

Misc

**BY-LAWS OF THE LAKES AND STREAMS
HOMEOWNERS ASSOCIATION, INC.**

INTRODUCTION

The name of the corporation is THE LAKES AND STREAMS HOMEOWNERS ASSOCIATION, INC. (hereinafter referred to as the "Association"). The Association shall maintain an office at such place as the Board of Directors of the Association may determine. The corporate seal of the Association shall be in circular form and shall bear the name of the Association and such other language as may be required by the laws of the Commonwealth of South Carolina.

**ARTICLE I
DEFINITIONS**

The following words, phrases and terms, when used in these By-Laws shall have the meanings provided for below in this Article I.

Section 1.1. "Appointed Director" shall mean and refer to a Board member who has been appointed by the Declarant in accordance with the provisions of Article IV of the By-Laws.

Section 1.2. "Architectural Control Committee" shall mean the committee referred to at Article VI, Section 1 of the Declaration and Article VII of these By-Laws.

Section 1.3. "Homeowners Association" or "Association" or "HA" shall mean and refer to the Lakes and Streams Homeowners Association, Inc., a South Carolina corporation not for profit, its successors and assigns.

Section 1.4. "Board" shall mean the Board of Directors of the Association.

Section 1.5. "By-Laws" shall mean the By-Laws of the Association, as such By-Laws may be amended from time to time.

Section 1.6. "Common Areas and Facilities" shall mean and refer to all real property, and the improvements thereon, in which the Association holds a fee interest or an easement of the common use and enjoyment of the Owners, including all portions of Lakes and Streams not included within the Lots as shown on the Title Plan and all personal property which the Association owns.

Section 1.7. "Declarant" shall mean and refer to the Lakes and Streams Development Company, Inc., a South Carolina corporation, and its successors and assigns.

Section 1.8. "Declaration" shall mean and refer to the Declaration of Covenants and Easements applicable to Lakes and Streams dated _____, 19__, and recorded by Declarant in the Office of the Recorder of Deeds of Aiken County, South Carolina, as the same may be amended from time to time.

Section 1.9. "Elected Director" shall mean and refer to a Board member who has been elected by the Members in accordance with the provisions of Article IV of the By-Laws.

Section 1.10. "Governing Documents" include the Declaration, the By-Laws, the Articles of Incorporation of the Association, any rules or regulations adopted by the Board or any committee or subcommittee of the Association, and all amendments and supplements to the foregoing.

Section 1.11. "Lot" shall mean and refer to any lot or other parcel in Lakes and Streams shown upon the Title Plan, together with any and all improvements thereon, on which a residential structure could be constructed whether or not one has been constructed.

Section 1.12. "Manager" shall mean and refer to any managing agent, whether corporate or individual, retained by the Association on contract and charged with the maintenance and upkeep of the Common Areas and Facilities. A Manager may be retained by the Association to manage and administer the affairs of the Association and to consult with the Association, its officers and directors.

Section 1.13. "Member" shall mean and refer to the members of the Association and shall include all Owners and Class B Members or Members referred to in Article IV of the Declaration.

Section 1.14. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including Declarant and contract sellers, but excluding contract purchasers and those having such interest merely as security for the performance of an obligation.

Section 1.15. "Property" of Lakes and Streams shall mean and refer to the real property situate in Aiken County, South Carolina, more particularly described in Exhibit "A" to the Declaration.

Section 1.16. "Title Plan" shall mean and refer to the Record Plan, dated _____, 19__, prepared by _____, approved by the Aiken County Planning Commission, and recorded in the Office for the Recording of Deeds in and for Aiken County, South Carolina, on _____, 19__, Plan Book _____ and Page _____.

ARTICLE II
MEMBERS; VOTING; QUORUM;
PROXIES AND ASSESSMENTS

SECTION 2.1. MEMBERSHIP. Every Owner of a Lot shall be a Member of the Association. Membership in the Association shall be appurtenant to each Lot and transfer of title to each Lot shall transfer automatically membership in the Association without the necessity of the delivery of any document. Membership in the Association shall not be separated from ownership of any Lot.

