
EXHIBIT "B"

BYLAWS

OF

**PACES CLUB HOMEOWNERS
ASSOCIATION, INC.**

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1. GENERAL PROVISIONS

A. Applicability.

These Bylaws provide for the self-government of Paces Club Homeowners Association, Inc., in accordance with the Georgia Property Owners' Association Act ("Act"), the Articles of Incorporation filed with the Secretary of State of Georgia, and the Declaration of Covenants and Restrictions for Paces Club, recorded in the Cobb County, Georgia land records ("Declaration").

B. Name.

The name of the corporation is Paces Club Homeowners Association, Inc. ("Association").

C. Definitions.

The terms used herein shall have their generally accepted meanings or the meanings specified in Paragraph 2 of the Declaration.

D. Membership.

An Owner of a Lot shall automatically become a member of the Association upon taking title to the Lot and shall remain a member for the entire period of ownership. An Owner's spouse or Domestic Partner may exercise any of the membership powers and privileges of the Owner. If more than one Person holds title to a Lot, the membership shall be shared in the same proportion as the title, but there shall be only one membership and one vote per Lot. Membership does not include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. Membership shall be appurtenant to the Lot and shall be transferred automatically by conveyance of the Lot. Membership may be transferred only in connection with the transfer of the Lot.

E. Entity Members.

If an Owner is a corporation, limited liability company, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director or other designated agent of such corporation, manager or member of such limited liability company, partner of such partnership, beneficiary or other designated agent of such trust, or representative of such other legal entity shall be eligible to represent such entity in the affairs of the Association, including, without limitation, serving on the Association's Board of Directors. Such person's relationship with the Association, and any office or directorship held, shall terminate automatically upon the termination of such person's relationship with the entity that is the Owner of the Lot. Termination of the person's relationship with the Association will create a vacancy in any elected or appointed position within the Association in which such person may have been serving and such vacancy may be filled in accordance with these Bylaws.

F. Voting.

Each Lot shall be entitled to one vote, which vote may be cast by the Owner or by a lawful proxy as provided below. When more than one Person owns a Lot, the vote for such Lot shall be exercised as they determine between or among themselves. In no event shall more than one vote be cast with respect to any Lot. If only one co-Owner or only an Owner's spouse or Domestic Partner attempts to cast the vote for a Lot, it shall be conclusively presumed that such vote is authorized for the Lot. If the co-Owners or an Owner and his or her spouse or Domestic Partner disagree about how to cast the Lot's vote, and two or more of them attempt to cast the Lot's vote, such Persons shall not be recognized and such votes shall not be counted.

If a Lot is shown on the Association's books and records to be more than 30 days past due in any assessment or charge, the Owner of such Lot shall not be eligible to: (1) vote, either in person or by proxy; (2) act as proxy for any other Owner; (3) issue a written ballot or written consent; (4) be elected to the Board of Directors; or (5) vote as a Director (if serving on the Board of Directors). In establishing the total number of eligible votes for a quorum, a majority, or any other purposes, such Lot shall not be counted as an eligible vote.

G. Electronic Communications.

(1) Records and Signatures.

Whenever the Association's Legal Instruments require that a document, record or instrument be "written" or "in writing," the requirement is deemed satisfied by an electronic record if the Board of Directors has affirmatively published regulations permitting an electronic record or document as a substitute for a written item.

Whenever these Bylaws require a signature on a document, record or instrument, an electronic signature satisfies that requirement only if: (a) the Board of Directors has affirmatively published regulations permitting an electronic signature as a substitute for a written signature; and (b) the electronic signature is easily recognizable as a secure electronic signature which is capable of verification, under the sole control of the signatory, and attached to the electronic document in such a way that the document cannot be modified without invalidating the signature; or (c) the Board of Directors reasonably believes that the signatory affixed the electronic signature with the intent to sign the electronic document, and that the electronic document has not been modified since the signature was affixed.

(2) Verification and Liability for Falsification.

