

BY-LAWS
OF HP
CONDOMINIUM ASSOCIATION, INC.

Article I GENERAL

1.1. Applicability.

These By-laws provide for the governance of Henderson Place, a Condominium, in Accordance with the Georgia Condominium Act, O.C.G.A. § 44-3-70, *et seq.* (the "Condominium"), the Articles of Incorporation for H P Condominium Association, Inc. filed with the Secretary of State for the State of Georgia, as they may be amended (the "Articles"), and the Declaration of Condominium for H P, a Condominium, recorded by Henderson Place Development Co. Inc. (the "Declarant") in the Office of the Clerk of Superior Court of Chatham County, Georgia, as it may be amended (the Declaration").

1.2. Name.

The name of the corporation is H P Condominium Association, Inc. (the "Association").

1.3. Definitions.

Capitalized terms used in these By-laws shall be defined as set forth herein and in Paragraph 2 of the Declaration. Unless the context otherwise requires, all other term used in these By-laws generally shall have their normal, commonly accepted meanings or the meanings specified in the Act.

1.4 Purpose.

The Association shall be responsible for administering the Condominium, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Condominium, and performing all the other acts that may be required to be performed by the Association by the Georgia Condominium Act and Declaration. Except as to those matters which either the Georgia Condominium Act, the Condominium Instruments, or the Georgia Nonprofit Corporation Code specifically make subject to a vote of the membership, the Board of Directors may carry out such responsibilities without a vote of the membership.

Article II MEMBERSHIP AND VOTING RIGHTS

2.1. Membership.

The owner of each unit in the Condominium shall automatically become a member of the Association upon taking record title to such Unit and shall remain a member for the entire period of such ownership. If record title to a Unit is held by more than one Person, the membership shall be shared in the same manner as the title, but there shall be only one membership and one vote per Unit, as further provided in Article VII of the Declaration.

Membership does not include persons who hold an interest in a Unit merely as a security for the performance of an obligation, and giving of a security interest shall not terminate the Owner's membership. Membership shall be appurtenant to the Unit, shall be transferred automatically by transfer of record title to the Unit, and may be transferred only in connection with the transfer of record title.

2.2. Voting.

Each Unit shall be entitled to one vote on each matter submitted to a vote at a meeting of members. A member may vote either in person or by proxy executed in writing by the member or by his duly authorized attorney-in-fact. Any proxy must be in writing, signed by the Unit Owner (or owners as provided below) and submitted to the President prior to the meeting. If any Unit is owned by a corporation, partnership, trustee or other entity or by a group of owners in any form of joint tenancy, the vote allocated to such Unit shall be exercisable by such owner or owners only as provided by the Declaration as amended from time to time. Unless the holder of a valid proxy, a mere lessee of any Unit shall have no right to vote and shall in no respect be deemed a member of the Association. In all elections for directors, every member entitled to vote shall have the right to vote, in person or by proxy, the number of units owned by him for as many persons as there are directors to be elected and for whose election he has the right to vote but members may not cumulate their votes.

No owner shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, if that Owner is shown on the books or management accounts of the Association to be more than 60 days delinquent in any payment due the Association, or if under suspension for the infraction of any provision of the Declaration, these By-laws, or any rule. If the votes attributable to any Unit(s) have been suspended, neither the votes, the Unit to which they are attributable, nor the Owner thereof shall be counted for purposes of determining the number of eligible votes, Owners, or Units with respect to any matter requiring approval under the Condominium Instruments.

Except as otherwise specifically provided in the Condominium Instruments, any decision requiring a vote or approval of the Owners or Members shall be determined by a Majority of the votes cast.

2.3. Proxies.

Any member entitled to vote may do so by written proxy duly executed by the Member, setting forth the meeting at which proxy is valid. To be valid, a proxy must be dated and filled with the Secretary prior to the opening of the meeting for which it is to be used.

Proxies may be filed by personal delivery to the Secretary, by U.S. Mail, or by telefax transmission to the office of the Association or the Association's property manager with confirmation of receipt. A proxy may be revoked only by written notice delivered to an officer of the Association prior to exercise of such proxy, except that attendance at the meeting of the members who has given a proxy shall automatically invalidate the proxy for that meeting unless otherwise expressly stated in the proxy. A proxy holder may not appoint a substitute to proxy holder unless expressly authorized to do so in the proxy.