SECTION 2.2. VOTING RIGHTS: CLASSES. The Association shall have two classes of voting membership:

CLASS A. Class A Members shall be all Owners and shall be entitled to one vote for each Lot owned. When more than one person is the Owner of any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one Class A membership vote be cast with respect to any Lot. The Class A Members shall not include the Declarant unless and until its Class B membership has ceased and has been converted to Class A membership as hereinafter provided.

CLASS B. The Class B Member shall be the Declarant. The Declarant plans the Lakes and Streams Subdivision as a major development. To help assure a development that is beneficial to all persons, the Declarant shall retain a vote equal to a majority plus one in the appointment of the Architectural Control Committee and in the votes of the Association until 90% of the ~390 acre Lakes and Streams Tract is developed, or until such other time as it or its assigns shall elect. Except however,

b. if 90% of the tract shall not have been developed by January 1, 2006, the Class B Member shall be converted to a Class A Member on the basis of one undeveloped acre remaining shall equal three lots.

c. Declarant, his successors or assigns have elected to terminate any further development of Lakes and Streams Subdivision and has notified Association of said decision via Certified Mail.

Section 2.3. MAJORITY OF THE MEMBERS. As used herein, the term "Majority of the Members" shall mean the persons entitled to cast more than fifty percent (50%) of the total votes to which all Members are entitled.

Section 2.4. QUORUM

a. Except as otherwise provided in the Declaration, any other Governing Document, or in Section 2.4(b) or elsewhere in these By-Laws, the presence in person or by proxy of a Majority

of the Members shall constitute a quorum at a meeting of the Association. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough persons so that less than a quorum is present, and the Members then remaining and entitled to cast votes at such meeting shall constitute a quorum in connection with the conduct of such business prior to adjournment. The concurrence of a majority of the votes cast at a meeting at which a quorum is present shall be the act of, and binding upon, all Members for all purposes, unless otherwise provided under these By-Laws or the other Governing Documents.

b. If a quorum is not present at any meeting, the Members present, either in person or by proxy, may, by majority vote, reschedule the meeting for a later date, and notice thereof, in accordance with the provisions of Section 3.4 shall be given to all Members entitled to attend and vote at such meeting. A quorum at such second meeting shall consist of whatever number of Members is present, and such fact shall be communicated to the Members in the notice of the second meeting.

Section 2.5. PROXIES. Votes may be cast in person or by written proxy. Proxies must be filed with the Association Secretary before the appointed time of each meeting. A proxy shall be revocable at any time only upon written notice to the Secretary and shall automatically cease after one (1) year. A proxy shall also become void when the Association has received written notice of the death or judicially-declared incompetence of the grantor of the proxy or of recording of a transfer of title to the Lot from the grantor of such proxy.

ARTICLE III MEETINGS OF MEMBERS

Section 3.1. ANNUAL MEETINGS. The first annual meeting of Members shall be held on such date as is fixed by the Declarant, which date shall in no event be later than the earlier of (1) sixty (60) days from the date when there is no longer a Class B Member, or (2) three (3) years after the date of recording of the Declaration. Thereafter, an annual meeting of the Members shall be held on the second Saturday of October or such other date as is selected by the Board.

Section 3.2. SPECIAL MEETING.

a. Special meetings of the Members may be called at any time by the Association President or by the Board, or upon written request of twenty percent (20%) of the Members.

b. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except that stated in the notice unless consented to in person or by proxy by sixty percent (60%) of all Members entitled to attend and vote at such special meeting.

Section 3.3. PLACE AND TIME OF MEETING. All meetings of the Members shall take place at 8:00 p.m., in some section of Lakes and Streams designated by the person or persons calling the meeting, or at such other reasonable place or time designated by the Board or the person or persons calling the meeting.

Section 3.4. NOTICE.

a. Written notice stating the place, day, and hour of any meeting of Members shall be given to the Members not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President or Secretary.

b. Notices provided for in these By-Laws or any other Governing Document shall be addressed to Members at each Member's respective Lot or to one (1) other address as any such Member may from time to time specify in writing to the Associational Secretary. Delivery shall be deemed to have been made when the notice is hand delivered to the Member's mailbox or Lot, or when the notice has been duly deposited in the United States mail, postage prepaid and sent to the address indicated for such notice. Notice may be waived by any Member in writing given at any time.