The Board of Directors may require reasonable verification of any electronic signature, document, record or instrument. Absent or pending verification, the Board may refuse to accept any electronic signature or electronic record that, in the Board's sole discretion, is not clearly authentic. Neither the Board of Directors nor the Association shall be liable to any Owner or any other Person for accepting or acting in reliance upon an electronic signature or electronic record that the Board reasonably believes to be authentic, or rejecting any such item which the Board reasonably believes not to be authentic. Any Owner or Person who negligently, recklessly or intentionally submits any falsified electronic record or unauthorized electronic signature shall fully indemnify the Association for actual damages, reasonable attorneys' fees actually incurred and expenses incurred as a result of such acts.

2. MEMBERSHIP MEETINGS AND ACTIONS

A. Annual Meetings.

The purpose of the annual membership meeting shall be to elect Directors of the corporation and conduct other business that shall come before the meeting. The regular annual membership meeting shall be called during the month of October or November with the date, time, and location to be set by the Board of Directors. No annual membership meeting shall be set on a legal holiday.

B. Special Meetings.

Special membership meetings may be called for any purposes at any time by the Board of Directors or upon written petition of twenty-five percent (25%) of the Owners.

Any such written petition by the Owners must identify the special meeting purpose on each page of the petition and must be for a purpose on which the Association membership is authorized to act under these Bylaws or the Declaration. The petition, with original signatures, must be submitted to the Association's Secretary. The Secretary shall then verify that the required number of Owners have joined

in the petition and shall submit all proper petitions to the Association's President. The President shall then promptly call a special membership meeting for all lawful purposes stated in the petition, at a date, time and location selected by the President, such date to be within sixty (60) days of receiving the petition from the Secretary. The Secretary shall send notice of such special membership meeting in accordance with these Bylaws within twenty-one (21) days of the date of delivery of the petition to the Secretary. Except as provided herein, no business may be conducted at a special membership meeting unless notice thereof is included in the meeting notice.

C. Notice of Meetings.

The Secretary shall give notice of each annual or special membership meeting to the record Owner or Owners of each Lot, or to the Lot address, at least 21 days prior to each annual membership meeting and at least seven days prior to each special membership meeting. The notice shall state the date, time and location of the meeting, and for any special meeting, the purpose of the meeting. Giving notice as provided in these Bylaws shall be considered proper service of notice.

D. Waiver of Notice.

Waiver of notice of a membership meeting shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any membership meeting, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or represented by proxy, shall be deemed waiver by such Owner of improper notice of the date, time, and location thereof and of any specific business being conducted at such meeting, unless such Owner specifically objects to improper notice at the time the meeting is called to order or the Owner objects to improper notice of the specific business before the business is put to a vote.

E. Quorum.

The presence, in person or by proxy at the beginning of the meeting, of Owners entitled to cast twenty-five percent (25%) of the eligible vote of the Association shall constitute a quorum. Once a quorum is established for a meeting, it shall conclusively be presumed to exist until the meeting is adjourned and shall not need to be reestablished. In establishing the total number of eligible votes for a quorum, if a Lot is shown on the Association's books and records to be more than 30 days past due in any assessment or charge, or if the voting rights for a Lot have been suspended, that Lot shall not be counted as an eligible vote.

F. Adjourned and Reconvened Meetings.

Any membership meeting may be adjourned, to be reconvened at a later date or time, by vote of the Owners holding a majority of the vote represented at such meeting, regardless of whether a quorum is present. Any business that could have been transacted properly at the original session of the meeting may be transacted at the reconvened session. No additional notice of such reconvened session shall be required if the original session is adjourned for a period not exceeding ten (10) days.