2.4. Action Without a Meeting; Consent.

Any action which the Act, the Georgia Nonprofit Corporations Code, or the Condominium Instruments require to be taken at a meeting of the members may be taken without a meeting if written consent to such action is signed by Owners of all Units. Any other action requiring consent or approval of members may be obtained by obtaining, the requisite vote or approval at a meeting, by written consent, or by any combination thereof, provided that the total number of votes cast at least equals the required quorum for a meeting. The consent form for obtaining any such written consent shall:

(a) be in writing and shall be delivered or sent to the Owners of all Units; provided, however, that written consents to be counted in combination with an affirmative vote at an Association meeting need only be sent or delivered to those Owners who did not vote in person or by proxy at such meeting and shall be sent or delivered no more than 21 days following the date of the meeting;

(b) state the date by which it must be received by the Association in order to be counted. Such date shall not be less than 7 nor more than 120 days from the date the written consents are sent or delivered;

(c) identify by whose authority it was prepared and delivered and the name and location of the person authorized to receive it on behalf of the Association;

(d) specify the number of votes necessary to approve the action;

(e) describe in detail the nature of the amendment or matter requiring action;

(f) afford a choice between approval and disapproval of each matter; and

(g) be signed and dated by the voting Owner, and identify the Unit for which such Owner is voting.

The Association shall maintain the written consents approving any action in the files for a period of at least four years.

Article III MEETING OF MEMBERS

3.1. Annual Meetings.

The first annual meeting of the members of the Association shall be held within one year of the date of incorporation. Subsequent annual meetings shall be held within 30 days of each anniversary of the first annual meeting at a time, date, and place set by the Board.

3.2. Special Meetings.

Special meetings of the members may be called for any purpose, at any time, by the President or the Secretary. In addition, the President or Secretary shall call a special meeting upon the request of two or more members of the Board of Directors or upon written petition signed by members entitled to cast at least 25% of the total votes in the Association. Any such petition shall state the purpose or purposes for which the meeting is requested and the issue or issues to be considered by the membership, which issues shall be limited to matters upon which the members are entitled to vote under the Act, the Georgia Nonprofit Corporations Code, or the Condominium Instruments.

3.3. Notice of Meetings.

It shall be the duty of the Secretary to mail or cause to be delivered to the Owner of each Unit a notice of each annual or special meeting of the Association at least 21 days prior to each annual meeting and at least 7 days prior to each special meeting. The notice shall state the purpose of any special meeting, as well as the time and place where the meeting is to be held. Notices shall be delivered personally or mailed to Owner of each unit at the address of the Unit, unless the Owner has designated a different address for notices by written notice to the Secretary, in which case notice shall be delivered or mailed to such other address. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered proper service of notice.

3.4. Waiver of Notice.

Waiver of notice of meeting of the members shall be deemed the equivalent of proper notice. Any member may waive notice in writing of any meeting of the membership, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed a waiver by such Owner and all co-Owners of his or her Unit of notice of the time, date, and place of such meeting, unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless an objection is raised at such meeting to lack of proper notice prior to such business being transacted.

3.5. Quorum.

Except as may be provided elsewhere, the presence, in person or by proxy, of members Entitled to cast at least 25% of the total Association vote shall constitute a quorum for the transaction of business.

3.6. Adjournment.

Any meeting of the members may be adjourned from time to time for periods not Exceeding 7 days by vote of the Majority of the eligible votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required.

3.7. Conduct of Business.

Roberts Rules of Order (latest edition) shall govern conduct of any meeting of the Membership when not in conflict with the Condominium Instruments, unless the Board votes to dispense with or modify such rules by resolution. Unless otherwise provided in the notice calling the meeting, the order of business for any annual meeting shall be: Roll Call, Proof of Notice, Reading of Minutes, Officers' Reports, Old Business, Elections (if any), New Business, Adjournment.

Article IV BOARD OF DIRECTORS

A. Composition and Selection.

4.1. Number and Qualification.

The affairs of the Association shall be governed by a Board of Directors consisting of three or five directors, as specified below, each of whom shall have one equal vote on matters coming before the Board. Except for those directors appointed by the Declarant pursuant to Article XIX of the Declaration, the directors shall be Owners or spouses of Owners. In the case of an Owner which is a corporation, partnership, limited liability company, trust, or other legal entity, the officer, director, partner, trustee, employee or other individual whom the Owner designates in writing to the Secretary of the Association as the representative of such Owner shall be eligible to serve as a director; provided, any such individual serving as a director shall be deemed to have resigned as a director upon the Association's receipt of notice from the designating Owner of termination of such individual's relationship with such Owner. No more than one person at a time may serve as a director for any one Unit.

