

4.9 Quorum of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. A Director may join in the action of the meeting of the Board by signing the minutes thereof, and such signing shall constitute the presence of such Director for the purpose of determining a quorum. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board, except as specifically provided otherwise in the Declaration, the Articles or herein. If at any meetings of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted. In the case of the meeting being postponed, the notice provisions for the adjournment shall be as determined by the Board.

4.10 The presiding officer at Board meetings shall be the President. In the absence of the President, the Directors present shall designate any one of their number to preside.

4.11 Directors' fees, if any, shall be determined by a majority of the members.

4.12 Minutes of all meetings shall be kept in a businesslike manner and shall be available for inspection by Members and Directors at all reasonable times.

4.13 The Board shall have the power to appoint executive committees consisting of not less than two (2) Directors. Executive committees shall have and exercise such powers of the Board as may be delegated to such executive committee by the Board.

4.14 Unless the Board holds a closed meeting, meetings of the Board shall be open to all Owners. Unless an Owner serves as a Director or unless he has been specifically invited by the Directors to participate in the meeting, the Owner shall not be entitled to participate in the meeting, but shall only be entitled to act as an observer. In the event an Owner not serving as a Director or not otherwise invited by the Directors to participate in the meeting attempts to become more than a mere observer at the meeting or conducts himself in a manner detrimental to the carrying on of the meeting, then any Director may expel said Owner from the meeting by any reasonable means which may be necessary to accomplish said Owner's expulsion. Also, any Director shall have the right to exclude from any meeting of the Board any person who is not able to provide sufficient proof that he is an Owner or a duly authorized representative, agent or proxy holder of an Owner, unless said person has been specifically invited by any of the Directors to participate in such meeting.

4.15 Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if a written consent, specifically setting forth the

action to be taken, shall be signed by all the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of Directors.

## **Section 5. Powers and Duties of the Board of Directors**

5.1 All of the powers and duties of the Association shall be exercised by the Board. Such powers and duties of the Board shall include, but not be limited to, all powers and duties set forth in the Declarations and Articles, as well as all of the powers and duties of a director of a corporation not for profit.

5.2 Assessments shall be collected by the Association in payments made directly to it by each Owner as set forth in the Declarations. The Board shall be empowered to levy fines and late fees in order to effectuate the enforcement of the provisions of the Declarations and the timely payment of all Assessments levied thereunder.

## **Section 6. Officers of the Association**

6.1 Executive officers of the Association shall be the President, who shall be a Director, one or more Vice Presidents, a Treasurer, a Secretary and, if the Board so determines, an Assistant Secretary and an Assistant Treasurer, all of whom shall be elected annually as set forth in Article IX of the Articles. Any officer may be removed without cause from office by vote of the Directors at any meeting of the Board. The Board shall, from time to time, elect such other officers and assistant officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

6.2 The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the President of an association or a corporation not for profit, including, but not limited to, the power to appoint such committees at such times from among the members as he may in his discretion determine appropriate to assist in the conduct of the affairs of the Association. If in attendance, the President shall preside at all meetings of the Board.

6.3 In the absence or disability of the President, a Vice President shall exercise the powers and perform the duties of the President. The Vice President(s) shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board. In the event there shall be more than one Vice President elected by the Board, then they shall be designated "First," "Second," etc. and shall exercise the powers and perform the duties of the presidency in such order.

6.4 The Secretary shall cause to be kept the minutes of all meetings of the Board and the members, which minutes shall be kept in a businesslike manner and shall be available for inspection by members and Directors at all reasonable times. He shall have custody of the seal of the Association and shall affix the same to instruments requiring a seal which duly signed, he shall keep the records of the Association, except those of the Treasurer, and shall perform all of the duties incident to the office of Secretary of the Association as may be required by the Board or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall assist the Secretary.

6.5 The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all of the duties incident to the officer of Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer whenever the Treasurer is absent and shall assist the Treasurer.

6.6 The compensation, if any, of all officers and other employees of the Association shall be fixed by the Board. This provision shall not preclude the Board from employing a Director or an officer as an employee of the Association or preclude the contracting with a Director or an officer for the management of the Association Common Area.