G. Proxies.

Any Owner entitled to vote may do so by written proxy. To be valid, a proxy must be signed, dated, and presented to the Board of Directors at or before registration at the membership meeting for which it is to be used. The Board may accept proxies by whatever means it deems acceptable. A proxy is revoked only if: (1) the Owner giving the proxy attends the meeting in person and requests the proxy back during registration for the meeting (attendance alone does not invalidate the proxy); (2) the Owner giving the proxy signs and delivers to the Board a written statement revoking the proxy or substituting another person as proxy; or (3) before the proxy is exercised, the Board receives notice of the death or incapacity of the Owner giving the proxy. A proxy holder may not appoint a substitute proxy holder unless expressly authorized to do so in the proxy.

H. Action Taken Without A Meeting.

In the Board's discretion, any action that may be taken by the Owners at any annual or special membership meeting may be taken without a meeting by written ballot or written consent as provided below.

(1) Written Ballot.

A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the vote cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the vote of approval equals or exceeds that which would be required to approve the matter at a meeting at which the total vote cast was the same as the vote cast by ballot.

All solicitations for votes by written ballot shall: (a) indicate the number of responses needed to meet the quorum requirements; (b) state the percentage of approvals necessary to approve each matter, other than election of Directors; and (c) specify the time by which such ballot must be received by the Board of Directors in order to be counted. A ballot may not be revoked. The Association shall maintain such ballots in its file for at least three years.

Except for amendments to recorded Association Legal Instruments that become effective upon recording, and except for actions that specifically set a later effective date, approval of any action taken by written ballot shall be effective upon the receipt of the affirmative vote necessary to take such action.

(2) Written Consent.

Approval by written consent shall be valid only when the affirmative written consents received equals or exceeds the vote that would be required to approve the matter at a meeting. Consents shall be filed with the minutes of the membership meetings. Except for amendments to recorded Association Legal Instruments that become effective upon recording, and except for actions that specifically set a later effective date, approval of any action taken by written consent shall be effective 10 days after sending the notice of approval described below.

(3) Notice to Members of Approval.

If an action of the Association membership is approved by written ballot or written consent, the Board of Directors shall issue notice of such approval and a copy of any final documentation to all Owners within 60 days of the date of such approval. Such notice and related documentation may be provided electronically in accordance with Paragraph 1(G) of these Bylaws.

I. Order and Conduct of Business.

The President shall establish the agenda for, and preside at, and the Secretary shall keep the minutes of, all membership meetings. The Board of Directors may establish rules of conduct and the order of business for all membership meetings. When not in conflict with the Declaration, these Bylaws, the Articles of Incorporation or meeting procedures adopted by the Board of Directors, Robert's Rules of Order (latest edition) shall govern all membership meetings. The Board may order the removal of anyone attending a membership meeting who, in the opinion of the Board, disrupts the conduct of the business at such meeting.

3. BOARD OF DIRECTORS

A. Composition and Selection.

(1) Number and Eligibility.

A Board of Directors composed of five persons shall govern the affairs of the Association. The Directors shall be Owners. No Owner and his or her spouse, Domestic Partner or co-Owner may serve on the Board at the same time. If, at the time of an election, a Lot is shown on the Association's books and records to be more than 30 days past due in any assessment or charge, or the voting rights for a Lot have been suspended, no person representing such Lot shall be eligible for election to the Board.

(2) Term of Office.

Those Directors serving on the Effective Date of these Bylaws shall remain in office until the terms for which they were elected expire. Successor Directors shall be elected as provided herein. Those persons receiving the most votes shall be elected to the number of positions to be filled. At the expiration of the term of office of each member of the Board of Directors a successor shall be elected to serve for a term of one year, commencing on the date of the election and expiring at the next annual membership meeting after such election. A member of the Board shall hold office until his or her respective successor is elected, he or she is removed, or he or she resigns. At the expiration of a Director's term of office, if a successor cannot be elected for any reason, the existing Director shall continue to hold office and begin serving another term until his or her successor is elected to fill the remainder of such new term, or he or she resigns.

(3) Removal of Directors.

(a) Removal by the Owners.