4.2. Selection of Directors and Term of Office.

(a) Directors During Declarant Control Period. The Board initially shall consist of the three directors identified in the Articles of Incorporation, Stuart Abel-President, Kay Abel-Secretary, David Abel-Treasurer each of whom shall serve, and may be removed and replaced, at the discretion of the Declarant so long as the Declarant is entitled to appoint directors pursuant to Article XIX of the Declaration (the "Declarant Control Period"). The Declarant may, but not be obligated to, permit the Owners to elect one or more directors to serve during the Declarant Control Period and, in such event, the number of directors on the Board may be increased by Board resolution to a total of five. The terms of all such directors, whether appointed or elected pursuant to this subparagraph, shall expire upon election of their successors pursuant to Section 4.2(b).

(b) Directors After Declarant Control Period. Upon termination of the Declarant Control Period, the number of directors shall be fixed at five. Within 60 days thereafter, the President shall call a meeting of the members at which an election shall be held to elect all five directors. The three candidates receiving the greatest number of votes shall be elected to serve until the second annual meeting following their election and the two candidates receiving the next greatest number of votes shall be elected to serve until the first annual meeting following their election; provided, in the event that two or more candidates receive the same number of votes and such determination is not possible, the directors shall decide among themselves who shall serve which terms. Upon expiration of the initial term of each director so elected and thereafter, successors shall be elected to serve for two-year terms or until their successors are elected, whichever is longer. Directors may be elected to serve any number of consecutive terms.

(c) Nominations. At least 30 days prior to election of directors, the Board shall appoint a Nominating Committee consisting of at least one member of the Board of Directors and at least two other members of the Association who are not then serving as directors. The Nominating Committee may nominate any number of qualified individuals, but not less than the number of directors to be elected. The members of the Nominating Committee and the Committee's nominations shall be announced at least 14 days prior to the election. Nominations shall also be allowed from the floor, if the election is held at a meeting, or if the election is held by ballot without a meeting, space shall be provided on the ballot to write in the name of a candidate. Each candidate nominated prior to the balloting shall be given a reasonable opportunity to communicate his or her qualifications to the membership prior to the close of the balloting. No member shall be nominated for election to the Board of Directors, nor permitted to run for election, if more than 30 days past due in the payment of any assessment. Failure to comply with this paragraph shall not invalidate the election of directors who were not nominated in accordance with the provisions hereof.

(d) Election Procedures. Subject to Section 2.2, for each election the members

shall be entitled to cast the entire vote attributable to their respective Units for each directorship to be filled. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled who receive the most votes shall be elected. Voting shall be by written ballot unless dispensed with by unanimous consent at the meeting at which the election is to be conducted.

4.3. Removal of Directors.

At any regular or special meeting of the Association duly called, any director elected by the members may be removed, with or without cause, by a Majority of the total votes represented in person or by proxy at such meeting, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given at least 10 days' notice of the calling of the meeting and the purposes thereof and shall be given an opportunity to be heard at the meeting prior to a vote being taken on the issue of his removal. Additionally, any director elected by the members who have had three consecutive unexcused absences from Board Meetings, or who is more than 60 days delinquent in the payment of any assessment, may be removed from office upon the affirmative vote of a Majority of the total number of directors.

4.4. Vacancies.

Vacancies on the Board of Directors caused by any reason, other than the removal of a Director by vote of the membership or by the Declarant, may be filled by a vote of a Majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors. Each person so selected shall serve until a successor shall be elected at the next annual or special meeting of the membership to fill the un-expired portion of the term. Vacancies on the Board of Directors caused by removal of a director by vote of the Association shall be filled by the membership in accordance with Section 4.3.

B. Meetings.

4.5. Organizational Meeting.

The first meeting of the Board of Directors after each election of directors shall be held within 10 days after the election at such time and place as a Majority of the directors may determine.

4.6. Regular Meetings.

Board meetings shall be held regularly at such time and place as the Board shall determine by resolution, with at least one meeting each calendar quarter. No notice shall be required for Board meetings held in accordance with regular schedule, which the Board has adopted, by resolution.

4.7. Special Meetings.

Special meetings of the Board may be called by the President or by any two directors.

4.8. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, computer, or other electronic mail, messaging or communication device, with printed confirmation of successful transmission. All such notices shall be given at or sent to the director's telephone number, fax number, electronic mail address, or mailing or physical address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least five business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(b) Any director may, at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any Board meeting shall also constitute a waiver of notice by him or her of the time and place of such meeting. If all directors are present at any Board meeting, no notice shall be required and any business may be transacted at the meeting.