Section 3.5. ACTION BY CONSENT. Any action required or permitted to be taken by vote of Members may be taken without a meeting by the written consent, stating the actions so taken, of at least that number of such persons whose votes would otherwise have been sufficient to take the action of a meeting had been held at which all Members of such class or classes were present.

ARTICLE IV BOARD OF DIRECTORS

Section 4.1. NUMBER. The affairs of the Association shall be managed by the Board which shall consist of three (3) Directors elected at large from the entire subdivision and one (1) Director elected from each village (section) as that village (section) is merged into the Lakes and Streams Homeowners Association. Until the first annual meeting of Members, the Board shall consist of Appointed Directors. Thereafter, the Board shall consist of Elected Directors.

Section 4.2. COMPOSITION AND TERM.

a. **APPOINTED DIRECTORS.** Appointed Directors shall be appointed by the Declarant, shall serve at the pleasure of the Declarant, and may be removed and replaced by the Declarant at any time and from time to time at Declarant's sole discretion. Appointed Directors need not be Members of the Association. Three (3) Appointed Directors shall be appointed to serve until the

first annual meeting of Members. Commencing with the first annual meeting of Members, all Directors shall be Elected Directors.

b. ELECTED DIRECTORS. Elected Directors shall be elected by the Members at the annual meeting and shall serve for a three (3) year term. The first election of Elected At Large Directors shall take place at the first annual meeting. In order to provide for staggered terms for the "at large" directors, at the first annual meeting, the candidate receiving the most votes shall serve for a three (3) year term, the candidate receiving the second highest number of votes shall serve for a two (2) year term and the candidate receiving the third highest number of votes shall serve for a one (1) year term. The village directors shall always serve for a period of three (3) years.

Section 4.3. ELECTION. The election of Elected Directors shall take place at the annual meeting of the Association. Election procedures, such as method of nomination, appointment of judges of election and tellers, shall be determined by resolution of the Board. In elections for Directors, each Member may cast, in respect to each vacancy, the number of votes to which such Member is entitled under Section 2.2 above. Cumulative voting is not permitted. Those nominees receiving the highest number of votes shall be elected. If the annual meeting is postponed, as provided herein, for any reason, any election which would have satisfied the requirements of this Section had the annual meeting been held on the originally scheduled date shall be unaffected by such postponement.

Section 4.4. RESIGNATION AND REMOVAL. The unexcused absence of a Director from three (3) consecutive regular meetings of the Board shall be deemed a resignation. Any Elected Director may be removed from the Board, with or without cause, by a vote of a Majority of the Members of the Association. A Director may resign at any time.

Section 4.5. VACANCIES. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Directors and shall serve for the unexpired term of his predecessor, except that any vacancy occurring as a result of the death, resignation or removal of an Appointed Director shall be filled by appointment by the Declarant.

Section 4.6. REGULAR MEETINGS. A regular annual meeting of the Board shall be held in conjunction with the annual meeting of Members. The Board may, by rules which the Board may from time to time adopt, provide the time and place for the holding of additional meetings as the Board may deem necessary to carry out its duties and exercise its powers.

Section 4.7. SPECIAL MEETINGS. Special meetings of the Board may be called by the President. Special meetings of the Board must be called by the President upon the written request of at least two (2) Directors. Any such special meeting called by written request shall be scheduled by the President and held within ten (10) days after the Secretary's receipt of such written request, at the discretion of the President (or chairman). Except in the event of a significant emergency, no special meeting may be scheduled on less than three (3) days advance notice.

Section 4.8. NOTICE; WAIVER OF NOTICE.

a. Notice of any regular or special meeting of the Board shall be given to each Director serving thereon, personally or by telephone, mail or telegraph, stating the date, time and place of such meeting. In addition, in the case of special meetings, such notice shall state the purpose of the meeting. Notice of regular meetings shall contain a proposed agenda and be given at least ten (10) days prior to the scheduled date for the meeting.

b. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any such meeting shall be a waiver of notice by him of the time and place thereof unless such attendance is solely for the purposes of objecting to the notice given. If all the Directors then serving on the Board are present at any meeting thereof, no notice shall be required, and any business may be transacted at such meeting unless one or more of the Directors are attending solely for the purpose of objection to the notice given.

Section 4.9. ACTION BY WRITTEN CONSENT. Any action which may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors who would be entitled to vote at a meeting for such purpose and shall be filed with the Secretary.

