in the determination provided, however, that the indemnification provided for herein shall not be available if the act or failure to act giving rise to the claim for indemnification has been determined by a court to have constituted willful misconduct or recklessness.

SECTION 19.02. *Limitation of Directors' Personal Liability.*

No director shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

1. The director has breached or failed to perform the duties of his office relating to the standard of care and justifiable reliance as set forth in Section 19.03 of this Article; and

2. The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness, PROVIDED, HOWEVER, that the provisions of this section shall not apply to: (1) the responsibility or liability of a director pursuant to any criminal statutes; or (2) the liability of a director for the payment of taxes pursuant to local, state, or federal law.

SECTION 19.03. *Standard of Care of Directors and Justifiable Reliance by Directors.* A director shall stand in a fiduciary relation

to the Association and shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Association, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his duties, a director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (1) one or more officers or employees of the Association whom the director reasonably believes to be reliable and competent in the matters presented; (2) counsel, public accountants or other persons as to matters to which the director reasonably believes to be within the professional or expert competence of such person; (3) a committee of the board upon which he does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence. A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause his reliance to be unwarranted. In discharging the duties of their respective positions, the Board of Directors, committees of the board, and individual directors may, in considering the best interests of the Association, consider the effects of any action upon employees, upon suppliers and customers of the Association and upon communities in which offices or other establishments of the Association are located, and other pertinent factors. The consideration of those factors shall not constitute a violation of the foregoing duties of the directors as set forth herein. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director or any failure to take any action shall be presumed to be in the best interests of the Association.

SECTION 19.04. Advance Payment of Expenses. Expenses incurred by an officer, director, employee or agent in defending a civil or criminal action, suit or proceeding may be paid by the Association in ad-

vance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that the person is not entitled to be indemnified by the Association.

SECTION 19.05. Insurance or Indemnification. The Association shall have the power to buy and maintain insurance and to establish and fund a self-insurance indemnification reserve fund on behalf of the directors, officers, employees and agents of the Association and a person serving at the request of the Association as a director, officer, employee or agent of another organization, against liability incurred in any such capacity, or arising out of his status as such.

SECTION 19.06. Validity. The invalidity of any portion of this Article XIX shall not affect the validity of the remainder hereof.

SECTION 19.07. Application. This Article shall not apply to any actions filed or any breach of performance of duty or any failure of performance of duty prior to January 27, 1987.

SECTION 19.08. Contract Rights; Amendment or Repeal. All rights to indemnification under this Article XIX shall be deemed a contract between the Association and the persons to be indemnified under this Article XIX pursuant to which the Association and each such person intend to be legally bound. Any repeal, amendment or modification of this Article shall be prospective only and shall not affect any rights or obligations then existing.

I hereby certify that the foregoing Bylaws of the above-named Association were duly adopted by the Board of Directors of said Association on the 25th day of March, 1991.

Virginia V. Hellett
Secretary