4.9. Quorum; Telephonic Participation.

A majority of directors shall constitute a quorum for the transaction of business at any Board meeting. One or more directors may participate in and vote during any regular or special meetings of the Board by telephone conference call or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time, and those directors so participating shall be deemed present at such meeting and counted for purposes of establishing a quorum. Except as otherwise provided in the Condominium Instruments, a decision of the Board of Directors shall be by vote of a Majority of those directors present at a duly called meeting at which a quorum is established.

4.10. Conduct Meetings.

The President shall preside over all meetings of the Board of Directors. The Secretary shall keep a minute book recording therein all resolutions, which the Board adopts, and all transactions and proceedings occurring at Board meetings. Except as modified or dispensed with by Board resolution. *Roberts Rules of Order* (latest edition) shall govern the conduct of the meetings of the Board when not in conflict with the Act, the Condominium Instruments, or any Board resolutions.

4.11. Open Meetings.

All meetings of the Board shall be open to all members, but members other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board. Notwithstanding the above, the Board may adjourn a meeting and reconvene in executive sessions to discuss and vote upon personal matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

4.12. Action Without a Meeting.

Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

C. Powers and Duties.

4.13. Powers.

The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Condominium and may do all such acts and things as are not by the Declaration, Articles of Incorporation, or these By-Laws directed to be done and exercised exclusively by the members. The Board may enter into contracts on behalf of the Association with any Person for the performance of various duties and functions as it deems appropriate in the exercise of its business judgment. Except to the extent restricted by law, the Board may transfer any and all functions of the Association, in whole or in part, to any other entity.

4.14. Duties.

In addition to such other duties as the Condominium Instruments may specifically impose upon the Board, the Board shall be responsible for the following:

(a) preparing and adopting an annual budget, in which there shall be established the contribution of each Owner to Common Expenses;

(b) making assessments to defray the Common Expenses, established the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment (Unless otherwise determined by the Board of Directors, the annual assessment for each Unit's proportionate share of the Common Expenses shall be

payable in equal quarterly installments, each such installment to be due and payable in advance on the first day of each quarter);

(c) providing for the operation, care, upkeep, and maintenance of the area of Common responsibility as defined in Article XVII of the declarations.

(d) designating, hiring and dismissing the personnel necessary for the operation of the Association and the maintenance, repair, and replacement of the Common Elements, Association property, and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) opening of bank accounts on behalf of the Association and designating the signatories required;

(g) making or contracting for the making of repairs, additions, and improvements to, or alterations of the Common Elements in accordance with the other provisions of the Declaration and these By-laws, after damage or destruction by fire or other causality;

(h) obtaining and carrying insurance against casualties and liabilities, as provided in the Act and Declaration, and paying the premium cost thereof;

(i) paying the cost of all services rendered to the Association or its members not directly chargeable to specific Owners;

(j) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred; and

(k) imposing sanctions for violations of, and otherwise enforcing by any legal means, the provisions of the Condominium Instruments and Association rules, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the forgoing sentence, the Board may determine that, under the circumstances of a particular case (i) the Association's position is not strong enough to justify taking any or further action; or (ii) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; or (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (iv) it is not in the Association's best interest, based upon hardship, expense, or

other reasonable criteria, to pursue enforcement action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provisions at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or rule.

Article V OFFICERS

5.1. Designation.

The principal officers of the Association shall be the President, Secretary, and Treasurer, all of whom shall be appointed by Declarant during the Declarant Control Period and thereafter shall be elected by and from the Board of Directors. The Board of Directors may appoint such other subordinate offices as in its judgment may be necessary. The President and Secretary shall be directors, other officers may be, but shall not be required to be, directors. Except for the offices of Secretary and Treasurer, which may be held by the same person, no person may hold more than one office.

5.2. Election of Officers.

The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board following each annual meeting of the members and shall hold office at the pleasure of the Board of Directors until a successor is elected.

5.3 Removal of Officers.

Upon the affirmative vote of a Majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected.

5.4. President.

The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and the Board of Directors. The President shall have all the general powers and duties, which are incident to the office of the President of a Corporation organized under the Georgia Nonprofit Corporation.

5.5. Secretary.

The secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the Secretary of a corporation organized in accordance with Georgia law. The Secretary shall act in the President's absence and shall have all the powers, duties, and responsibilities of the President when so acting.