Section 4.10. QUORUM; ACTION BY BOARD. At all meetings of the Board, a quorum shall be deemed to be present for the transaction of business if a majority of the Directors then serving on the Board are present. The acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn or cancel the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 4.11. EFFECT OF PRESENCE. Any Director present at any meeting shall be deemed to have assented to any action taken at such meeting unless his dissent is entered in the minutes or unless his written dissent is filed with the Secretary at or immediately following the adjournment thereof, provided that no Director may dissent from any action for which he voted in favor at the meeting.

Section 4.12. COMMUNICATIONS EQUIPMENT. One or more Directors may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can speak to and hear each other.

Section 4.13. NO COMPENSATION. No Director shall be compensated by the Association for acting as such.

Section 4.14. RULES OF ORDER. Where not otherwise provided herein, the Board and

Association shall conduct their respective business in accordance with Robert's Rules of Order, or such other rules as it may adopt from time to time for such purpose.

Section 4.15. CONSENT. Whenever any Governing document shall require written permission of the Board, such permission shall consist of a written statement setting forth the action or activity for which such permission is granted, signed by a member of the Board who shall have been authorized to sign such permission on behalf of the Board by a vote thereof. The action or activity for which permission is granted shall be noted by the Secretary in the records of the Board.

Section 4.16. DUTIES. In addition to any other powers which the Board may have under lay and pursuant to the Governing Documents, it shall be the duty of the Board to:

- a. exercise its powers in accordance with the Governing Documents and pursuant to any agreements the Association may enter into with purchasers, holders, or insurers of mortgages secured upon portion of the Properties, including without limitation, any mortgagee protective agreement which may relate to the Association's performance of its administrative and operational activities such as maintenance or insurance, general management function, and management standards.
- b. cause to be kept a record of its affairs, make such records available for inspection by any Member, his agent or any mortgagee which has an interest in the Project.
- c. supervise all officers, agents and employees of the Association and see that their duties are properly performed.
- d. designate depositories for Association funds, designate those officers, agents and/or employees who shall have authority to withdraw funds from such account on behalf of the association, and cause such persons to be bonded, as it may deem appropriate;
- e. send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of the annual assessment or first installment thereof, provided however that the failure to send such notice shall not relieve an Owner from the assessment obligation;
- f. to procure and maintain the insurance required by Article XI of the Declaration.

Section 3.17. POWERS. The Board shall have such powers for the conduct of the affairs of the Association as are granted by law and the Governing Documents, including, without limitation, the following:

- a. In its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of any Governing Documents and to enforce, by mandatory injunction or otherwise, all

the provisions thereof.

b. Subject to provisions of the Declaration, to grant and convey to any third party easements and rights-of-way in, on, over and under the Common Areas and Facilities for the purpose of constructing, erecting, operating or maintaining thereon, therein or thereunder (1) overhead or underground lines, cables, wires, conduits, or other devices for the transmission of electricity and for lighting, heating, power, telephone, community television, radio and audio antenna facilities and for other appropriate purposes, (2) public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes and (3) any similar public or quasi-public improvements and facilities.

c. To employ the services of any person or corporation as Manager, together with employees, to manage, conduct and perform the business, obligations and duties of the Association as may be directed by the Board and to enter into contracts for such purpose. Such manager and employees shall have the right to ingress and egress over such portions of the Property as is reasonably necessary for the purposes of performing such business, duties and obligations.

d. Without liability to any Owner, to cause its agents, independent contractors, and employees, after reasonable notice, to enter upon any Lot for the purposes set forth in the Declaration.

e. To contract and pay for, or otherwise provide for, the maintenance, restoration and repair of the Common Areas and Facilities and the various easements established in the Declaration and of all improvements of whatsoever kind and for whatever purpose from time to time located upon or within the Common Areas and Facilities.

f. To contract and pay for, or otherwise provide for, the services of architects, engineers, attorneys and certified public accountants and such other professional and non-professional services as the Association deems necessary or desirable.

g. To contract and pay for, or otherwise provide for such other protective services as the Association shall from time to time deem appropriate for the benefit of the Property, the Owners, their tenants and guests.

h. To contract and pay for, or otherwise provide for, such materials, supplies, furniture, equipment and labor as and to the extent the Board deems necessary.

i. To pay and to discharge any and all liens from time to time placed or imposed upon any portion of the Common Area and Facilities on account of any work done or performed by the Association in the fulfillment of any of its obligations and duties of maintenance, repair, operation or administration.

j. To procure and maintain other insurance in addition to that required to be maintained by the Association pursuant to Article XIV of the Declaration.