At any duly called membership meeting, for which the notice given called for a vote to remove any Director(s), such Director(s) may be removed with or without cause by Owners holding a majority of the total Association vote. A successor may then and there be elected to fill the vacancy created. Any Director whose removal has been proposed by the Association membership shall be given an opportunity to be heard at the meeting. To ensure a Director has a chance to present a statement to the membership, the Owners' vote to remove a Director cannot be accomplished by written ballot or written consent. For the purpose of this Paragraph, no Owner may vote more than his or her own vote and the vote of four (4) proxies. However, a Director may vote any number of proxies.

(b) Removal by the Board of Directors.

Any Director may be removed by the vote of the other Association Directors if: (1) he or she is absent from 3 or more meetings of the Board of Directors in any fiscal year; (2) his or her Lot is shown on the Association's books and records to be more than 30 days past due in any assessment or charge; (3) the voting rights for his or her Lot have been suspended; (4) he or she was appointed by the other Directors to fill a vacancy; or (5) he or she files any legal action, counterclaim or administrative action against the Association, any Director or Officer, in his or her capacity as such, or the Association's managing agent.

(4) Vacancies.

Vacancies in the Board of Directors caused by any reason, except the removal of a Director by vote of the Association membership, shall be filled by a vote of the remaining Directors. Unless earlier removed, the successor so selected shall hold office for the remainder of the term of the Director position being filled.

(5) Compensation.

Directors shall not be compensated for services performed within the scope of their duties as Association Directors unless authorized by a vote of the Association membership. Directors may be reimbursed for the expenses incurred in carrying out their duties as Association Directors upon the approval of such expenses by the Board of Directors. For purposes hereof, reasonable food and beverages purchased for meetings of the Board shall not be considered compensation.

(6) Director Conflicts of Interest.

Directors are prohibited from entering into a contract and being compensated for services or supplies furnished to the Association in a capacity other than as Director.

(7) Nomination.

Nomination for election to the Board of Directors shall be made from the floor at the meeting, or, if elections are conducted by mail-in ballot or electronically in lieu of a meeting, by the method and date prescribed by the Board. The Board also may appoint a nominating committee to make nominations prior to the meeting. Each nominee shall be given a reasonable opportunity to communicate his or her qualifications to the membership prior to the election.

(8) Elections.

Directors shall be elected at the annual membership meeting or by mail-in or electronic ballot in lieu of such meeting. If elections are held at the annual membership meeting, voting shall be by written ballot, unless dispensed with by unanimous consent or unless a slate of candidates is unopposed and is accepted by acclamation. The nominees receiving the most votes shall fill the directorships for which elections are held. There shall be no cumulative voting.

B. Meetings.

(1) Regular Meetings.

Regular meetings of the Board of Directors shall be held at least every three months, at such time and place as determined by the Board.

(2) Special Meetings.

The President is authorized to call a special Board of Directors meeting. In addition, the President is required to call a special Board meeting at the request of at least a majority of the Directors.

(3) Notice of Meetings.

Except as provided in this Paragraph, the President or Secretary shall give each Director at least two-days notice of any Board of Directors meeting. A newly elected Board may meet immediately following their election without notice. Regularly scheduled Board meetings may be held without notice, provided the schedule for such meetings is announced to the Directors.

(4) Waiver of Notice.

Waiver of notice of a Board of Directors meeting shall be deemed the equivalent of proper notice. Any Director may, in writing, waive notice of any Board meeting, either before or after such meeting. A Director's attendance at a Board meeting shall be deemed waiver by such Director of

improper notice, unless such Director objects to improper notice at the time the meeting is called to order. If all Directors are present at any Board meeting, no notice shall be required, and any business may be transacted at such meeting.

(5) Quorum and Voting.

The presence of Directors entitled to cast one-half of the eligible votes of the Board of Directors shall constitute a quorum for the transaction of business. One or more Directors who participate in a Board meeting by means of telephone or electronic communication shall be deemed present and in attendance for all purposes at such meeting, if all persons participating in such meeting can hear each other. Directors may not participate in Board meetings by proxy.