5.6. Treasurer.

The Treasurer shall have the responsibility for the Association's funds and securities and shall, together with such managing agent, be responsible for keeping full and accurate records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of monies and other valuable effects in the name of the Association in such depositories as the Board may designate from time to time. The Treasurer shall cause the budget to be prepared as provided below. The Association may retain a managing agent to assist the Treasurer in the performance of his duties.

Article VI MANAGEMENT AND ADMINISTRATION

6.1. Compensation.

Directors and officers of the Association may be compensated for their service as such only if and to extent authorized by Majority of the votes represented in person or by proxy at a meeting of the membership. Directors and officers shall be entitled to reimbursement for expenses incurred on behalf of the Association in carrying out their duties as directors or officers upon Majority vote of the entire Board of Directors.

6.2. Conflicts of Interest.

An officer or director shall not be precluded from entering into a contract and being compensated for services or supplies furnished to the Association in capacity other than as an officer or director, provided that (a) the officer's or director's interest is disclosed to the Board, and (b) the contract is approved by a Majority of the directors present at a meeting of the Board of Directors at which a quorum is established, excluding any director having an interest in the transaction (although any such director may be counted for purposes of establishing a quorum). The interested director shall be entitled to be present at any meeting at which the proposed contract is discussed and to discuss the proposed contract unless another director request that he or she leave the room during the discussion.

6.3. Management Agent.

The Association, acting through the Board of Directors, may employ for the Condominium a professional management agent or agents at a compensation established from time to time by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties set forth in Section 4.14. Declarant or affiliate of Declarant may be employed as managing agent or manager. The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Declarant Control Period unless such contract contains a right of termination, which may be exercised by the Association, with or without cause and without penalty, at any time after termination of the Declarant Control period upon not more than 90 days' written notice.

No remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association. Any financial or other interest, which the managing agent may have in any firm providing goods or services to the Association, shall be disclosed promptly to the Board.

6.4. Committees.

The Board may establish such committees as it deems desirable to serve such purposes as the Board may designate by resolution establishing the committee. Unless such resolution otherwise provides, the members of a committee shall be appointed by the Board and shall serve at the pleasure of the Board. The Board may remove any committee member, with or without cause, at any time and with or without a successor being named.

6.5. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such person or persons as may be designated by resolution of the Board of Directors.

6.6. Borrowing.

The Association, acting through the Board of Directors, shall have the power to borrow money for the purpose of repair or restoration of Common Elements without the approval of the members of the Association. The Association, acting through the Board, may also borrow money for other purposes; provided, the Board shall obtain membership approval in the same manner as required for a special assessment under the Declaration if the proposed borrowing is (a) for the purpose of modifying or improving the Common Elements beyond the initial standard or adding amenities to the Condominium or (b) for any other purpose if the total amount of such borrowing exceeds or would exceed \$20,000.00 outstanding debt at any one time.

6.7. Indemnification of Officers, Directors and Committee Members.

The Association shall indemnify every officer, director and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under the Articles of Incorporation and Georgia law. The Association shall indemnify and forever hold each officer, director and committee member harmless from any and all liability to others on account of any contract, commitment or action taken in good faith on behalf of the Association. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

6.8. Accounts and Reports.

(a) The following accounting standards shall be followed unless the Board by Resolution specifically determines otherwise:

(i) accrual accounting, as defined by generally accepted accounting principles, shall be employed.

(ii) accounting and controls should conform to generally accepted accounting principles, and

(iii) cash accounts of the Association shall not be commingled with any other accounts.

(b) Commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expenses activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approval" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments, which remain delinquent.

An annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (a) a balance sheet; (b) an operating (income) statement; and (c) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines. During the Declarant Control Period, the annual report shall include financial statements.

6.9. Fiscal Year.

The fiscal year shall be set by resolution of the Board of Directors. In the absence of a resolution by the Board, the fiscal year shall run from January 1 of each year until December 31 of that year.

6.10. Books and Records.

All members of the Association, every director, and any holder, insurer or guarantor of a first Mortgage on a Unit, or the duly appointed representative of any of the foregoing, shall, upon written request to the Association, be entitled to inspect the books and records of the Association and current copies of the Condominium Instruments and the Association rules. Such right to inspect shall be limited to purposes reasonably related to the requesting party's interest in a Unit. Such inspection shall be during normal business hours at the office of the Association or such other reasonable place as the Board may designate as the depository of such books and records. The party conducting the inspection shall be entitled to make copies of documents upon payment of the reasonable cost of reproducing the same, except that a director shall be entitled to a copy of documents requested in his or her capacity as a director at the Association's expense.