- k. To estimate the amount of the annual budget, levy assessments and to collect assessments from Members.
- l. To adopt and amend rules and regulations (and provide written notice thereof to all Members) governing the administration, management, operation and use of the Property, and Common Areas and Facilities, and the conduct of the occupants thereof. Such rules and regulations may be modified by a vote of a Majority of the Members.
- m. To maintain adequate reserves in order to meet any contingencies not expressly provided for in the annual budget.
- n. To make or cause to be made such alterations, additions and improvements to the Common Areas and Facilities as in the Board's opinion may be beneficial and necessary or desirable.
- o. To perform such other acts, whether or not expressly authorized by the Governing Documents, as may be reasonably necessary or appropriate to enforce or effectuate any of the provisions of the Governing Documents or other powers which the Board may have.

ARTICLE V **OFFICERS**

Section 5.1. DESIGNATION. The officers of this Association shall be a President, a Secretary and a Treasurer, elected by the board from the At Large members of the board. The Board may create such other offices as the Board may from time to time deem necessary or desirable.

Section 5.2. ELECTION OF OFFICERS. The officers shall be elected by the Board at the first meeting of the Board held in conjunction with each annual meeting of the Members.

Section 5.3. TERM. The officers of the Association shall be elected annually by the Board, and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve. An officer having served in an office may be re-elected to the same office throughout his term.

Section 5.4. RESIGNATION AND REMOVAL. Any officer may be removed from office with or without cause by an affirmative vote of a majority of the entire Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect as of the date of receipt of such notice or at any later time specified therein, and unless otherwise specified by such resignation, the acceptance of such a resignation shall not be necessary to make it effective.

Section 5.5. VACANCIES. A vacancy in any office shall be filled by appointment by the Board.

The officer appointed to a vacancy shall serve for the remainder of the term of the officer so replaced.

Section 5.6. MULTIPLE OFFICES. The offices of President and Secretary may not be held by the same person.

Section 5.7. DUTIES. The duties of the officers are as follows:

a. PRESIDENT. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and of the Board. The President shall have the powers and duties usually vested in the office of president of any association and of a corporation incorporated under the laws of South Carolina, including, but not limited to, the power consistent with the authorization of the Board to appoint committees from among the Members from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Association.

b. SECRETARY. The Secretary shall keep the minutes of all meetings of the Association and the Board, shall have charge of such books and papers as the Board may direct and, in addition to those duties specifically assigned to him by these By-Laws, he shall, in general, perform all the duties incident to the office of the secretary of a corporation.

c. TREASURER. The Treasurer shall have the responsibility for the funds and securities of the Association and for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. Records of all receipts and expenditures shall be maintained by employees of the Association or by a Manager under the general supervision of the Treasurer. The records shall include expenditures affecting the Common Areas and Facilities, specifying and itemizing the maintenance repaid and replacement expenses of such Common Areas and Facilities, and any other expenses incurred by the Association. Except for current books of account which may be maintained elsewhere, such records shall be available for examination by the Members during regular business hours. In accordance with the action of the Board in making assessments against the Owners, accurate records shall be maintained of such assessments and of the payment thereof by each person so assessed. The Treasurer and any other employee or agent handling funds shall, if required by the Board, furnish a bond in such form and amount and covering such risks as the Board shall require, the premium for which shall be paid by the Association.

Section 5.8. DELEGATION OF DUTIES TO MANAGER. Certain specific duties of the Secretary and Treasurer of the Association may be delegated by the Board to the Manager designated by the Board.

Section 5.9. COMPENSATION. The officers of the Association shall serve without compensation.

Section 5.10. EXECUTION OF INSTRUMENTS. No agreement, check, deed, lease or other

Instrument shall be binding unless signed by two (2) officers of the Association or by one (1) officer and one (1) assistant officer or other person designated by the Board; provided however, that the Board may authorize the Manager or specified employees of the Manager to execute checks without the signature of an Association officer, subject to such conditions and limitation as may from time to time be imposed by the Board.