## **Section 7. Accounting Records; Fiscal Management**

7.1 The Association shall maintain accounting records in accordance with good accounting practices, which shall be open to inspection by Members and "Institutional Mortgagees" or their respective authorized representatives at reasonable times. Such authorization as a representative of a member must be in writing and signed by the person giving the authorization and dated within sixty (60) days of the date of the inspection. Written summaries of the accounting records shall be available at least annually to the members. Such records shall include, but not be limited to, (a) a record of all receipts and expenditures; and (b) an account for each contributing Lot which shall designate the name and address of the contributing Lot Owner thereof, the amount of individual Lot Assessments and all other Assessments, if any, charged to the contributing Lot, the amounts and due dates for payment of same, the amounts paid upon the account and the balance due.

7.2 The Board shall adopt a Budget (as provided for in the Declaration) of the anticipated "Common Expenses" of the Association for each forthcoming calendar year (the fiscal year of the Association being the calendar year) at a special meeting of the Board ("Budget Meeting") called for that purpose to be held during the first two weeks of November of the year preceding the year to which the Budget applies. Prior

to the Budget Meeting, a proposed Budget for the Common Expenses shall be prepared by or on behalf of the Board. Within thirty (30) days after adoption of the Budget, a copy thereof shall be furnished to each member and each contributing Lot Owner shall be given notice of the individual Lot Assessment applicable to his contributing Lot(s). The copy of the Budget shall be deemed furnished and the notice of the individual Lot Assessment shall be deemed given upon its delivery or upon its being mailed to the member or contributing Lot Owner shown on the records of the Association at the address for giving notices to such member or contributing Lot Owner as provided in Section 3.4 hereof.

7.3 In administering the finances of the Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) any income received by the Association in any calendar year may be used by the Association to pay expenses incurred in the same calendar year; (iii) there shall be apportioned between calendar year on a pro rata basis any expenses which are prepaid in any one calendar year for Common Expenses which cover more than such calendar year; (iv) Assessments shall be made monthly or quarterly in amounts no less than are required to provide funds in advance for payment of all of the anticipated current Common Expenses and for all unpaid Common Expenses previously incurred; and (v) items of Common Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such expenses is received.

Notwithstanding the foregoing, the Assessments for Common Expenses and any periodic installments thereof shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses in any calendar year as such expenses are incurred in accordance with the cash basis method of accounting.

7.4 All Assessments shall be payable as provided for in the Declarations.

7.5 No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Common Expenses not budgeted or which shall exceed budgeted items, and no Board is required to engage in deficit spending. Should there exist any deficiency which results from there being greater Common Expenses than monies from Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of an adjustment to the applicable Assessments set forth in the Declarations.

7.6 The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board in which the monies of the Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board.

7.7 A financial report of actual receipts and expenditures for the immediately preceding fiscal year of the Association shall be made annually and a copy of the report shall be provided to each member not later than the first day of April of the year following the year for which the report is made. The report shall be deemed to be furnished to the member upon its delivery or mailing to the member at the address for giving notices to such member as provided in Section 3.4 hereof. The holder, insurer or guarantor of any first mortgage upon written request therefor, shall receive such financial report of the Association for the prior fiscal year without charge.

## **Section 8. Books and Papers; Financial Matters**

8.1 The books, records, financial statements and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member of the Association.

8.2 The fiscal year of the Association shall be the calendar year, the operating budget therefor to be adopted at least sixty (60) days prior to the commencement thereof (provided that the failure to do so shall not impair the validity or enforceability of the assessments to be levied thereunder).

8.3 At least twenty (20) days prior to the effective date of any change in the amount of assessments, the Association shall send written notice of the new assessment amount and the due date(s) thereof to each Member.

8.4 Within a reasonable amount of time after the end of the Association's fiscal year, the Association shall prepare, or cause to be prepared, financial statements for the Association showing its actual receipts and expenditures for the previous twelve (12) months in the classifications provided in the budget for such period. Such statements need not be audited or reviewed by a Certified Public Accountant.

8.5 The Association shall maintain each of the following items, when applicable, which constitute the official records of the Association:

(a) Copies of any plans, specifications, permits, and warranties related to improvements constructed on the common areas or other property that the Association is obligated to maintain, repair, or replace.

(b) A copy of the bylaws of the Association and of each amendment to the bylaws.

(c) A copy of the articles of incorporation of the Association and of each amendment thereto.