Unless otherwise provided herein, all decisions of the Board of Directors shall be by majority vote. No Director shall participate in any vote of the Board if, at the time of the vote, his or her Lot is shown on the Association's books and records to be more than 30 days past due in any assessment or charge, or the voting rights for such Lot have been suspended.

(6) Conduct of Meetings.

The President shall establish the agenda for, and preside at, and the Secretary shall keep the minutes of, all Board of Directors meetings. The President may establish rules of conduct and the order of business for all Board meetings.

All meetings of the Board of Directors shall be open to all Owners. Except as expressly authorized by the Board, only Directors may participate in discussions or deliberations at the Board meeting. Notwithstanding the above, the Directors may adjourn any Board meeting and reconvene in executive session, with only the Directors and other people authorized by the Board present. In executive session, the Board may discuss and vote upon personnel matters, litigation in which the Association is or may become involved, delinquent accounts, violations of the Association Legal Documents, 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.

The Board of Directors may order the removal of any meeting guest who, in opinion of a majority of the Directors present at the meeting, either disrupts the conduct of business at the Board meeting or fails to leave such meeting upon request after an announcement that the Board will reconvene in executive session.

(7) Action Without a Meeting.

The Board of Directors can take action outside of a properly called meeting if a majority of the eligible Directors consent in writing to such action. Such written consents, which may be provided electronically, must describe the action taken outside a meeting and be filed with the minutes of the Board meetings.

C. Authority.

(1) Powers and Duties.

The Board of Directors shall manage the affairs of the Association and have every right, power and privilege authorized or implied herein and under Georgia law to effectuate such responsibilities. Unless otherwise required by the Declaration, the Act or the Georgia Nonprofit Corporation Code, the Board may perform all of its responsibilities without a vote of the Association membership. The Board may delegate any and all of its functions, in whole or in part, to any other entity. Directors shall discharge their duties and their conduct shall be evaluated in accordance with the business judgment rule as set forth in O.C.G.A. Section 14-3-830. In addition to the duties imposed by

these Bylaws, the Board shall have the power to do the following (by way of explanation and not limitation):

- (a) control, manage, operate, maintain, repair, replace, and improve all portions of the Common Area as defined in the Declaration;
- (b) grant and accept permits, licenses, utility easements, leases, and other easements;
- (c) acquire, hold and dispose of tangible and intangible personal property and real property;
- (d) make, delete and amend reasonable rules and regulations governing the use of the Community;
- (e) enforce by legal means the provisions of the Association Legal Documents as provided in the Declaration and the Act;
- (f) bring or defend any actions or proceedings which may be instituted on behalf of or against the Owners concerning the Association or the Common Area;
- (g) prepare and adopt an annual budget and establish the contribution from each Owner to the Common Expenses;
- (h) establish the means and methods of collecting assessments as provided in the Declaration;
- (i) deposit Association funds in a financial depository or institution that the Board of Directors shall approve, or otherwise invest the proceeds in accordance with any limitations set forth in O.C.G.A. Section 14-3-302, and use such funds to administer the Association;
- (j) designate the signatories of all Association bank and other financial accounts;
- (k) obtain and carry insurance against casualties and liabilities as provided in the Declaration and pay the premium cost thereof;
- (l) make or contract for the making of repairs, additions and improvements to, or alterations of, the Common Area after damage or destruction by fire or other casualty, in accordance with the other provisions of the Declaration and these Bylaws;
- (m) designate, hire, dismiss and contract with the personnel necessary to operate the Association and the personnel necessary to maintain, repair, replace and improve the Common Area and, where appropriate, compensate such personnel; and
- (n) purchase equipment, supplies and material to be used by Association personnel in the performance of their duties.

(2) Management Agent.