ARTICLE VI
COMMITTEES

Section 6.1. BOARD APPOINTED COMMITTEES. The Board may appoint such committees as it deems appropriate to carry out its purposes and may delegate to the President full, partial, restricted, or unrestricted power to create committees and appoint the members to such committees.

ARTICLE VII
ARCHITECTURAL CONTROL

Section 7.1. ARCHITECTURAL CONTROL COMMITTEE COMPOSITION – APPOINTMENT, REMOVAL.

a. COMMITTEE COMPOSITION. The Architectural Control Committee shall consist of three (3) persons, none of whom shall be required to be an architect, Owner or meet any other particular qualification.

b. APPOINTMENT. The members of the ACC shall be appointed by the Declarant until the first annual meeting of the members, Thereafter, the Board shall appoint members of the Architectural Control Committee from among candidates nominated by any Member, including Declarant. The three (3) members of the first Architectural Control Committee shall serve until the first annual meeting of Members. At the time of the first annual meeting of Members and at the time of each annual meeting of Members thereafter, the Board shall appoint Architectural Control Committee members to serve from the close of such annual meeting until the close of the next annual meeting. If the board cannot obtain the services of a sufficient number of persons to serve as Architectural Control Committee members, the Board may act as the Architectural Control Committee for all purposes under the Declaration and these By-Laws. If a vacancy occurs, the Board shall appoint a new member of the Architectural Control Committee to serve for the remainder of the unexpired term.

Section 7.2. FUNCTIONS. The ACC shall:

- a. consider and act upon any and all proposals or plans submitted to it pursuant to the terms of the Declaration or the By-Laws.
- b. ascertain that any improvements constructed on the Property by anyone other than Declarant, or a successor Declarant, conform to plans previously approved by the Architectural Control Committee;
- c. adopt Architectural Control Committee rules;
- d. carry out all other duties imposed upon it by these By-Laws or delegated to it by the Board.
- e. carry out all other duties imposed upon it by these By-Laws or delegated to it by the Board.

Section 7.3. MEETINGS AND PROCEDURES.

a. The Architectural Control Committee shall meet from time to time as necessary to perform its duties hereunder. The vote or written consent of a majority of the members of the Architectural Control Committee, at a meeting or otherwise, shall constitute the act of the Committee. The Architectural Control Committee shall keep and maintain a written record of all actions taken by it at such meetings or otherwise.

b. Any person desiring to take any action requiring approval of the Architectural Control Committee shall submit to such Committee an application including copies of the plans and specification therefor in the form specified by such Committee, plus such other information as such Committee may reasonably request and pay such reasonable fee as may from time to time be fixed by the Board. Any such submission not approved or disapproved in writing within sixty (60) days after submission shall be deemed disapproved.

Section 7.4. ESTOPPEL CERTIFICATE. Within twenty (20) days after written demand therefor is delivered to the Architectural Control Committee by the Board or any Member, and upon payment of such reasonable fee as may, from time to time, be fixed by the Board, such Committee shall provide an estoppel certificate, executed by one (1) of its members, certifying with respect to any Unit that as of the date thereof, either (1) the Committee has no objection to any improvements and other work made or done thereon or therein; or (ii) such improvements and/or work do not so comply with the Declaration, these By-Laws or Committee rules, in which event the certificate shall also (1) identify the non-complying improvements and/or work and (2) set forth with reasonable particularity the cause or causes for such non-compliance. Any purchaser from the Board or a Member, or mortgagee or other encumbrancer, shall be entitled to rely on any such certificate with respect to the matters therein set forth, such matters being conclusive as between the Board, Declarant, and all Owners and any such purchaser, mortgagee or other encumbrancer.

Section 7.5. COMMITTEE RULES. The Architectural Control Committee may, from time to time, adopt, amend and repeal, by majority vote or written consent of its members, rules and

regulations, to be known as "Architectural Control Committee Rules". Such Rules may Interpret and Implement the Declaration by setting forth the standards and procedures for review by Committee and guidelines to the Board or other body specified by such Architectural Control Committee. Such Rules may also provide, consistent with the jurisdiction of such Committee, guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use within the Property. A copy of such Rules shall upon request be made available by the Board to all Members and other interested persons.