Article VII ENFORCEMENT

7.1. Authority and Sanctions.

The Board shall have the power to impose reasonable fines for violations of the Declaration, By-laws, or any rule or regulation of the Association, which fines shall constitute a lien upon the Unit owned or occupied by a violator, and to suspend an Owner's or occupant's rights to use recreational facilities within the Common Elements and the Owner's right to vote for any violation of any duty imposed under the Declaration, these By-laws, or any rules and regulations duly adopted hereunder, provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Unit. In the event that any occupant of a Unit violates the Declaration, By-laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against such occupant; provided, however, if the fine is not paid by the occupant within the time period set by the

Board, the Unit Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Act or the Declaration, By-laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

7.2. Notice and Hearing Procedure.

The Board shall not impose a fine (a late charge shall not constitute a fine) or suspend the right to use recreational facilities within the Common Elements unless and until the following procedure is followed:

- (a) Notice. Written notice shall be given to the violator specifying:
- (i) the nature of the alleged violation and the proposed sanction to be imposed;
 - (ii) that the violator may, within 10 days from the date from the date of the notice, submit a written request to the Association or managing agent, if any, for a hearing to challenge the allegations, the proposed sanction, or both;
 - (iii) the name and address to whom any such request for a hearing is to be addressed;
 - (iv) that the alleged violator shall be entitled to make a statement, and present relevant evidence and witnesses on his or her behalf at the hearing; and
 - (v) that all rights to have the sanction reconsidered are waived if a hearing is not requested within 10 days of the date of the notice.

(b) Hearing. If the alleged violator timely challenges the proposed action, the Board shall set a time and date for a hearing which shall be held before the Board of Directors in executive session and the alleged violator shall be given a reasonable opportunity to be heard and to present relevant evidence and witnesses on his or her behalf. The Board shall give the alleged violator at least 10 days' prior written notice of the time, date and place of the hearing. A copy of the notice, together with a statement of the date and manner of delivery, shall be signed by the person who delivered such notice and filed with in the Association records along with minutes containing a written statement of the results of the hearing and the sanction, if any, imposed. Section 7.2(b) shall be deemed complied with if a hearing is held and the violator attends and is provided an opportunity to be heard, notwithstanding the fact that the notice requirements contained herein are not technically followed.

7.3. Additional Enforcement Rights.

Notwithstanding anything to the contrary in this Article, the Association, acting Through its Board of Directors, may elect to enforce any provisions of the Act, the Declaration, these By-laws, or the rules and regulations by:

(a) self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations), except that judicial proceedings shall be instituted before the Association may alter or demolish any items construction undertaking by an Owner; or

(b) suite at law or in equity to enjoin any violation or to recover monetary damages or both;

without the necessity for compliance with the procedures set forth in this Article. In the event of any such action, to maximum extent permissible, the Owner or occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article VIII MISCELLANEOUS

8.1. Notices.

Unless otherwise provided in these By-laws, all notices, demands, bills, statements, or other communications under these By-laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to an Owner, at the address of such Owner's Unit, unless the Owner has designated a different address by written notice filed with the Secretary, in which case at such different address; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as the Board shall designate by notice to the Owners in accordance with subsection (a) hereof.

8.2. Severability.

The invalidity of any part of these By-laws shall not impair or affect in any manner the Validity, enforceability, or effect of the balance of these By-laws.

8.3. Captions; Gender and Grammar.

The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these By-laws or the intent of any provision thereof. The use of the masculine gender in these By-laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

8.4. Conflicts.

In the event of conflicts between the Act, the Declaration, and these By-laws, the Act and the Declaration shall control, in that order.

8.5. Amendment.

These By-laws may be amended by the affirmative vote, written consent, or any Combination of affirmative vote and written consent of the members holding at least 67% of the total vote of the Association. In addition, the requisite approval of Eligible Mortgages shall be obtained if required under Article XVIII of the Declaration. Notice of any meeting at which an amendment will be considered shall state that the fact and the subject matter of the proposed amendment. No amendment shall become effective until it is recorded in the Chatham County, Georgia land records.

CERTIFICATION


I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Henderson Place Condominium Association, Inc., a Georgia corporation.

That the foregoing By-laws constitute the original By-laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 1st day of Feb, ~~2002~~ 2003.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of Said Association this 1st day of Feb, ~~2002~~ 2003.

(SEAL)



Kay Abel