The Association may, but shall not be required to, hire a professional management agent or agents, to be compensated as established by the Board of Directors, and to perform such duties and services as the Board shall authorize. The Board shall use reasonable efforts to provide for termination of any such management contract with or without cause and without penalty, upon no more than thirty-days written notice, and for a term not in excess of one year.

(3) Borrowing.

The Board of Directors, on behalf of the Association, shall have the power to borrow money to maintain, repair, restore or replace the Common Area without the approval of the Association membership. The Board, on behalf of the Association, also shall have the power to borrow money for other purposes with the approval of Owners holding at least a majority of the vote cast at a duly called membership meeting, or by ballot or written consent.

(4) Committees.

(a) Nominating Committee.

The Board of Directors may appoint a nominating committee to nominate candidates for election to the Board.

(b) Architectural Advisory Committee.

The Board of Directors may establish an Architectural Advisory Committee to administer the architectural controls as provided in the Declaration.

(c) Other Committees.

The Board may establish such other committees as it shall determine, with the powers and duties that the Board of Directors shall authorize.

(d) Service on Committees.

Unless otherwise provided by the Board of Directors, the Board in its discretion may appoint and remove the members and chairpersons of each committee.

D. Liability and Indemnification.

The Association shall indemnify every Director, officer and committee member against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon such Director, officer or committee member in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board of Directors) to which he or she may be made a party by reason of being or having been a Director, officer, or committee member, whether or not such person is a Director, officer or committee member at the time such expenses are incurred subject to the limitations below.

The Directors, officers, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, or for injury or damage caused by any such Director, officer, or committee member in the performance of his or her duties, except for his or her own individual willful misfeasance or malfeasance. The Directors and officers shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such Directors or officers may also be members of the Association), and the Association shall indemnify and forever hold each such Director and officer free and clear and harmless against any and all liability to others on account of any such contract or commitment.

Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Director, officer, or committee member, or former Director, officer, or committee member, may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and, if obtainable, directors' and officers' liability insurance to fund this obligation, and the insurance shall be written as provided in the Declaration.

4. OFFICERS

A. Designation and Qualification.

The principal officers of the Association shall be the President, Vice President, Secretary, and Treasurer. The President, Vice President, Secretary, and Treasurer must be Directors. No person may hold more than one office simultaneously.

B. Election and Terms of Offices.

The Board of Directors shall elect the Association officers annually at the first Board meeting following each annual membership meeting. The Association officers shall serve until a successor is elected, the Board removes the officer, or the officer resigns.

C. Removal of Officers.

The Board of Directors may remove any officer with or without cause.

D. Vacancies.

The Board of Directors may fill any vacancy in any office arising because of death, resignation, removal, or otherwise. Unless earlier removed, the successor so selected shall hold office for the remainder of the term of the officer position being filled.

E. President.

The President shall be the chief executive officer of the Association and shall establish the agenda for and preside at all meetings of the membership and the Board of Directors. The President shall have all the general powers and duties that are incident to the office of the president of a corporation organized under the Georgia Nonprofit Corporation Code.

The Vice President shall act in the President's absence and shall have the same powers, duties, and responsibilities as the President when so acting.

F. Secretary.

The Secretary shall keep the minutes of all meetings of the membership and the Board of Directors. The Secretary also shall keep all Association books and records and perform all duties incident to the office of the secretary of a corporation organized under the Georgia Nonprofit Corporation Code.

G. Treasurer.

The Treasurer shall have the responsibility for the Association's funds and securities. The Treasurer shall keep full and accurate financial records and books of account showing all receipts and disbursements of the Association, prepare all required financial statements and tax returns, deposit all Association funds in such depositories as may be designated by the Board of Directors, and prepare the budget as provided in the Declaration. The Treasurer may delegate all or a part of the above responsibilities to a management agent.

H. Other Officers.

The Board of Directors may appoint one or more assistant treasurers, assistant secretaries, or other officers or subordinate officers with such titles and duties as defined by the Board. Any assistant, subordinate or other officers shall not be required to be Directors.