Section 7.6. NO WAIVER. The approval by the Architectural Control Committee of any plans, drawings or specifications for any work done or proposed or for any other matter requiring the approval of the Architectural Control Committee under these By-Laws, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

Section 7.7. ENFORCEMENT OF ARCHITECTURAL CONTROL COMMITTEE RULES AND DECISIONS. The Architectural Control Committee may recommend to Declarant or the Board that Declarant or the Board take appropriate action to prevent or remove any unauthorized or unapproved construction or improvements on any portion of the Property. It shall be conclusively presumed that any action subject to approval of the Architectural Control Committee was so approved if the Committee fails to make such a recommendation to Declarant or to the Board within one (1) year after the date of the occurrence or completion of such construction or improvement.

Section 7.8. APPEALS TO BOARD FROM DECISIONS OF ARCHITECTURAL CONTROL COMMITTEE. The Board shall have the power to serve as a board of appeal for aggrieved parties from decisions of the Architectural Control Committee, and may adopt procedures for the exercise of the powers granted in this Section 7.8.

ARTICLE VIII **LIABILITY AND INDEMNIFICATION**

Section 8.1. LIABILITY OF DIRECTORS, OFFICERS, ARCHITECTURAL CONTROL COMMITTEE MEMBERS AND OTHER COMMITTEE MEMBERS. Directors, officers, assistant officers, Architectural Control Committee members and other committee members:

a. shall not be liable to any Member, or any other person or entity, as a result of any actions taken or omitted to be taken in such capacities, or for any mistake or judgement, negligence or otherwise, except for their own willful misconduct or gross negligence;

b. shall have no personal liability in contract to a Member, or any other person or entity, under

any agreement, instrument or transaction entered into or executed by them on behalf of the Association in the performance of their duties;

c. shall have no personal liability in tort, direct or imputed, to a Member or any other person or entity, by virtue of acts performed by them or by agents, employees or contractors employed or retained by them, on their behalf in their official capacity, except for their own willful misconduct or gross negligence; and

d. shall have no personal liability arising out of the use, misuse or condition of the Property or any part thereof, or which might in any other way be assessed against or imputed to them as a result, or by virtue of, their capacities as such.

Section 8.2. INDEMNIFICATION. a. The Association shall, to the fullest extent permitted by law, indemnify and hold harmless any person, his heirs and personal representatives, from and against any and all personal liability, and all expenses, including counsel fees, incurred or imposed, or arising out of, or in settlement of, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, instituted by any one or more Owners or any other persons or entities, to which he shall be or shall be treated to be made a party by reason of the fact that he is or was a member of the Board or an officer or assistant officer, or a member of the Architectural Control Committee or any other committee, other than to the extent, if any, that such liability or expense shall be attributable to his willful misconduct or gross negligence, provided in the case of any settlement, that the Association or Board shall have approved the settlement, which approval shall not be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement, or vote of Members of the Board, or otherwise. The indemnification by the Association set forth in this subsection (a) shall be paid by the Association and shall be assessed and collected in accordance with the terms of the Declaration.

b. The Association shall indemnify any such person, his heirs and personal representatives in the same manner and to the same extent as provided in subsection (a) above where such action, liability or expense arises out of his serving as a Director, officer or assistant officer, or Architectural Control Committee Member or other committee member and relates to the condition of, or any event concerning, the Common Areas and Facilities, The indemnification by the Association set forth in this subsection (b) shall be paid by the Association and shall be assessed and collected in accordance with the terms of the Declaration.

c. The Association shall indemnify any such person, his heirs and personal representatives, in the same manner and to the same extent as provided in subsection (a) above where such action, liability or expense arises out of such person serving as a Director, officer or assistant officer member of the Architectural Control Committee or any other committee, and relates to any other matter concerning or affecting the Property except as set forth in this subsection (a) and (b) above. The indemnification set forth in this subsection (c) shall be paid by the Association and shall be assessed and collected pursuant to the terms of the Declaration.

d. The right of indemnification set forth in Sections 8.2(a), (b) and (c) above shall not be exclusive of any other rights to which the person may be entitled by law, or agreement, or vote of the Members or the Board, or otherwise.