I. Agreements, Contracts, Deeds, Leases, Etc.

At least two officers of the Association shall execute all agreements, contracts, deeds, leases, checks, promissory notes, and other instruments of the Association.

J. Standard of Conduct

Officers shall discharge their duties and their conduct shall be evaluated in accordance with the business judgment rule described in O.C.G.A. Section 14-3-842.

5. MISCELLANEOUS

A. Notices.

(1) Method of Giving Notices.

Unless otherwise prohibited by these Bylaws or the Declaration, all notices and other communications required by the Association Legal Documents shall be in writing and shall be given by:

(a) Personal delivery;

(b) United States mail, first class, postage prepaid;

(c) Statutory overnight delivery;

(d) Electronic mail;

(e) Facsimile; or

(f) A secure web site, provided that notice shall be deemed given via web site only upon proof that the addressee has retrieved the message.

(2) Address For Notices.

Notices given by one of the methods described above shall be given:

(a) If to a Lot Owner, to the address, electronic mail address or facsimile number that the Owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Lot of such Owner;

(b) If to an Occupant, to the address, electronic mail address or facsimile number that the Occupant has designated in writing with the Secretary or, if no such address has been designated, at the address of the Lot occupied; or

(c) If to the Association, the Board of Directors or the managing agent, to the postal address, facsimile or electronic mail address of the principal office of the Association or the managing agent, if any, or at such other address as shall be designated in writing and filed with the Secretary. The Secretary shall promptly provide notice to all Owners of any such change in address.

B. Fiscal Year.

The fiscal year of the Association shall be the calendar year unless otherwise set by resolution of the Board of Directors.

C. Financial Statements.

Financial statements shall be prepared annually in the manner provided by the Board of Directors. Financial statements must be made available to Owners and to the holder, insurer or guarantor of any first mortgage on a Lot within 120 days of the end of the Association's fiscal year.

D. Financial Review.

A financial review of the Association's accounts shall be performed annually in the manner provided by the Board of Directors. The Board shall give a financial report to the Owners at the annual membership meeting. Thereafter, a majority of the total Association membership may require that an independent accountant audit the Association's accounts, as a Common Expense. The audit, if applicable, shall be made available to the holder, insurer, or guarantor of any first mortgage on a Lot upon submission of a written request therefor.

E. Amendment.

(1) **Member Approval Procedure.** Except where a higher vote is required for action under any other provisions of the Declaration, these Bylaws or by the Act, these Bylaws may be amended with the approval of Owners holding 66-2/3% of the total Association vote. Notice of a meeting, if any, at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. No amendment shall be effective until certified by the President and Secretary of the Association and recorded in the Cobb County, Georgia land records.

(2) **Default Approval Procedure After Owner Non-response.** It is recognized that, when Owners fail to participate in an amendment vote because of apathy or other reasons which are not based on any disagreement with a proposed amendment, important amendments to the Declaration or Bylaws may have no chance of approval, with the supermajority voting requirements established under the Act. It also is recognized that supermajority voting requirements are important for Owner actions which are as significant as amending the Declaration or these Bylaws. To balance these competing concerns, this subparagraph establishes a mechanism which provides every eligible Owner an opportunity to issue a vote of approval, disapproval or abstention on proposed amendments to the Declaration or Bylaws, but also a realistic mechanism for approving important amendments, without the damaging consequences of Owner non-response.

The Board shall issue notice of all proposed amendments to each Owner. With each such notice, the Board shall include a copy of the proposed amendment, along with a consent form or ballot, which complies with the requirements of these Bylaws. Each such consent form or ballot shall give Owners an opportunity to vote for, vote against or abstain from voting on the proposed amendment.

If the amendment is not approved or defeated by sufficient vote within 60 days of the amendment notice described above, then the Board may seek to obtain default approval from Owners under this subparagraph. In such case, the Board shall send default approval notice, by certified mail, to all Owners who have not returned consents or ballots on a proposed amendment within that 60-day period. This default approval notice also shall include a consent form or ballot, as provided above, along with a statement that the Owner's failure to return an executed consent form or ballot, marked with a vote for, a vote against, or an abstention from voting on the amendment, within 30 days of the date of such default approval notice, will be deemed consent to such amendment. If the Board does not receive such consent or ballot within that 30-day period, the Owner shall be deemed to have consented to and approved the amendment.

(3) **Eligible Mortgage Holder Approval.** In addition to approval by the Owners as provided above, material amendments to the Declaration and these Bylaws must be approved by Eligible Mortgage Holders who represent at least 51% of the votes of Lots that are subject to Mortgages held by Eligible Mortgage Holders. Notwithstanding the above, the approval of any proposed amendment by an Eligible Mortgage Holder shall be deemed implied and consented to if the Eligible Mortgage Holder fails

to submit a response to any written proposal for an amendment within 30 days after the Eligible Mortgage Holder receives notice of the proposed amendment sent by certified or registered mail, return receipt requested.

(4) Amendments to Comply with Law or Conform Documents. Notwithstanding the foregoing, the Board of Directors, without the necessity of a vote from the Owners, may amend the Declaration and these Bylaws to comply with any applicable state, city or federal law, including but not limited to, compliance with applicable guidelines of the Federal National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA"), or to resolve conflicts between the Declaration, these Bylaws, the Articles, and applicable laws.

(5) Validity of Amendments. No Person shall be permitted to bring any legal action to challenge the validity of an amendment to the Declaration or these Bylaws more than one year after the recording thereof in the Cobb County, Georgia land records.

F. Books and Records.

To the extent provided in O.C.G.A. Section 14-3-1602, and upon written request received at least five business days before the date requested for an inspection, all Association Owners and any Eligible Mortgage Holder shall be entitled to inspect the Association's books and records at a reasonable time and location specified by the Association. The Association can limit the length of time of each inspection, but such time limit shall not be less than two hours per inspection. The Association may impose a reasonable charge, covering the cost of labor, materials and copies of any documents, including but not limited to the customary copy charge and hourly fee of the Association's agent supervising such inspection. To prevent abuse of an Owner's inspection rights, records previously inspected by an Owner are not subject to inspection again by the same Owner more than once per year.

Notwithstanding anything to the contrary, the Board may limit or preclude the inspection of confidential or privileged documents, including but not limited to, attorney/client privileged communication, executive session meeting minutes, and financial records or accounts of other Owners. Minutes of all meetings of the membership and the Board become official Association records when approved by the membership or the Board, as applicable.

G. Conflicts.

The duties and powers of the Association shall be those set forth in the Act, the Georgia Nonprofit Corporation Code, the Declaration, the Articles of Incorporation, and these Bylaws, together with those reasonably implied to affect the purposes of the Association. If there is a conflict or inconsistency among the Act, the Georgia Nonprofit Corporation Code, the Declaration, the Articles of Incorporation or these Bylaws, such laws and documents, in that order, shall prevail.

H. No Discrimination.

No action shall be taken by the Association or the Board of Directors that would unlawfully discriminate against any person on the basis of race, creed, color, religion, sex, national origin, familial status or handicap.

I. Captions.

The captions herein are inserted only as a matter of convenience and for reference. They in no way define, limit, or describe the scope or intent of these Bylaws.

J. Gender and Grammar.

The use of the masculine or feminine gender in these Bylaws shall be deemed to include the opposite gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

K. Severability.

The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws or the Declaration.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Paces Club Homeowners Association, Inc., a Georgia corporation;

That the foregoing Bylaws constitute the Amended and Restated Bylaws of said Association, as duly adopted by the Board of Directors and the members of the Association on the _____ day of _____, 200____.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 200____.

PACES CLUB HOMEOWNERS ASSOCIATION, INC.

Secretary (Seal)

[CORPORATE SEAL]

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