Section 8.3. LANGUAGE CONCERNING LIABILITY IN AGREEMENTS. The agreements, deeds, leases, or other instrument entered into by the Association may provide that the Board and the officers or assistant officers executing the same are acting on behalf of the Association and shall have no personal liability thereunder and that any claim by the other party or parties with respect thereto or the subject matter thereof shall be asserted against the Association.

ARTICLE IX AMENDMENT OF BY-LAWS

Section 9.1. METHOD

a. The provisions of these By-Laws may be amended by the affirmative vote of a majority of the members of the Board and the affirmative vote of a Majority of the Members provided, however, that if such amendment shall make any change would affect any of the rights, privileges, powers and options of the Declarant, such amendment shall require the joinder of Declarant.

b. Amendments shall become effective five (5) days after adoption.

Section 9.2. CONFLICT. In the event of a conflict between the provisions of these By-Laws and the Declaration, the Declaration shall prevail.

Section 9.3 SPECIAL AMENDMENTS. Notwithstanding anything contained herein the the contrary, the Declarant, by its own action, without the approval of the Board or Members, shall have the right to amend these By-Laws during a one (1) year period commencing on the date of these By-laws and additionally have the right to amend these By-Laws during a three (3) year period commencing on the date of these By-Laws solely in order to comply with the rules or requirements of any governmental or quasi-governmental body or any institution purchasing, holding or insuring a security interest in any portion of the Property.

ARTICLE X FISCAL YEAR

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, unless changed by resolution of the Board.

ARTICLE XI
SEVERABILITY

The provisions hereof shall be deemed independent and severable, and the invalidity, partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision or portion hereof unless such deletion shall destroy the uniform plan for development and operation of the Property.

ARTICLE XII
CERTAIN SPECIFIC CONTRACTS

Section 12.1. VALIDITY OF CONTRACTS WITH MEMBERS OF THE BOARD. No contract or other transaction between the Association and one or more of the members of the Board or between the Association and any corporation, firm or association, including Declarant, in which one or more of the members of the Board of the Association are directors or officers, or are financially interested, shall be void or voidable because such member or members of the Board are present at any meeting of the Board or a committee thereof which authorized or approved the contract or transaction of because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exist:

- a. The fact that a member of the Board is also such a director or officer or has such financial interest is disclosed or known to the Board or committee and is noted in the minutes, and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such member or members of the Board; or
- b. The contract or transaction is commercially reasonable to the Association at the time it is authorized, approved or ratified.

Section 12.2 INCLUSION OF INTERESTED MEMBERS OF THE BOARD IN QUORUM. Members of the Board holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 12.1 hereof.

ARTICLE XIII
MISCELLANEOUS

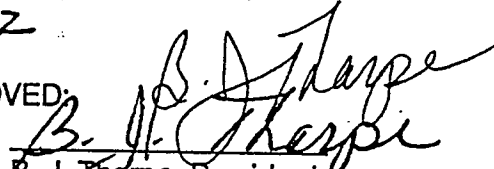
Section 13.1. HEADINGS. The headings introducing the text of the several sections of these By-Laws are solely for convenience of reference and shall not constitute part of these By-Laws or affect its meaning in any way.

Section 13.2. REFERENCE OF PRONOUNS. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular and plural as the identity of the person or persons or entities may require.

Section 13.3. FAILURE TO INSIST ON STRICT PERFORMANCE IS NO WAIVER. The failure of the Board to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions or restrictions of the Governing Document or Association rules and regulations or to exercise any right or option therein contained or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition, restriction, option or right, but such term, covenant, restriction, option or right shall remain in full force and effect. The receipt of the Board of any payment of assessments from any Owner with knowledge of the breach of any covenant of the Governing Documents or Association rules and regulations shall not be deemed a waiver of such breach, and no waiver by the Board of any provision of the Governing Documents of the Association rules and regulations shall be deemed to have been made unless expressed in writing and signed by duly authorized members of the Board.

IN WITNESS WHEREOF, Declarant, the incorporator of the LAKES AND STREAMS HOMEOWNERS ASSOCIATION, INC., has executed these By-Laws on this 17 day of JANUARY, 1997

APPROVED:


B. J. Tharpe, President
Lakes and Streams Dev. Co.

WITNESS:

